



Cabinet Office

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

June 2023

EXECUTIVE SUMMARY

Introduction

1. The Government recognises the important work that the Civil Service delivers on behalf of the British people. The Government remains committed to building an SCS which reflects the nation it serves, with leaders from a diverse range of backgrounds located in different areas of the country. We are determined to develop leaders with stronger professional anchors and specialist skills capability. We want to build a Civil Service that is able to recruit and retain specialist skills while continuing to grow world class capability internally; grows our own functional expertise; and provides greater reward for higher performers and those who develop capability by remaining in post for longer, enabling greater depth of experience, confidence and leadership skills.
2. Our Declaration on Reform set out our ambitions for the future of public service, including:
 - having the best people leading and working in government to deliver better outcomes for our citizens;
 - improving the way we recruit and manage moves into and out of government, looking to all corners of the UK;
 - attracting an even wider diversity of talent and investing in training; and
 - rewarding people for being exceptional in what they deliver to the public.
3. In this year's evidence, the Government provides further details on specific proposals related to the vision for the SCS pay framework and principles for implementation in 2023/24. In particular, the evidence focuses on:
 - a. reviewing again the SCS pay ranges and considering the appropriate level of pay for SCS at each grade;
 - b. setting out our position on developing a credible capability based salary progression model which supports productivity; and
 - c. setting out our progress in implementing the SCS performance management system for the performance year 2023/24.
4. The Government invites the SSRB to comment on these proposals to ensure the pay system supports the development of a senior leadership cadre in the Civil Service that is able to meet the challenges of the future.

Summary of evidence for 2023/24

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 – 2022 SSRB recommendations for the SCS;
 - b. Chapter 2 – the vision and wider context for the SCS; and
 - c. Chapter 3 – SCS pay priorities and direction of travel.

6. The following information is annexed to the main evidence:
 - a. Annex A – an evaluation of the 2021/2022 pay award and its application by Main Departments;
 - b. Annex B - SCS pay on appointment exceptions;
 - c. Annex C - Pensions;
 - d. Annex D - Permanent Secretary Remuneration;
 - e. Annex E - Government Commercial Organisation (GCO);
 - f. Annex F - additional data tables; and
 - g. Annex G - Facts and Figures
7. The second part is the supporting statistical data requested by the SSRB. In addition, the SSRB has received separate economic 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. The SSRB has consistently identified the need for a strategic vision for the future size and shape of the SCS, a strategy to achieve this vision, and an approach to pay and reward that supports the SCS in the immediate future and the longer term.
10. The launch of the SCS Strategic Plan was paused in May 2022. However, activities under the Plan's overarching banner continued and are being monitored to track their impact. In September 2022, a HR review was launched by the new Government Chief People Officer (GCPO) , focused on learning skills and capability, employee experience, recruitment, retention and talent and pay and reward. Further details are set out in Chapter 2.
11. These have been delivered and will continue to deliver through shared accountability with departments, functions, professions, the Devolved Administrations and the centre working together to drive outcomes.

SCS pay priorities and direction of travel

Capability Based Pay Progression

12. In recent years, the Government has outlined the intention to introduce a capability based pay progression (CBPP) system to reform SCS pay to the SSRB.
13. Following the conclusion of the pilots conducted between September 2021 and April 2022, the Government's position has not changed and it remains the intention to implement a Capability Based Pay Progression system as soon as is practicable. We continue to explore approaches to doing so, recognising that rollout of Capability Based Pay must be properly resourced in terms of departmental and central support and have agreed and transparent funding within the overall SCS award. **We will update SSRB on our position on Capability Based Pay Progression at the Oral Evidence session.**

Pay priorities for 2023-24

14. In past years, the SSRB has recommended a general pay uplift applied to all members of the SCS (unless they are underperforming) as a significant part of the pay award. In the current economic context, we agree that this is an important element of the SCS pay award.
15. However, we believe that for 2023/24 there is again an opportunity to apply the pay award in a way that provides a meaningful general uplift for all eligible SCS while also addressing some of the most pressing issues within the SCS reward framework. These include increasing the band minima for all SCS grades and targeting movement for individuals lower down the pay range, who are demonstrating higher capability and deepened expertise.
16. We are therefore recommending a similar approach to recent years (with the exception of the Public Sector pay pause year in 2020/21), whereby the SCS pay award for 2023/24 should be targeted as follows:
 - **Priority 1:** To increase the pay band minima for all pay bands.
 - **Priority 2:** To allocate a consolidated basic pay increase to all SCS.
 - **Priority 3:** For departments to allocate additional consolidated increases to individuals, distributed to SCS members dependent on demonstration of increased capability and deepened expertise.
17. The Government maintains the position that in general the headline figure for the SCS should be no higher, on average, than that for delegated grades through the annual pay remit guidance.

Pay ranges

Minima

18. Although a lot of progress has been made to increase pay band minima over time, particularly at SCS1 level, there still remain issues arising in a number of departments with unwanted crossover between pay ranges. For illustrative purposes, out of the largest 16 departments in 2021/22, one had overlap between their national Grade 6 maximum and SCS1 minimum. For London, seven departments overlapped between the Grade 6 and SCS1 minimum.
19. It remains the Government's intention to continue to rationalise the current SCS pay ranges by increasing the minima for all SCS grades, while recognising that 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.
20. We would propose to increase the pay band minima for all SCS pay bands by £2,000.

Maxima

21. 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.

22. 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. That rationale still holds and we would not propose to decrease the maxima for 2023/24.

23. The following pay ranges are therefore proposed for the 2023/24 pay year:

	Deputy Director	Director	Director General
Minimum	£75,000	£97,000	£127,000
Maximum	£117,800	£162,500	£208,100

Performance management

24. The SCS performance management policy has been under review for a number of years, with significant positive changes made to date. The new framework was intended to be implemented for the 2022/23 performance year, but due to delays, owing to factors including Ministerial changes, we were only able to implement a limited number of changes. However, the review is now complete, and the full performance framework came into effect on 1st April 2023.

25. For the performance year, 2022/23, we introduced a number of minor changes which shift the policy and process for the way performance is managed for the SCS in the direction of travel that will allow the framework to land successfully in the coming (2023/24) performance year. This included:

- a. the introduction of four box markings - Exceeding, High Performing, Achieving and Partially Met (more information on the justification behind this is provided below)
- b. strengthened the wording around guided distribution to make it clear that under the four box markings introduced this year you would still expect performance distribution to take the shape of a curve. To do this we have made it clear that in departments performance management processes were working as intended then you would expect to see around 5% of their overall SCS rated as 'Partially Met' at the end of year assessment process.

26. Following sign-off from Cabinet Office Ministers in July 2022, the final product has been published on gov.uk¹. This new framework aims to strike the right balance between prescription i.e. central control and oversight of the performance management arrangements, and delegation, to allow departments to tailor these arrangements to suit their workforce context and align with delegated grades.
27. The 2023/24 framework will address shared concerns over accountability, lack of transparency and meaningful reward in the existing performance management arrangements. By fulfilling commitments outlined in the Declaration on Government Reform, this new framework is intended to promote greater transparency, support and appraisal of poor performers and will ensure robust links between individual objectives and overall departmental priorities.
28. Below are where the framework sets a minimum expectation for how certain elements of the performance process should be handled:
 - a. **Setting performance expectations**
 - b. **Agreeing stretching objectives**
 - c. **Regular performance conversations**
 - d. **Underperformance**
 - e. **Consistency check**
 - f. **In-year recognition**
 - g. **Performance assessment**
 - h. **Moderation**
29. Following four years of review, we now propose to shift from the implementation stage to the evaluation stage of the review, to allow us time to better understand the impact of the changes made.

Non-consolidated reward

30. As a result of overall resourcing pressures and competing priorities, we have had to pause our review of non-consolidated performance related payments for the SCS including the potential introduction of milestone based reward. It remains our intention to resume this work in future, when resources allow. As such, the approach remains much the same as in previous years.

CHAPTER 1 – 2022 SSRB RECOMMENDATIONS FOR THE SCS

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| 1. | <p>Recommendation 1</p> <p>As a pay award for the senior civil service we recommend:</p> <ul style="list-style-type: none"> • An across-the-board increase for all SCS of 3.0 per cent from 1 April 2022. • A further 0.5 per cent to address the increases to the pay band minima and other pay anomalies. |
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¹ <https://www.gov.uk/government/publications/senior-civil-service-performance-management>

2.

Recommendation 2

We recommend the following pay ranges from 1 April 2022:

- SCS pay band 1: £73,000 to £117,800
- SCS pay band 2: £95,000 to £162,500
- SCS pay band 3: £125,000 to £208,100

31. In making their pay recommendations, the SSRB stated it was mindful of a number of factors:

- the high levels of inflation;
- the growing pay gap with the external market;
- the increasing pay overlap with civil servants in delegated grade;
- the need for recognition of a crucial workforce at a time of increasing demands and greater complexity;
- the urgent need for a clear pay progression system, heightened by the high levels of recruitment that have increased clustering at the bottom of the pay band; and
- the need to address specific pay anomalies.

32. The Government partially accepted the SSRB's recommendations for 2022. In reaching this decision, the Government carefully considered the need to maintain an effective senior civil service, affordability and fairness between senior pay and the delegated pay award of 2%, plus 1% where departments can demonstrate targeting of the pay award to address specific priorities in their workforce and pay strategies, as set out in the pay remit guidance.

CHAPTER 2 – VISION AND WIDER SCS CONTEXT

Civil Service Efficiencies

33. Driving efficiency and value for money is a key priority for this government. That is why departments have been asked to look for the most effective ways to maximise efficiency within their budgets, to ensure the best value for taxpayers both now and in the long term.
34. The Government has been clear that we are facing a profound economic crisis and that difficult decisions will need to be made to deliver economic stability and confidence. Consequently, he has been clear that taxpayers' money must go as far as it possibly can.
35. The Government recognises the important work that the Civil Service delivers on behalf of the British people and has committed to providing civil servants with the skills and tools they need to reflect the citizens they serve.
36. To meet the opportunities and challenges ahead, he does not believe that top-down targets for Civil Service headcount reductions are the right way forward.
37. Instead, the Prime Minister, along with the Chancellor of the Exchequer, will be asking every government department to look for the most effective ways to secure value and maximise efficiency within budgets, so that taxpayers' money can be used sustainably in the long term.
38. The Government is taking a balanced approach between revenue raising and spending restraint, whilst protecting vital public services. The Autumn Statement confirms that total departmental spending will grow in real terms at 3.7% a year on average over the current Spending Review period. Within this, departments will identify savings to manage pressures from higher inflation, supported by an Efficiency and Savings Review.
39. Outcome Delivery Plans continue to be an important part of how departments measure their delivery against objectives.

SCS vision and strategy

40. The Declaration on Government Reform, published in June 2021, sets out how the Civil Service and Ministers will reform Government together to deliver better for citizens.
41. A number of actions identified impact on the SCS, recognising the critical role that senior leaders play in the way the Civil Service delivers outcomes for citizens.
42. The SSRB has consistently identified the need for a strategic vision for the future size and shape of the SCS, a strategy to achieve this vision, and an approach to pay and reward that supports the SCS in the immediate future and the longer term.

43. The launch of the SCS Strategic Plan was paused in May 2022. However, activities under the Plan's overarching banner continued and are being monitored to track their impact.
44. Key deliverables completed and in progress include:
- a. Launch of the SCS Assignment duration Policy in July 2022
 - b. Launch of the SCS1 and SCS2 recruitment handbooks in December 2022
 - c. Implementation of External by Default recruitment for all SCS roles in May 2022
 - d. Completion of Capability Based Pay Progression Pilots in March 2022
 - e. Development of the Leadership Capability Framework
 - f. Launch of SCS induction with tailored programmes for Deputy Directors, directors and an Civil Service Orientation for those new to the SCS
45. These have been delivered and will continue to deliver through shared accountability with departments, functions, professions, the Devolved Administrations and the centre working together to drive outcomes.
46. We will continue to focus on our senior leaders through the ongoing Line Management Capability work, our targeted learning offer and activity under each of the HR priorities defined through the GCPO led HR Review.

Civil Service HR Priorities - Critical Enablers for the SCS

47. In September 2022 the Government Chief People Officer (GCPO) started a review of Civil Service HR in two parts:
- a. First, **a six week sprint** to establish a new set of goals and priorities for the HR function and its supporting unit at the centre of Government ('Civil Service HR');
 - b. Secondly, **a six month strategic review** of the people and workforce delivery across the Civil Service.
48. The six week sprint established a set of people priorities for the Civil Service which will form the foundation for actions focussed on learning skills and capability, employee experience, recruitment, retention and talent and pay and reward. These will be supported by a high-performing HR function: delivering innovation, expertise and agility, to build inclusive cultures and drive organisational success.

Learning, Skills and Capability

49. For our SCS to deliver the Government's priorities and drive outcomes for the UK it is essential that we focus not just on the skills and capabilities needed now but those that we need to identify, develop and support for the future. In a rapidly changing work environment with automation and hybrid working it will be more and more critical that the SCS are comfortable and able to operate in the space of large, ambiguous, cross-system, digitally-driven projects, including managing and developing the skills of their teams to deliver them.

50. We will do this by providing a clear learning offer for SCS articulating the core skills that are needed to work effectively in the Civil Service and the offer for each grade. Through the line management capability work, supporting development and setting expectations of senior leaders as line managers and role models.
51. As part of commitment to build SCS skills and capability, in conjunction with the Central Digital and Data Office (CDDO) we have developed [Digital, Data and Technology essentials for senior civil servants](#) which sets the standard for assessing the digital capability and confidence non-DDaT SCS will be expected to demonstrate.

Recruitment, Retention and Talent

52. The people priorities clearly reflect the need to ensure 'the right people are working in the right places with the right incentives'.
53. We will do this by:
 - a. Increasing porosity in the SCS. Porosity is about the movement of people between the Civil Service and other sectors (including academia) to share valuable skills, expertise and knowledge, and build better relationships and partnerships with other sectors.
 - b. Diversifying representation in the SCS (including increasing the number of external hires joining the SCS, and continuing our commitment to using secondments as a lever for porosity and scarce skills development).
 - c. Developing talent pipelines and career pathways into the SCS.
54. We will take a two stage approach to improving recruitment across the Civil Service, including the SCS. An end to end review of recruitment will identify tactical problems and take action to ensure we are consistently getting the basics right, whilst we set the strategic direction to deliver longer term transformational change.
55. Undesirable turnover (and churn) in the Civil Service, and particularly in the SCS, has been identified by several sources, including the Institute for Government, as an issue impacting the delivery of Government major projects over a number of years. On the 4th July 2022, we launched a new policy with supporting guidance for setting assignment durations for permanent SCS 1 and 2 roles. This policy sets the expectation of assignment durations as a default minimum duration of 3 years, with the exact length in role to be set by the vacancy holder to support delivery of the requirements of the Outcome Delivery Plans and/or Project timelines for roles. There is scope for exceptions to assignment durations in line with business requirements and to take into account personal circumstances. This does not constitute a contractual change, but will instead be driven by a change in culture and organisational and vacancy holder and applicant expectations. We will evaluate the impact of the policy change on SCS assignment duration.

Pay and Reward

56. We recognise the extremely challenging context we are operating in and the numerous environmental factors affecting colleagues.

57. We will ensure we have a robust evidence base to shape our pay strategies and use data and modelling effectively to inform this evidence.
58. Ensuring we look holistically at the whole reward offer we will include clarity of the pension offer as part of the overall package.

Employee Experience

59. To support and encourage multi-disciplinary teams, a strong community and effective networks across the SCS cadre and the wider public sector are essential. We also know from conversations with the SCS and research into the experience of new joiners² that there is a desire for better connection and networking across the cadre.
60. We will continue to build on and structure the sense of community across the Civil Service by:
 - a. Articulating and clarifying the employee offer including the unique opportunities that senior leaders in the Civil Service have to deliver work which impacts people across the UK.
 - b. Building on the structured onboarding experience now in place through the SCS Induction programmes

Leadership in Action

61. In April 2020, the Civil Service launched *Leadership in Action*, these are eight attributes of leadership we expect to see in action everyday across the Civil Service when leaders are at their very best. The attributes were designed to act as a guide for Civil Service leaders and those supporting their development. Since then the attributes have been used as a foundation for leadership thinking across government priorities, for example for alignment across HR products and for commissioning and designing leadership and development programmes.

Government Campus for Skills

62. The Government Skills and Curriculum Unit (GSCU) was established in September 2020 to improve the capabilities of civil servants. GSCU published Better Training, Skills and Networks³ in January 2021. The aim is to 'raise the floor, and the ceiling' - higher universal standards, and greater specialist and technical skills, as befits the challenges of modern government. As committed in the Declaration on Government Reform, the GSCU is building a Government Campus. A multi-site, UK-wide, physical Campus and an online equivalent, supported by the Chancellor through the Spending Review.
63. A five-strand curriculum framework defines the required skills and knowledge, from foundation to specialist for all civil servants. It comprises: **Foundations of public administration, Working in government, Leading and managing, Specialist**

² [Baxendale report](#)

³ <https://www.gov.uk/government/publications/the-new-curriculum-and-campus-for-government-skills/better-training-knowledge-and-networks-the-new-curriculum-and-campus-for-government-skills>

skills and Domain knowledge. With an emphasis on improved digital and data knowledge and skills, accreditation and qualifications, equipping those managing complex projects and leading effective public services with the expertise they need, and getting the basics right, we'll be able to build back stronger, fairer, safer and greener. We are also doing more to support our ministers to be effective, both in induction, and throughout their ministerial careers.

64. The Declaration on Government Reform commits to a 'mandatory induction package'. In 2021 69,000 joined the Civil Service. They might be school leavers who've never worked in an office, or they may be experienced professionals from another sector. Either way, we want to provide them with a superb, professional induction which equips them for their job and career, as part of A Modern Civil Service. This year we have rolled out a new online Induction to the Civil Service (similar style to a 'MOOC' - Massive Open Online Course - designed wholly in-house, using FutureLearn) with over 14,000 participants across over 25 departments and agencies. We will roll out to the whole system from spring 2022: a high-quality, mandatory and central offer that complements local inductions.
65. These principles apply fully to the Senior Civil Service. New members of the SCS have already been benefiting from revised inductions and these are set to evolve further in line with the MOOC style offer detailed above. There will also be greater coherence to central leadership programmes delivered in collaboration with departments, functions and professions under one umbrella. As well as improving management skills, developing a cadre of leaders with a robust approach and syllabus, to work effectively across complex policy and delivery systems and building future capability through the Apprenticeship Strategy and Fast Stream reform, maintaining our global reputation for rigorous entry-level training.

Places for Growth

66. The Declaration on Government Reform sets out how the Government will look beyond London to all corners of the UK, to ensure we have a Civil Service that is representative of the communities we serve with more civil servants, including senior leaders, working outside of the capital, joining the many dedicated staff already based in towns and cities across the UK.
67. As published in the Levelling Up White Paper in February 2022, the Places for Growth programme is delivering on the UK Government's commitment to move 22,000 Civil Service roles, and 50% of UK-based Senior Civil Service roles, out of Greater London by 2030. This aims to bring new jobs and investment to all parts of the UK; increase opportunities for people from a wider range of backgrounds; and help to deliver a Civil Service that better reflects the country it serves, with a wider range of voices from beyond Westminster involved in policy and decision-making

68. Levelling up is at the heart of the Government's agenda. As part of this, the Government has committed to relocating 22,000 roles from London across the UK, with up to 15,000 roles expected to relocate by 2025.
69. In its role overseeing the delivery of this agenda, the Places for Growth Portfolio works closely with departments and public bodies to ensure roles are relocated at pace. To date 19 departments have announced their relocation plans, including the Cabinet Office establishing a second HQ in Glasgow, the establishment of the Darlington Economic Campus and the Home Office relocating 1,950 roles, including to a new Innovation Centre in Stoke-on-Trent
70. By 2030, we intend to have established a network of locations across the UK where Civil and Public Servants are rooted in local communities and reflective of the places they serve. Recruitment will support sustainable career pathways in all locations and enable diversity of thought and experience to grow and flourish within the Civil Service.
71. The Civil Service needs to be visible in, and representative of, the entire UK, across all departments, functions and professions. A more regionally dispersed workforce has its benefits for the UK Civil Service as an organisation. By having policy-makers, strategists and a large percentage of the SCS based in Whitehall, the Civil Service is not taking advantage of the untapped and diverse talent available in places across the whole of the UK.
72. In order to build sustainable career pathways and increase opportunities in locations targeted for Civil Service growth, the presence of SCS roles is key. This is why the Government has committed to ensuring that 50% of the UK-based SCS roles are located outside of London by 2030.

A more inclusive Civil Service

73. The Civil Service has a three phase approach to delivery of inclusion across the Civil Service:
- **Strategy** - Setting the framing for change, outline of priorities to achieve and blueprint to follow.
 - **Delivery** - Building capability to deliver agreed strategic priorities in adherence with Civil Service Values.
 - **Assurance** - Establishing CS Assurance governance to promulgate best practice, highlight areas of concern for swift resolve and deliver priorities.

Strategy

74. The Civil Service Diversity & Inclusion Strategy 2022-2025 outlines our commitment to having a truly diverse workforce with a culture of openness and inclusivity - not as ends in themselves but as means of delivering better outcomes to the citizens we serve. It outlines our aim of a Civil Service that:
- **understands and draws from the communities it serves** – drawing from a range of backgrounds, experiences and locations.
 - **is visible to everyone** – engaging the communities we serve and showcasing what the Civil Service offers.
 - **is flexible** – supporting innovation, performance and engagement.
 - **welcomes** talent from wherever it comes – attracting the best talent from all backgrounds.
75. It sets a clear vision on how to achieve those aims, being a Civil Service that:
- **Values Diversity of Teams;**
 - *Challenging groupthink and inspiring a greater diversity of thinking.*
 - **Values and invests in its People;**
 - *Enabling career development through accessible and universal training.*
 - **Has Collaborative Partnerships Underpinned by Our Values;**
 - *Systems and communities working collectively to deliver improved inclusion.*
 - **Tackles Bullying, Harassment and Discrimination;**
 - *Specific actions for departments to take in continuing to address BHD.*
 - **Tests its Policies.**
 - *Activity to be data-driven, evidence-led, and delivery focussed.*
76. Now that we have a clear strategic direction our attention turns to phase two and three.

Delivery

77. We know that the focus of the strategy, commitments made in them and statements of intent are important, but what is key to our people is delivery against them. We agree and that is demonstrated with a clear commitment to 31 actions and the focus placed in the new strategy on being a Civil Service that tests its policies; and promoting our Diversity and Inclusion activity to be data-driven, evidence-led, and delivery focussed. D&I practice must not be for its own sake, but seek to better equip the Civil Service to deliver its current challenges and priorities, as well as future ones (for example those mainstreaming D&I and a focus on fairness through embedding in our processes, such as recruitment, talent, training, promotion and performance management).
78. We will deliver policies, programmes, practice and process to support and enhance the performance of D&I delivery across the Civil Service.

Assurance

79. The Civil Service D&I Strategy committed to develop and deliver an Internal Assurance Framework and Civil Service Benchmark Standard to audit and measure the delivery of our strategic priorities, to ensure a consistent, effective and value for money approach is taken in line with government standards.

80. We are developing this framework to identify and promulgate best practice and highlight areas of concern and tackle them swiftly. This four tiered framework will consist of:

- **Level 1** - Inclusive Practice Priority Alignment: To align D&I activity across government to our agreed strategic priorities to better optimise impact.
- **Level 2** - CS D&I Strategy Actions Tracker: To track against the actions and other commitments made in the D&I strategy taking a programmatic approach.
- **Level 3** - CS D&I Performance Dashboard: A measurement of performance using a metric driven dashboard focussed on our strategic priorities. Pulling data points covering representation and inclusion metrics together into one place track delivery.
- **Level 4** - CS D&I Internal Benchmark Standards: To share best practice on inclusion delivery; aligned to the commitment made in the Inclusive Britain strategy to develop an Inclusive Confident Scheme for all employers.

Talent Pipeline

81. 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.

82. 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.

83. Our Accelerated Development Schemes (Future Leaders Scheme (FLS), Senior Leaders Scheme (SLS) and the Directors Leadership Programme aim to support the development of a diverse talent cadre to the most senior and critical roles in the Civil Service. The schemes equip high-potential individuals with the skills, knowledge and networks to realise their full potential.

FLS - 2022	Female	Disability	Ethnicity	LGBO
Benchmark: All civil servants at G6/7⁴	49%	10%	13%	7%
Stage One Successful	54%	36%	21%	12%
Stage Two Successful	60%	32%	18%	15%

⁴ Civil Service Statistics, March 2021

SLS - 2022	Female	Disability	Ethnicity	LGBO
Benchmark: All civil servants at SCS1⁵	50%	7%	9%	6%
Stage One Successful	50%	15%	13%	9%
Stage Two Successful	56%	16%	12%	11%

Fast Stream

84. Fast Streamers make a huge and valuable contribution to the delivery of public services in the UK. As part of our commitment to continue to reform the Fast Stream (FS) and deliver a new pay and grading framework we are undertaking a structural review for 2023/24 and beyond.
85. Fast Stream starting pay is £28,840 which increases to £30,128 in year two, £32,960 in year three and £34,248 in year four. The starting salary is slightly less than the median for graduate schemes at £30,921 in 2022 (ISE). However, this is below the median of Times Top 100 (TT100) graduate employers at £33,500 (High Fliers 2023). Other Public Sector graduate scheme starting salaries vary between £20,532 - £34,366.
86. 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 into leadership and management roles for all the corporate functions and professions and in principle to the Senior Civil Service. The best available evidence suggests that just over 19% of existing SCS participated in the Fast Stream either on entry to the Civil Service or in subsequent years⁶. Internally, the Fast Stream is a valuable, flexible pool of high calibre trainees who work in roles at HEO, SEO and, on exit, G7 level. In 2023, the ambition is for 50% of all external Fast Stream hires to have a STEM degree qualification (across all schemes).
87. In 2022 the Fast Stream received 38,943 applications and 1,093 candidates were recruited onto the Fast Stream. This is an increase of 1.3% from 2021 (1,078). This increase is due to an increase in the number of bids received from departments and not a reflection on candidate quality. A lower number of applications combined with a higher number of appointments means the applications to appointments ratio has changed from 55:1 to 35:1. In 2022, 57.5% of appointments were female, 26.5% from ethnic minority backgrounds, 22.7% had a disability and 20.3% identified as LGBO.

⁵ Cabinet Office SCS database, March 2022

⁶ 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.

88. 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, with a high proportion citing higher pay as the driving factor. A smaller proportion leave the Civil Service. Between 2016-2020 the Civil Service recruited 3,211 centrally managed Fast Streamers. During this period 51.5% chose to leave the scheme to take roles at SEO to G7 prior to completion of the programme.
89. As Fast Stream graduates exit the scheme and move to different departments, we are currently unable to track onward progression to SCS. However, the newly introduced alumni network and interoperability work will enable longitudinal tracking going forward.

SCS Recruitment

90. Recruitment across the Civil Service is governed by the Civil Service Commission's Recruitment Principles which set out the legal requirement for appointments to the Civil Service to be made on merit on the basis of fair and open competition. All Civil Service appointments, including decisions regarding SCS, are made in line with the Principles.
91. Since May 2022, all (SCS) jobs must be advertised externally, helping to improve the ability of the Civil Service to hire a diverse range of high-quality candidates and allow departments to bring in skills in specialist areas, upskill the workforce and help move jobs out of London, which is an important strand of the Government's Levelling Up agenda.
92. Director General and Permanent Secretary recruitment is overseen by the Senior Talent and Resourcing Team (CSHR). They also run all Permanent Secretary competitions and over half of the Director General ones. Although there are clearly similarities in the approach and we aim to provide consistency to all candidates, processes for Deputy Director and Director differ from those for Director General and Permanent Secretary.
93. Deputy Director and Director recruitment is run by departments with central policy and guidance provided by CSHR.
94. Additional future routes into the SCS will include secondments (supported by the Secondments Unit in CSHR) which are being developed to meet the need for scarce skills and porosity, in line with actions 2, 3 and 5 under the Declaration on Government Reform.

End-to-end Recruitment Review

95. A full-system recruitment review is being carried out to help recruit and retain skilled, motivated people from all sectors and deliver a shorter 'street to seat' journey. The review is being led by CSHR and will cover:

- **By Easter 2023**

- Deliver an end-to-end system analysis of the recruitment process, to identify issues and opportunities for improvement in all areas including those delivered by HR (central and departmental) and others, e.g. recruiting managers, security, IT.
 - Map all current improvement projects to identify gaps and agree priorities, as well as leading and/or commissioning work to capitalise on any quick wins.
 - **Post-Easter 2023**
 - Lead the work to bring together activity that is already underway to ensure it is aligned and coordinated to deliver the best possible outcomes.
 - Commission new activity required as agreed with senior stakeholders.
96. All SCS recruitment products are developed by CSHR in consultation with the Civil Service Commission as the independent regulator and owner of the Civil Service Recruitment Principles.
97. The CSC is further involved for SCS 2 externally advertised campaigns. Person specifications must also be signed off by the Civil Service Commissioner chairing the campaign.

Retention

98. Turnover rate for the SCS was 12.4% in 2021/22 (up from 10.7% in 2020/21). The resignation rate also rose to 4.9% in 2021/22 (from 3.1% in 2020/21). While turnover is higher than the Civil Service overall rate (8.9%), 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 21.7% and if movement between roles within departments is included increases to 25.6%. There is also substantial variation between departments, with current estimates showing turnover ranging from around 4% to just below 21% across departments.
99. Median tenure in post is around two years and has remained consistently at that level over the last 5 years. Median tenure within pay band was at 2.6 years at 1st April 2022, decreasing over the last six years from approximately 3.2 years in 2017.
100. Although movement amongst senior talent is not problematic in 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.
101. High performers in the SCS were less likely to resign than low performers. Low performers in March 2021 had higher resignation rates in 2021/22 (9.8%) than their top performing colleagues (3.7%).

102. Career development outside the Civil Service continues to be the most common reason for exits, and has been the most cited reason for the last 5 years. Pay is more of a motivating factor in exits in 2021/22 compared to 2020/21.

The Devolved Administrations

103. 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.
104. 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.
105. 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.
106. 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 governance structure for talent and pay, covering Deputy Directors, Directors and Directors General drawing on non-executive directors and with ministerial oversight. The Executive Team and Talent Action Group manage performance, potential and talent of senior staff.

Issues affecting the Devolved Administrations

107. 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 awards.

108. 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. Higher pay awards to delegated grades and the use of pay supplements in specialist roles further highlights the challenge of maintaining differentials for SCS.
109. The UK Government continues to endorse the model of a UK-wide SCS and the development of capability based pay arrangements should give further opportunities for alignment.

CHAPTER 3 – PAY PRIORITIES AND DIRECTION OF TRAVEL

110. In recent years, the Government has outlined its intention to introduce a capability based pay progression (CBPP) system to reform SCS pay to the SSRB. The Government shares the SSRB's belief that pay progression for the SCS should be a key priority for incentivising and rewarding staff to stay in post. The core aim of a CBPP system is for SCS to be incentivised and rewarded for developing capability and depth of expertise in post, through a robust assessment that ensures that the Civil Service has the skills and capability it needs in the future. This will address long standing issues of turnover in the SCS which have prevented the necessary capability building.
111. The Government's position has not changed and it remains the intention to implement a Capability Based Pay Progression system as soon as is practicable and we continue to explore approaches to doing so. We will update SSRB on our position on Capability Based Pay Progression at the Oral Evidence session.
112. In past years, the SSRB has recommended a general pay uplift applied to all members of the SCS (unless they are underperforming) as a significant part of the pay award. In the current economic context, we agree that this is an important element of the SCS pay award.
113. However, we believe that for 2023/24 there is again an opportunity to apply the pay award in a way that provides a meaningful general uplift for all eligible SCS while also addressing some of the most pressing issues within the SCS reward framework.
114. We are therefore recommending a similar approach to recent years (with the exception of the Public Sector pay pause year in 2020/21), whereby the SCS pay award for 2023/24 should be targeted as follows:
- **Priority 1:** To increase the pay band minima for all pay bands.
 - **Priority 2:** To allocate a consolidated basic pay increase to all SCS.
 - **Priority 3:** For departments to allocate additional consolidated increases to individuals, distributed to SCS members dependent on demonstration of increased capability and deepened expertise.
115. The Government maintains the position that in general the headline figure for the SCS should be no higher, on average, than that for delegated grades through the annual pay remit guidance.

Pay ranges

Minima

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

117. In 2021/22, around half of Civil Service organisations⁷ who have shared their pay scales centrally have a London G6 maximum higher than the SCS1 minimum. 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.

118. It remains the Government's intention to continue to rationalise the current SCS pay ranges by increasing the minima for all SCS grades, while recognising that 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.

119. We would propose to increase the pay band minima for all SCS pay bands by £2,000.

SCS pay band minima 2009-2020

Year	SCS1	SCS2	SCS3
2009 - 2012	£58,200	£82,900	£101,500
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
2021*	£71,000	£93,000	£120,000
2022	£73,000	£95,000	£125,000

**Public Sector pay pause*

Maxima

⁷ From 45 organisations who have so far submitted data for 2021/22

120. In 2017 the government first stated the intent to reduce the SCS maxima:
- 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
 - in preparation for the introduction of capability-based pay progression and movement through the (ideally shorter) pay ranges.

121. 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. That rationale still holds and we would not propose to decrease the maxima for 2023/24.

122. The following pay ranges are therefore proposed for the 2023/24 pay year:

	Deputy Director	Director	Director General
Minimum	£75,000	£97,000	£127,000
Maximum	£117,800	£162,500	£208,100

Capability Based Pay Progression

123. In recent years, the Government has outlined the intention for the introduction of a capability based pay progression (CBPP) system to reform SCS pay to the SSRB. The Government shares the SSRB's belief that pay progression for the SCS should be the highest priority for incentivising and rewarding staff to stay in post. The core aim of a CBPP system is for SCS to be incentivised and rewarded for developing capability and depth of expertise in post, through a robust assessment that ensures that the Civil Service has the skills and capability it needs in the future. This will address long standing issues of turnover in the SCS which have prevented the necessary capability building.

124. The Government's position has not changed and it remains the intention to implement a Capability Based Pay Progression system as soon as is practicable. We continue to explore approaches to doing so. We will update SSRB on our position on Capability Based Pay Progression at the Oral Evidence session.

Non-consolidated pay

Performance-related pay

125. As a result of overall resourcing pressures and competing priorities, we have had to pause our review of non-consolidated performance related payments for the SCS including the potential introduction of milestone based reward. It remains our

intention to resume this work in future, when resources allow. As such, the approach remains much the same as in previous years.

126. 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. All staff are eligible for in-year awards to recognise high performance in the moment provided they are not on formal poor performance measures.

127. Those of the SCS who receive an 'Exceeding' box marking must receive an end of year award, and with the move to four box markings, we have provided additional flexibility for departments to choose to also reward those who are marked as 'High Performing'. Departments have discretion to differentiate the level of payment they award each box marking to acknowledge different levels of contribution.

The SSRB is asked for their views on whether they believe this guidance strikes the right balance of ensuring a consistent application of end-year awards to the SCS while still providing departments with appropriate flexibility to tailor their approach to their particular workforce.

Pivotal role allowances

128. PRAs have been in place since April 2013 to retain members of the SCS delivering critical programmes and those responsible for implementing the Government's priorities. They are removable and non-pensionable and controlled within a notional central pot set at 0.5% of the overall SCS pay bill. Pending substantive reform of the SCS pay system, PRA is recognised as a useful tactical solution to address flight risk.

129. Since their introduction, 265 PRAs have been agreed for people responsible for delivering the Government's priorities, including: EU exit priorities, COVID-19 response, 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.

130. 81 PRAs are currently in payment. 37 PRAs were agreed in 2021/22 compared to 17 agreed in 2020/21. From April 2022 to the end of January 2023, a further 44 PRAs have been agreed. PRAs generally range from £10,000 - £15,000 per annum in value. The PRAs currently in payment are spread across a wide range of professions, but are being used mainly by Digital, Data and Technology (28%), Policy (20%), and Science and Engineering (15%).

131. In addition, in March 2021, the Infrastructure and Projects Authority was given the authority to use 20-30 PRAs to support the recruitment and retention of SROs

responsible for delivering projects in the Government Major Projects Portfolio (GMPP). Qualifying SRO roles must:

- Be responsible for a project or programme on the GMPP.
- The duration of the project or programme must be more than four years.
- The whole life cost of the project or programme must be more than £100M.
- The agreed tenure of the role must be for at least three years.
- The SRO must have completed the MPLA or committed to completing it within an agreed period.
- The SRO must spend more than 50% of their time on the project or programme.
- Level of PRA is £10K - £30K per annum depending on the size of the project.

132. In September 2021, it was agreed that the Digital profession could pilot a similar proposal for 10 bespoke PRA focussed remuneration packages to support the recruitment and retention of highly skilled SCS1/2 Digital, Data and Technology specialists. This will help address high turnover in the digital profession and reliance on contingent labour / contractors to fill specialist SCS DDaT posts, specifically Chief Architects, Chief Technology Officers, Chief Data Officers and Chief Information Security Officers. Base pay will be maintained at consistent levels for qualifying roles, with higher value PRAs (up to £35K per annum for SCS1s and up to £45K for SCS2s) linked to achievement of key milestones.

133. The Government has considered proposals to streamline the PRA process, and all decisions on lower value cases (where the annual value of the PRA does not exceed £15k) have been delegated from Ministers to officials. This will speed up decisions.

Corporate Recognition Scheme

134. The SCS corporate recognition scheme was introduced in early 2019 with awards of up to £1,000. The overall amount available represents 0.1% of the paybill.

135. SCS 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.

136. Guidance on the Corporate Recognition Scheme is currently being reviewed with a view to increasing participation across the Civil Service.

Performance management

137. The current SCS performance management system is set centrally by the Cabinet Office. This contrasts with arrangements for delegated grades, which are set by departments in line with an agreed framework. The flexibility in the delegated grades

space allows departments to implement different approaches to fit their unique workforce context, but does mean that there can be a significant disconnect between policies for the SCS and delegated grades in departments.

138. 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. This need for reform was later emphasised by the statements in the Declaration for Government Reform.

139. Over the past three years, an extensive review of the current policy has been conducted, including: SCS focus groups, engagement with departmental performance management and reward leads and engaging with external organisations to identify best practice.

140. The evidence gathered identified a number of issues with the current policy and process, including: a lack of transparency in both performance differentiation, specifically moderation, 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 and 2020/21 evidence to the SSRB.

Monitoring the Department for Education pilot

141. In addition to the Cabinet Office lead review of the SCS performance management policy, the Department for Education has been running a pilot aimed at both delegated grades and the SCS and has been providing us with feedback to help shape the direction of our review. This pilot is due to end in April 2023.

142. DfE are considering the possibility of extending the pilot, or requesting to make this a permanent change to their SCS performance management approach, and will present this case to CSHR in due course.

Changes to the performance management policy for the 23/24 performance year

143. The framework aims to address shared concerns over accountability, lack of transparency and meaningful reward in the existing performance management arrangements. By fulfilling commitments outlined in the Declaration on Government Reform, this new framework is intended to promote greater transparency, support and appraisal of poor performers and will ensure robust links between individual objectives and overall departmental priorities.

Performance management lifecycle

144. The new performance management framework will introduce more rigour into the performance management process through the continual monitoring and assessment of performance through quarterly conversations, which will be bookended by a start-year performance expectation setting meeting and an end-year assessment process and moderation meeting. This end-year assessment process will evaluate performance both across the year and against departmental objectives in a

systematic and comprehensive manner. Below is a timeline of the key features of the new framework.

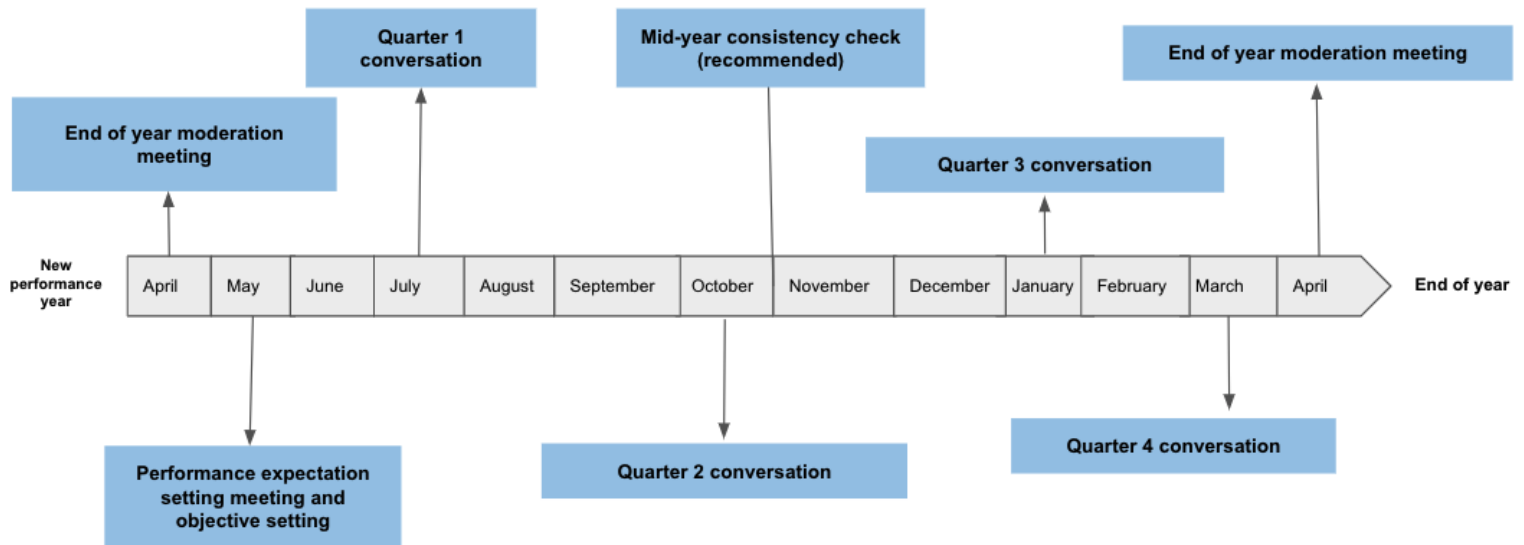


Figure 1 - SCS Performance Management framework timeline

Start-year performance expectation setting meeting and objective setting

145. Each performance year should begin in April with a performance expectation setting meeting, which would be best handled by Directors General (DGs), Heads of Professions and Permanent Secretaries. These meetings are intended to both ensure:

- a. consistency across the department in how they approach the upcoming performance year by agreeing expected standards for delivery and behaviour for each grade of the SCS, and;
- b. that members of the SCS at all grades understand what the box markings they will be assessed against at the conclusion of the performance year mean in practice.

146. A key component of this expectation setting meeting will be to agree and develop business unit objectives that align with the Priority Outcomes and/or Strategic Enablers as set out in the organisation's Outcome Delivery Plan or business plan, which should then cascade down into individual objectives. This fulfils the commitment set out in the Declaration on Government Reform to align 'individual objectives with overall priorities'.

147. The move to four box markings (Exceeding, High Performing, Achieving and Partially Met) intends to create greater nuance in how performance is assessed for members of the SCS, and provides an opportunity to recognise high performing 'near misses'. In our new framework, we will be issuing extensive guidance that outlines the criteria for each category to ensure consistency across departments.

148. Once expectations for the performance year have been agreed, each member of the SCS should set stretching objectives in agreement with their line manager, which must be SMART and focus on both the what and the how.

Quarterly conversations

149. Members of the SCS and their line managers must hold regular performance conversations throughout the performance year. **As a minimum, the frequency of these must be quarterly.** As part of these quarterly conversations, line managers should evaluate whether the member of the SCS they manage, is **on track**, based on the work they have completed that quarter, **to be marked as 'Exceeded', 'High Performing', 'Achieving' or 'Partially Met' for their end of year discussion.** The marking should reflect the performance as a whole based on the objectives, rather than on each objective individually
150. All members of the SCS are eligible for in-year non-consolidated performance-related payments provided they are not on formal poor performance measures. We encourage departments to make use of their non-consolidated pay pots to recognise and reward SCS in-year for real-time performance.

Mid-year consistency check

151. A mid-year consistency check is **recommended** to evaluate the distribution of indicative markings across the SCS cadre within a department and particularly to evaluate its impact across protected characteristics. Departments are free to conduct these meetings as they see fit, but we recommend that some, if not all, of the participants from the performance expectation setting meeting, in addition to the department's Diversity & Inclusion team, reconvene to discuss the distribution of indicative markings as a result of the performance standards set at the outset of the performance year. It is recommended that a record is kept of this meeting so that comparisons can be made between the distribution of indicative markings during, and at the end, of the performance year, but this is not a formal mid-year process and is intended merely as a stocktake to mitigate unintended D&I outcomes.

Performance assessment and end-year calibration

152. The **final quarterly conversation** in March should be used to carry out the end of year performance assessment for members of the SCS and is the point where a **formal box marking** (Exceeded, High Performing, Achieved, Partially Met) should be agreed between the individual and their line manager.
153. Following the final quarterly performance conversation, departments must conduct moderation meetings. These meetings will provide the opportunity for senior leaders to confront their performance curves transparently and head on, by evaluating delivery of behaviours and objectives in a systematic and comprehensive manner. In this meeting, participants in the expectation setting meeting will reconvene to evaluate the distribution curve of markings. Should there be a disproportionate spread of markings, participants should rectify this in the start-year performance expectation setting meeting by setting more robust standards for each performance marking, but are free to adopt guided distribution if they wish. This builds greater rigour into the system by ensuring a year-round focus on performance that judges

members of the SCS absolutely on their delivery against key government priorities and relative to their peers across the cadre.

Underperformance

154. As outlined in the steers made clear in the Declaration on Government Reform, the new framework includes strengthened guidance to identify, tackle and monitor underperformance.

155. Where the performance of the job holder is not up to the standards of the role, in terms of either the achievement of objectives, or the behaviours being demonstrated, this should be brought to the attention of the job holder immediately. A single 'Partially Met' marking does not necessarily need to be a trigger for formal poor performance procedures, but rather for intensive support, training and coaching. This might include:

- a. coaching to enhance performance further;
- b. setting more stretching goals;
- c. tailoring development to build confidence and experience;
- d. plugging competency gaps; and
- e. looking at ways to re-energise in the current role, considering whether they have been in the role too long.

156. If a member of the SCS is marked as **'Partially Met' for two consecutive quarters**, their line manager should draw up a **performance development plan**, provide the individual with the necessary support to improve their performance and **schedule a review meeting** to evaluate improvement. If the SCS **continues to be marked as 'Partially Met'** after this, including as part of their end of year discussion, there will be an expectation that they are **placed on formal poor performance measures** as part of the SCS poor performance policy. However, managers should consider the impact of exceptional circumstances that could affect individual performance before they operate the poor performance policy.

157. This underperformance proposal provides a bridge between the performance management and poor performance policies and ensures that any underperformance is identified and tackled promptly through a focus on continuous improvement and development.

Non-consolidated reward

158. Under the new performance management framework, all members of the SCS continue to be eligible for in-year non-consolidated awards, provided they are not on formal poor performance measures. Those of the SCS who receive an 'Exceeding' box marking must receive an end of year award, and there is additional flexibility for departments to choose to also reward those who are marked as 'High Performing'. Departments have discretion to differentiate the level of payment they award each box marking to acknowledge different levels of contribution.

ANNEX A - SCS PAY 2022/23 – APPLICATION OF AWARD BY DEPARTMENTS

Department	2% 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 2021/22 performance	In year contribution awards for 2021/22 performance
Cabinet Office	<p>All eligible SCS members received a 2% consolidated pay increase.</p> <p>Those who were above the maxima received a non-consolidated lump sum. Those who saw their salary taken above the maxima after the award received part consolidated and part non-consolidated increase.</p>	<p>Initially used part of the remaining 1% to uplift any SCS who were still below the minima following the 2% increase.</p> <p>Some money held back to address pay anomalies that may arise for the remaining period of 2022/23</p>	Full 3.3% used	<p>SCS1 - £6,000 SCS2 - £8,000 SCS3 - £10,000</p> <p>Paid to 28% of staff</p>	<ul style="list-style-type: none"> • Awards made to 29% of SCS staff • Awards made to 126 staff • Value of each award was £4,000 • Awards vary, recognising e.g. cross-gov work, high risk projects/tasks, work ahead of high profile announcements, transformation projects • Awards paid quarterly

Department for Digital, Culture, Media and Sport	<p>All eligible members received a 2% consolidated increase to salary.</p>	<p>Used the full 1% to address specific pay anomalies, and to award an enhanced increase for high performance, as well as to progress remaining eligible SCS through their pay range.</p>	<p>Full 3.3% pot is being used.</p>	<p>Top Performers: SCS 1 - £5,450 SCS 2 - £6,450 SCS 3 - £7,450 (Paid to 28% of SCS, (34 out of 118)</p> <p>Near miss SCS 1 - £1,000 SCS 2 - £1,400 SCS 3 - £1,900 (Paid to 15% of SCS, 18 out of 118)</p>	<ul style="list-style-type: none"> ● 35 SCS received an in year award during the 21/22 performance year - 29% ● Awards range from £1000 to £5000 and were awarded according to DCMS SCS In-year award criteria, for above and beyond / outstanding contributions. This covered a range of project and programme areas. ● Payments made in November 21 and March 22.
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Department for Business, Energy and Industrial Strategy	<p>All eligible SCS members received a 2% consolidated pay increase</p>	<p>We used the full 1% pot.</p> <p>We targeted higher awards to those demonstrating good performance below the pay band median (additional 0.75%), and the pay band mid point (additional 0.5%)</p> <p>We used some of the 1% to reposition salaries by way of pay anomalies for 37 staff (average additional uplift of £2,800).</p>	<p>Full 3.3% pot used</p>	<p>SCS1 – £6,000 SCS2 - £7,000 SCS3 - £8,000</p> <p>Paid to 33% of staff</p>	<p>For 2022-23, the approach to recognising in-year contributions was divided into two parts:</p> <p>(a) Near Miss top performance award paid to 8% of the SCS workforce (29 awards – DD £2,500, D £3,000 and DG £3,500)</p> <p>(b) In-year recognition awards to around 7% of the SCS workforce (25 awards set at £2,000, although DGs have scope to vary the level of award within their budget)</p> <p>All the in-year awards to target individuals to recognise significant contributions to Departmental outcomes.</p> <p>Payments are made during the year, with review points set quarterly.</p>
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<p>Department for Education</p>	<p>All eligible SCS members received a 2% consolidated pay increase.</p>	<p>Used the full 1% pot. Operated a matrix that provided differentiated awards linked to position in the pay range (aligned to Civil Service median salaries), alongside targeted awards to a small number of employees to move them to a more appropriate level to reflect weight/challenge of role.</p>	<p>Full 3.3% pot used</p>	<p>No end year payments were made as the department is piloting the SCS ABLE approach as agreed with the Cabinet Office. This approach includes In Year Awards and a small number of Sustained Excellence Awards (SEA) paid towards the financial year end. SEAs were paid to 16% of the SCS, averaging £3,104 per award.</p>	<p>The Department is operating its SCS ABLE pilot with agreement from the 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 188 SCS (68%). ○ 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	All eligible SCS members received a 2% consolidated pay award.	Used the full 1% pot. Gave higher awards linked to position in pay range and performance. Used some of the 1% to reposition three salaries to a more appropriate level to reflect weight/challenge of role.	Full 3.3% pot will be used.	SCS1 – £6,000 SCS2 - £6,000 SCS3 - £6,000 Paid to 26% of staff	<ul style="list-style-type: none"> ● 18% of SCS received an award. ● Awards made to 38 SCS. ● Awards ranged from £500 to £3,000 each. ● Awards recognised contribution to projects, going the extra mile on specific piece of work and those that just missed out on an end-year top performance award for 2020/21. ● Payments made throughout the year.
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Department of Health and Social Care	All eligible SCS members received a 2% consolidated pay increase	Used the full 1% available in line with the guidance. Position in the pay range was determined by those staff paid below the previous band minima of the grade above (i.e., SCS1s paid below £93k)	Yes, full 3.3% pot used	SCS1 - £7,000 SCS2 - £7,000 SCS3 - £7,000 Paid to 25% of eligible staff	<ul style="list-style-type: none"> ● 52% used – 125 awards made in total over the year ● Awards ranged from £1,000 - £5,000 each ● Awards recognised over and above contribution including to the department's ongoing pandemic response and the emergence of Omicron. Awards were also made for very specific pieces of work. ● Awards made three times per year – July, November and March
Department for International Trade	All eligible SCS members received a 2% consolidated pay increase.	Used the full 1% pot for the following: <ol style="list-style-type: none"> 1. To reposition SCS employees who fell below the new SCS minima after their 2% increase, to bring them in line with the new minima. 2. Used remaining budget to implement a matrix that targeted higher 	3.2% of pot used. Remaining budget to be used in a second round of IYR in Q4.	SCS1 – £7,250 SCS2 - £10,000 SCS3 - £12,000 'Top' performance bonuses paid to 26.83% of SCS (44 SCS employees).	<ul style="list-style-type: none"> ● 21.95% of SCS received an IYR (36 SCS employees). ● Awards ranged from £1,500 to £5,750*. ● Higher IYR recognised those with 'near miss' end-year performance ratings (where SCS just missed out on a 'Top' performance award). ● Lower IYR made to employees who were nominated by DGs (SCS3s) for specific pieces of work/performance. ● IYR payments made for October 2022 payroll,

		awards linked to position in pay range (excluding 'low' performers).			<p>following conclusion of RemCo discussions.</p> <ul style="list-style-type: none"> The remaining IYR budget will be used in a final round during Q4. <p>*£5,750 IYR amount covers more than one award for an SCS employee, so the £5k limit hasn't been breached. The max IYR for all other SCS employees is £4,500.</p>
Department for Transport (inc. DVLA, DVSA, MCA and VCA as it operates a Group reward model)	<p>All eligible SCS members received a 2% consolidated pay increase.</p>	<p>We have used the full 1% pot.</p> <p>All eligible SCS members received an additional 0-1% based on their position in pay range.</p> <p>30 colleagues received additional anomaly payments, based on their sustained high performance, increased effectiveness and deepened expertise.</p>	<p>21/22 - full 3.3% pot used, mixture of end-year and in-year awards.</p> <p>22/23 - intend to use full pot, split between end-year and in-year awards.</p>	<p>SCS1 - £7,500 SCS2 - £8,500 SCS3 - £9,500</p> <p>Paid to 28% of staff out of 22/23 pot.</p>	<ul style="list-style-type: none"> Awards made to 120 staff (c. 47% of SCS) Awards ranged from £2,000 to £4,000 each Payments made in January 2022 and March 2022, all from 21/22 pot <p>In-year criteria:</p> <ul style="list-style-type: none"> <i>Strong contributions and delivery of a Policy, Strategy or Corporate response with immediate and longer-term benefits for the Department.</i> <i>Role modelling and delivering against our Strategic Priorities.</i>

					<ul style="list-style-type: none"> ● <i>Exceptional leadership through operational response, change and complexity.</i> ● <i>Overseeing additional areas and/ or managing resourcing pressures.</i> ● <i>Particular dedication to development of organisational capability and capacity.</i> ● <i>Role modelling Civil Service leadership including diversity and inclusion.</i>
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<p>Department for Work and Pensions</p>	<p>All eligible SCS members received a 2% consolidated pay increase.</p>	<p>DWP used the full 1% to:</p> <ul style="list-style-type: none"> Uplift SCS to the minima for those where 2% uplift did not bring them up to the minima; Make 42 (c14.5% of SCS) targeted awards based on criteria linked to performance, effectiveness or depth of expertise, and / or position in pay range (relative to peers or benchmark salaries for the relevant profession); and Provide higher increases to those lower in the pay range. 	<p>Full 3.3% used</p>	<p>SCS1 = up to £7,500 SCS2 = up to £10,000 SCS3 = up to £14,000</p> <p>End year bonuses are 'up to' the amount quoted. Individuals that met the criteria for an end year bonus who had not received an in-year award received the amount above. Individuals that met the criteria for an end year bonus who had already received an in-year award were paid a reduced end year bonus so that the total of bonuses they received over the full performance year did not exceed the amount above.</p> <p>29.8% (85 out of 285) of SCS received an end year bonus.</p>	<ul style="list-style-type: none"> 30% of the non-consolidated pot was used to fund in-year awards. 117 awards were made in total to 41.1% of SCS. Awards ranged between £1,000 and £3,000. The average award was £2,080. <p>The criteria allow awards to be made to individuals that make a significant contribution:</p> <ul style="list-style-type: none"> to a cross departmental initiative; to the development of a function, profession or network; or that enhances the reputation of the Civil Service.
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Foreign, Commonwealth and Development Office	<p>All SCS received a pay award worth at least 2%:</p> <ul style="list-style-type: none">Those staff who were already in receipt of a London Allowance, received a 2% consolidated uplift to their base salary.Those staff who were not already in receipt of a London Allowance, received the LA plus, where necessary, a top up of base salary to a total award 2%London Allowance is legacy FCO condition of service, payable only when staff are in London. For	<p>Any remaining funding from the total 3% was targeted as consolidated uplifts for those at or near the new minima</p>	<p>Full 3.3% used</p>	<p>End of Year non-consolidated awards were made to 57.2% of the SCS Cadre as follows:</p> <table><tr><th>Grade</th><th>Tranche 1</th><th>Tranche 2</th></tr><tr><td>SCS1</td><td>£5,000</td><td>£3,000</td></tr><tr><td>SCS2</td><td>£7,000</td><td>£3,500</td></tr><tr><td>SCS3</td><td>£9,000</td><td>£4,000</td></tr></table>	Grade	Tranche 1	Tranche 2	SCS1	£5,000	£3,000	SCS2	£7,000	£3,500	SCS3	£9,000	£4,000	<p>No in-year awards made</p>
Grade	Tranche 1	Tranche 2															
SCS1	£5,000	£3,000															
SCS2	£7,000	£3,500															
SCS3	£9,000	£4,000															

<p>legacy FCO staff this is worth £5000 per annum. An equivalent payment did not exist for legacy DFID staff, which was causing alignment issues. To achieve a consistent pay structure at all grades in the FCDO, a London Allowance has been introduced at a rate of £2000 to all eligible staff (delegated and SCS). This will increase through subsequent pay awards until it reaches parity with the legacy FCO</p>			
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rate. It is not affordable within the 3% maximum increase in remuneration costs to introduce this at a consistent rate in 2022. Alignment of FCDO pay structures for the legacy organisations at both delegated and SCS grades is a key workforce priority in order to maintain fairness as we move towards full alignment of pay, allowances and terms and conditions of service.

- All staff were raised to new minima

Home Office	All eligible SCS members received a 2% consolidated pay increase	We used the full 1% pot. We operated a matrix that gave higher awards linked to position in pay range and performance. We used some of the 1% to reposition salaries of four individuals to a more appropriate level to reflect weight/challenge of role and individual performance.	Full 2.88% is being used. (Home Office non-con pot is smaller due to historic conversion)	SCS1 - £8,000 SCS2 - £11,000 SCS3 - £14,000 Paid to 26.5% of staff	<ul style="list-style-type: none"> • Awards made to 134 SCS. • Awards ranged from £500 to £5,000 each. • Awards recognised exceptional performance, contributions to projects and going the extra mile on specific pieces of work. • Payments were made throughout the year.

HM Revenue & Customs	All eligible SCS members received a 2% consolidated pay increase. Applied as a flat rate award: £1,820 (SCS1), £2,550 (SCS2), and £2,600 (SCS3).	Used the full 1% pot to address critical pay anomalies by applying a notional 'HMRC anomaly minimum', targeting people who are paid at the bottom of the pay ranges, increasing pay to £77,000 (SCS1 National); £80,500 (SCS1 London); £100,000 (SCS2); £130,500 (SCS3).	Full 3.3% pot used	SCS1 – £6,000 SCS2 - £9,000 SCS3 - £12,000 Paid to 28% of staff	<ul style="list-style-type: none"> • Awards made to 202 SCS (46%). • Awards recognised critical and exceptional performance, leadership and contribution during 2021/22. A proportion of the awards were also applied to address critical pay anomalies. • Awards ranged from £500 to £5,000 each, with awards to address critical pay anomalies ranging from £140-£4,240. • Payments made throughout the year
Ministry of Defence	All eligible SCS members received a 2% consolidated pay increase	Full 1% pot used. MOD operated a performance matrix that gave higher awards linked to position in pay range and performance marking.	Full 3.3% pot used	End of year Payment of £9,000 paid to 26% of the SCS population. Top SCS performers' values were pro-rated based on hours worked.	<ul style="list-style-type: none"> • 15% used. • Awards made to 45 SCS. • Awards made at £5,000 but pro rata on hours worked. • Awards recognised those staff that just missed out on an end-year top performance award for 2021/22. • Payments made at the end of the reporting year.

<p>Department for Levelling Up, Housing and Communities</p>	<p>All eligible SCS members who were in scope as at 1 April 2022 received at least a 2% consolidated pay increase. There were exceptions where under poor performance measures are in place</p>	<p>Pay Awards were allocated based on agreed SCS Reward Strategy at DLUHC which sets out agreed reward principles. These include the targeting of pay awards based on the position in the pay range and performance marking.</p> <p>As the uplift to the DD minimum was 2.8%, all DDs below a target rate of £80k pa received an uplift of 2.8% so they did not lose ground relative to those adjusted to the new minimum. Those above the target rate received 2%.</p> <p>As the uplift to the Director minimum was 2.15%, all Directors below a target rate of £105k received an uplift of 2.15%. Those above the target rate received 2%.</p>	<p>Full 3.3% pot used</p>	<p>SCS1 – £8,500 SCS2 - £12,000 SCS3 - £14,000</p> <p>Paid to 27.4% of staff in scope</p>	<ul style="list-style-type: none"> · Set aside sufficient funds for 40% of headcount to receive an in-year award · Awards made to 18 SCS through October 22 payroll, with a second round to be conducted in Jan 23. · Awards were £3,000 · Awards recognised contribution to specific projects including Ukraine and Afghan response and key milestones in Building Remediation
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	<p>In addition to the above, any Box 1s received an additional 1%. This means that pay awards for SCS ranged between 2% and 3.8% depending on performance. The full budget of 3% has been allocated, barring a sum of £30k to be held back for pay anomaly adjustments</p>			
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Ministry of Justice	All eligible SCS members received a 2% consolidated pay increase.	Used the full 1% pot to give additional awards based on position in range. The additional awards have therefore ranged from 0.5% and 1%. Low performers were not eligible for the additional award regardless of their position in range, they however, were uplifted to the new band minimum, if relevant.	Full 3.3% pot used	SCS1 – £9,000 SCS2 - £11,000 SCS3 - £13,000 Paid to 22% of staff	<ul style="list-style-type: none"> • 16% used. • Awards made to 50 SCS. • Awards ranged from £500 to £5,000 each. • Awards recognised excellence in achieving business objectives, including delivering challenging objectives, innovate programmes and exceptional leadership. • Payments made at mid-year (October to December 2021) and last quarter (January to March 2022) points.
HM Treasury	All eligible SCS members received a 2% consolidated pay increase	Have currently used 0.2% of the 1% pot to increase all staff to the new band minimums. Will be using the remaining 0.8% to address pay anomalies which will be completed towards the end of 2022.	Full 3.3% pot used	SCS1 – £10,150 SCS2 - £13,100 SCS3 - £14,995 Paid to 30% of staff	<ul style="list-style-type: none"> • Awards made to 15% of staff (24 SCS) • Awards of £5,000 each. • Awards recognised contribution to individuals nominated for specific work projects and those that just missed out on an end-year top performance award for 2021/22. • Payments made mid-year.

ANNEX B - SCS PAY EXCEPTIONS

1. In April 2018, a new pay on appointment policy for the SCS was introduced to help control departmental turnover. The rules are:
 - a. that no increase is given for moves on level transfer; and
 - b. on promotion, SCS receive no more than 10% increase or the minimum of the new grade.
2. 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.
3. Pay exceptions at Director General level require the approval of a DG Pay Committee. 13 Director General exceptions were agreed in 2021/22: 12 pay on promotion exceptions and one level transfer exception (and one level transfer application was rejected). During this period there were 43 new Director General appointments, of which 37 were internal moves (30 on promotion and seven level transfers). At Director and Deputy Director level, main departments have reported 46 exception cases. The table below shows the number of cases and median salary agreed for each SCS grade. More information can be found in **Annex B**.

Pay on appointment exceptions by pay band

Grade	Deputy Director	Director	Director General
Number of exceptions	39	28	13
Median salary agreed	£80,000	£108,000	£125,000

4. 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.

5. 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

6. More information is held centrally on Directors General cases because they require approval of a 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 the proposed SCS3 minimum from April 2022 of £125,000 and professional medians for specialist roles.
7. 14 DG exceptions were considered by the DG Pay Committee in 2021/22: 12 pay on promotion exceptions and two level transfer exceptions. The key headlines for each exception are set out below:

Level transfer - key facts

- The DG Pay Committee considered two cases.

	No increase agreed	Full increase agreed
Total	1	1

- A 13% increase was agreed to reflect corporate finance specialism in a highly weighted role.
- A level transfer application was rejected because base pay was already high and the case was not sufficiently strong to differentiate itself from other lateral moves to qualify for an exception.

Pay on promotion - key facts

- The DG Pay Committee considered 12 cases.

	Partial increase agreed	Full increase agreed
Total	2	10

- Increases agreed for pay on promotion cases range from 4%-30%.
 - Eight policy roles; two finance roles; two operational delivery roles.
8. In July 2020, the DG Pay Committee 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 2022) 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>

9. To inform consideration of any exceptions, the current SCS medians, by profession, 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 their 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

10. Main Whitehall departments reported that 67 exception cases were agreed at SCS1 and 2 level in 2021/22. The key headlines are:

Pay Band	Level transfer cases agreed	Pay on promotion cases agreed
SCS1	13	26
SCS2	16	12

Total	29	38
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- Exceptions have been granted for 16 different professions – DDaT (18), Project Delivery (9) and Policy (8) have the highest numbers.
- The median increase agreed for level transfer was 10% and 18% for pay on promotion.

ANNEX C - PENSIONS

Pensions

1. Pensions continue to form a key part of the Civil Service total reward package, with both Defined Benefit and Defined Contribution pensions arrangements⁸ available to members of the SCS.
2. Civil Service Pensions established alpha, a Career Average Defined Benefit pension scheme, on 1 April 2015. Since that date, all new joiners of Civil Service Pensions participate in alpha for future pension accrual, and the final tranche of all legacy scheme (PCSPS) members moved to alpha on 1 April 2022.
3. As a consequence of the McCloud judgement, civil servants in post as at 31 March 2012 with service in the defined benefit schemes after 1 April 2015 will be provided with a choice of either their pre-2015 scheme benefits or alpha benefits for the period 2015-22. The choice will be made available to members at retirement.
4. 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%.

Table 1: Civil Service pension scheme employee contribution rates, 1 April 2023 - 31 March 2024

Rates for 1 April 2022 - 31 March 2023 are shown in bold where different.

Actual Earnings	Contribution Rates
£0.00 to £32,000 (£23,100)	4.60%
£32,001 (£23,101) to £56,000	5.45%
£56,001 to £150,000	7.35%
£150,001 and above	8.05%

5. Table 2 sets out the employer contribution rates for the main pension schemes. The overall average employer contribution rate is 27.3%. Of this, 19.3% relates to the cost of newly accruing service and 8.0% relates to payment of past notional deficits. 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 5. According to the ONS, for employees

⁸ Details of current and historic Civil Service pension scheme are available in scheme guides at <https://www.civilservicepensionscheme.org.uk/members/>

with a workplace pension, the average value of their pension pot was £65,400 in the public sector compared with £10,300 in the private sector⁹.

6. It should also be noted that the vast majority of private sector employers provide a defined contribution scheme rather than a defined benefit scheme in which the member bears the risk of the pension not providing the expected level of income in retirement.

Table 2: Employer contribution rate to Civil Service Defined Benefit schemes, 1 April 2022 - 31 March 2024

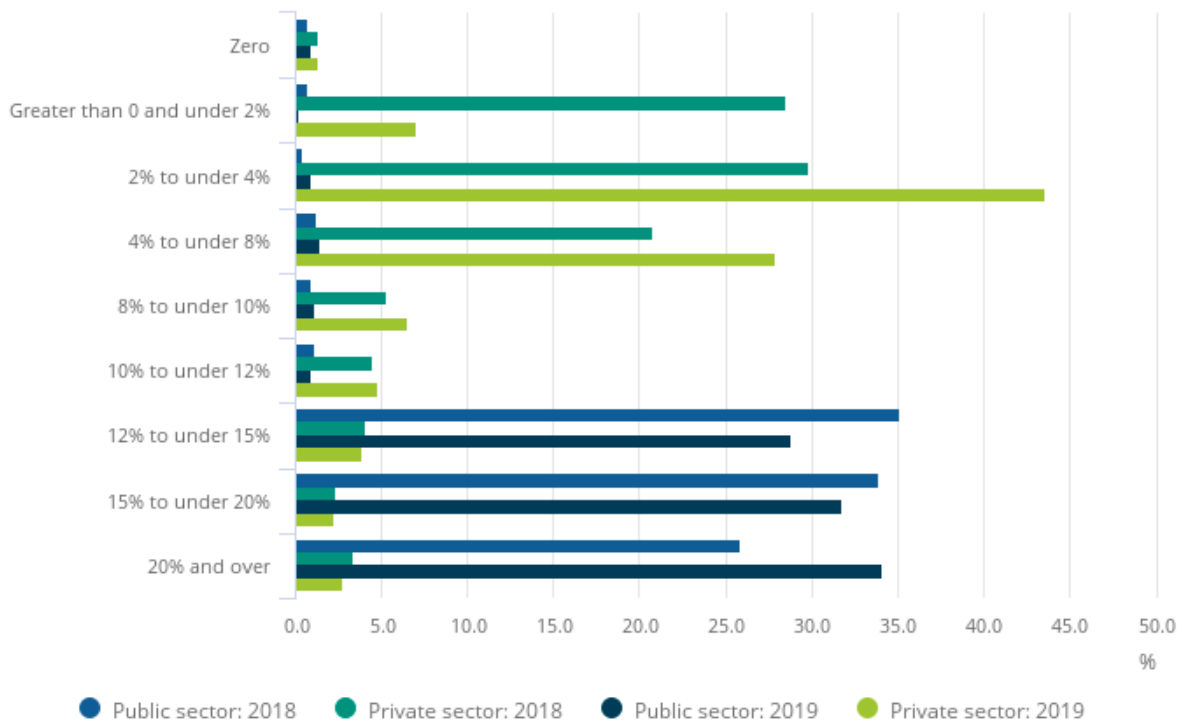
Salary (£)	Contribution rate
23,000 and under	26.6%
23,001 to 45,500	27.1%
45,401 to 77,000	27.9%
77,001 and over	30.3%

Figure 1 - Employees with workplace pensions¹⁰: percentages by banded rate of employer contribution and sector, UK, 2018 and 2019

⁹

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2021provisionaland2020finalresults>

¹⁰ Office for National Statistics, Annual Survey of Hours and Earnings (latest published 2022)



7. The Partnership pension scheme was introduced in October 2002 as an optional alternative to the main pension scheme arrangements. Partnership is a Defined Contribution pension scheme. All civil servants are now able to switch to Partnership if they wish and can do so at any time after they join the Civil Service.
8. Table 3 below 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, in addition to the rates shown below, their employer will also 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 3: Employer Partnership contribution rates applicable from 1 April 2022 to 31 March 2024

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%

9. Table 4 sets out the numbers in each pension scheme with salaries above and below £70,000.

Table 4: Civil Service Pension Scheme membership, as at November 2022¹¹

Scheme Type	>=£70k	<£70k	Total
Alpha (2015)	18,100	506,200	524,300
Partnership	300	7,100	7,400
Non-member	100	3,900	4,000
Total	18,500	517,200	535,000

10. As at November 2022 0.74% of the total active population had opted out of the main pension scheme and not joined partnership¹². 97%¹³ of those opting out earned under £70,000.

11. When members moved to alpha for future service they retained final salary links if they were previously in the classic, classic plus or premium schemes within PCSPS.

Pensions tax in 2022-23 (2023 Spring Budget changes are covered from paragraph 26 onwards)

12. With the introduction of alpha in April 2015, members who moved into alpha have a pension input arising from their alpha accrual. For a member earning £70,000 the annual alpha pension input amount, disregarding any revaluation, is approximately £26,000. The Annual Allowance was reduced to £40,000 from 2014/15. This meant that a member earning £70,000 would only be able to build up a maximum of about £42,000¹⁴ of carry-forward, less the pension input arising from their final-salary linked service. As such, where the member receives a significant salary increase i.e from promotion, there is less carry-forward annual allowance available to use and therefore having to pay a pension tax charge becomes more likely.

Table 5: Number of Pension Saving Statements (PSSs) issued, by salary

Salary	Number	% of total
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¹¹ Taken from scheme member data, as at November 2022. Figures rounded to nearest 100. Figures may not sum to total due to rounding. Includes active and active pensioner members

¹² These individuals do not receive any Civil Service pension provision and are not part of the partnership scheme

¹³ Data taken from November 2022.

¹⁴ 3 * (£40,000 - £26,000)

Earning under £60,000	5,881	45%
Earning £60,000 to £65,000	749	6%
Earning £65,000 to £70,000	1,042	8%
Earning over £70,000	5,272	41%
Total	12,944	100%

Table 6: Number of Pension Saving Statements (PSSs) issued, by pension input

Pension input	Number	% of total
Pension input under £40,000	782	6%
Pension input between £40,000 to £50,000	6,475	50%
Pension input over £50,000	5,687	44%
Total	12,944	100%

13. For 2021/22 there were 12,944 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.
14. 7,672 PSSs have been issued to members earning under £70,000 which is 59% of all statements issued.
15. 50% 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.
16. 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.
17. 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.

18. 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 applying the charge to reduce the benefits, the charge is considered to be worth significantly less, leading to larger reductions of pension.
19. 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 had their Annual Allowance tapered below the standard amount of £40,000 if their salary exceeded £118,000.
20. 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 tapering. 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 still have a tax charge each year, as a result of the scheme's high accrual rate.
21. It is likely that due to high inflation, more high earners will see an Annual Allowance breach and potential tax charge for the year 1 April 2022 to 31 March 2023 when they receive their PSS in Autumn 2023. This is because the rate of inflation to be used (10.1%) will significantly increase the value of the pensions built up. This is likely to be a one off (as inflation is expected to fall again year on year).
22. The design of alpha along with the income tax system leads to quite high marginal deduction rates for those with gross salary¹⁵ between about £108,000 and £135,000:
 - 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

The Scheme Pays facility can however be used to mitigate Annual Allowance charges arising from the pension's high accrual rates

23. The combination of the above generates high marginal tax rates, particularly for those members who will also breach the Lifetime Allowance (LTA) in future or those who are repaying Student Loans through income.
24. 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 is significantly higher than in alpha (assuming no other pension

¹⁵ Assuming no other pension contributions or taxable income aside from salary

contributions or taxable income) and so most members can avoid tax charges if they switch to Partnership. However, this is a difficult financial decision, and members should seek independent financial advice, 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 may be financially optimal to remain in the Defined Benefit schemes and pay the tax charges.

25. The LTA has implications in two particular ways:
- a. For those who have already exceeded the LTA, the pension being accrued is worth less due to the tax charge it will attract
 - b. For those who have not yet exceeded the LTA but expect to do so in the future, behaviours may be affected.

Budget 2023 changes

26. Paragraphs 12-25 cover the tax position civil servants faced up until 5 April 2023, after which time the changes announced in Spring Budget 2023 come into effect. The information has been retained in this evidence as those arrangements will continue to have an impact on members in 2023 and (in some cases) 2024. PSS for members being issued by 6 October 2023 will relate to pension inputs for 2022-23 and therefore tax payable will be calculated based on the 2022/23 Annual Allowance (AA) rate. Members impacted by the McCloud Remedy with alpha service between 2015 and 2022 will see their pension input amount recalculated and PSS delayed until October 2024. This means that the full benefit of the Spring Budget 2023 changes won't be felt until the subsequent PSS cycle.
27. The Spring Budget 2023 announced three main changes which impact Civil Service pensions: the increase in AA from £40,000 to £60,000; allowing the 'netting off' of positive and negative growth in pensions between alpha and the PCSPS; and the abolition of the LTA charge.
28. The increase in AA to £60,000 is expected to have a significant impact on the number of PSS issued. 56% of PSS were issued where the AA was £50,000 or lower, meaning that an increase to £60,000 will see the majority of PSS removed.
29. Previously (as per paragraph 19), a civil servant would breach the AA if they only had alpha service and their salary was over around £108,000 (assuming no inflation). This has now increased to around £162,000. For civil servants with final salary service, their threshold also increases by 50%.
30. The 'netting off' between alpha and PCSPS is also expected to have a positive impact in reducing the number of members facing tax charges. This is because previously members with service in both PCSPS and alpha could see negative growth in one and an AA breach in the other, but were not able to combine the two to lower or remove the breach (which would reduce any tax due).

31. The final Budget change is the removal of the LTA charge, meaning that members who previously would have faced a tax charge if their pensions were valued at over £1.073m will now no longer do so. There are relatively few civil servants who got to this point, but there was anecdotal evidence that some in this position were leaving early or reducing hours to avoid breaching the limit.

ANNEX D - PERMANENT SECRETARIES REMUNERATION

1. 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.
2. 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.
3. 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 maximum level of non-consolidated performance related pay available for Permanent Secretaries is £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

4. In 2018/19, PSRC agreed on 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 have been applied again in subsequent years, including 2022/23. 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.

2022/23 award

5. For 2022/23 the Government took the decision to partially accept the SSRB's recommendation of a 3% consolidated increase for members of the SCS and agreed that departments should implement a 2% increase to all eligible members of the

SCS. PSRC agreed to mirror this for eligible permanent secretaries, and to use the additional 1% provision to address pay anomalies in two exceptional cases.

6. In the current economic climate PSRC concluded this was the right thing to do. They also concluded that it would not be right to make non-consolidated performance awards either this year.

Table 1 Permanent Secretary performance ratings: 2015/16 to 2021/22

Rating	2015/16 distribution	2016/17 distribution	2017/18 distribution	2018/19 distribution	2019/20 distribution	2020/21 distribution	2021/22 distribution
Top	26%	26%	29%	34%	32%	34%	0%
Achieving	74%	69%	66%	66%	68%	66%	100%
Low	0%	6%	6%	0%	0%	0%	0%

Tier ranges

7. The 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.
8. 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. The current tier boundaries within the overall pay band give sufficient flexibility and no case was made to PSRC for increasing the minimum of tier 1 for 2022/23.
9. For a number of specialist Permanent Secretary roles, their pay sits outside the tiers and attracts a pay premium.
10. The pay ranges for Permanent Secretaries and where each role sits is set out in table 2:

Table 2 Permanent Secretary pay structure from 1 April 2022 (updated Nov 2022)

Tier and salary	Roles in the tier
Tier 1 £180,000 to £200,000	<div> <div>HM Treasury Ministry of Defence Home Office HM Revenue & Customs</div> <div>Foreign Commonwealth & Development Office Dept Work & Pensions Ministry of Justice National Security Adviser</div> </div>
Tier 2 £162,500 to £180,000	<div> <div>Dept Health & Social Care Dept Transport Govt Legal Dept Dept International Trade Dept Education Security Service Scottish Govt</div> <div>Dept Digital Culture Media & Sport Dept Environment Food & Rural Affairs Dept Levelling Up, Housing & Communities Business Enterprise & Industrial Strategy Secret Intelligence Services Govt Communications HQ Welsh Govt</div> </div>
Tier 3 £150,000 to £160,000	<div> <div> <u>First Permanent Secretaries</u> Northern Ireland Office <div>Office National Statistics</div> </div> <div> <u>Second Permanent Secretaries</u> <div> HM Revenue & Customs Dept for Health & Social Care HM Treasury Ministry of Defence Ministry of Justice Interim COO No.10 Cabinet Office - Joint Intelligence Committee Business Enterprise & Industrial Strategy </div> <div> Home Office Office for National Statistics CO /DLUHC HM Treasury Dept for Transport Head - Levelling Up </div> </div> </div>
Specialists and other roles not assigned to these tiers:	Cabinet Secretary Civil Service Chief Operating Officer Director of Public Prosecutions Chief Medical Officer Government Chief Scientific Adviser Chief Executive UKHSA Government Chief Trade Negotiation Adviser First Parliamentary Counsel DG, National Crime Agency CEO, Defence, Equipment & Support

ANNEX E - THE GOVERNMENT COMMERCIAL ORGANISATION (GCO)

1. 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.
2. 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 talent offer, competitive reward package and clearer access to a commercial career path.
3. The GCO now comprises Commercial Leads (Grade 7), Associate Commercial Specialists (Grade 6), Commercial Specialists (SCS1) and Senior Commercial Specialists (SCS2/3). It has grown from 341 employees in October 2018 to 1166 in October 2020 and to 1,498 in December 2022¹⁶, which represents more than 15% growth in the last 13 months.
4. Growth is most significant at the delegated grades, particularly as Commercial Lead roles in other departments continue to be identified as in scope for the GCO and post-holders are subsequently transitioned in.
5. There are 224 Senior Civil Servants (Commercial Specialists and Senior Commercial Specialists) in the GCO. This represents 15% of the total GCO population and a very small increase from 218 employees in November 2021.

Number of Senior Civil Servants by grade and terms

Position	Terms	Number of Employees
Commercial Specialist (SCS1)	Existing Equivalent terms and conditions	60
Senior Commercial Specialist (SCS2)	Existing Equivalent terms and conditions	13
Senior Commercial Specialist (SCS3)	Existing Equivalent terms and conditions	<10
Commercial Specialist (SCS1)	GCO terms	109

¹⁶ Data as at 28 December 2022 unless specified otherwise

Senior Commercial Specialist (SCS2)	GCO terms	39
Senior Commercial Specialist (SCS3)	GCO terms	<10
Total		224

6. GCO employees take GCO terms and conditions or Civil Service “Existing Equivalent” (EE) terms and conditions depending on their entry route and performance at the Assessment & Development Centre.
7. Employment on GCO terms and conditions requires:
 - a. Recruitment from the external market, or;
 - b. Recruitment from the internal market and an “A” at the Assessment & Development Centre; or,
 - c. Transition from the internal market and an “A” at Assessment & Development Centre.
8. 67% of Senior Civil Servants in the GCO are on GCO terms and conditions, with a significant proportion of these joining from the external market.
9. 48% of those Senior Civil Servants who joined the GCO via internal recruitment or transition, and were eligible to take up GCO terms and conditions, have chosen to do so.

2022 Pay Award - Senior Civil Servants

10. The GCO adopted the approach outlined in the Ministerial Statement made by Mrs Heather Wheeler dated 19 July 2022, which was issued in response to the SSRB 2022 report. This approach enabled GCO to:
 - apply a 2% blanket increase to base salaries to eligible employees;
 - amend the EE pay band minima in line with the SSRB recommendations (NB. the band maxima remains unchanged); and
 - access a 1% anomalies pot to make further changes in support of the GCO reward strategy (details below).
11. In addition, the widths of the GCO terms pay bands were reduced, which involved changing the band minima as well as reducing the maxima.
12. Reducing pay band widths form part of a wider strategy to reduce diversity pay gaps in the GCO as it helps to lessen pay variation.

13. Another step taken to help tackle diversity pay gaps was using a proportion of the 1% anomalies pot to award additional differential base salary increases to eligible employees dependent on their quartile position in the pay band as follows:

Quartile	Additional percentage salary increase
Lower quartile (Q1)	1%
Lower-mid quartile (Q2)	0.8%
Upper-mid quartile (Q3)	0.6%
Upper quartile (Q4)	0%

14. Adopting a quartile approach to the consolidated salary increases is intended to reduce the gender and ethnicity pay gaps in particular, as there are proportionally more female employees and employees from minority ethnic backgrounds on salaries in the lower quartiles of the pay bands in the GCO.
15. Further pay adjustments were made in a small number of anomalous cases where there was demonstrable evidence of an employee's increased capability, an increase in the size or complexity of their role, or that they represented a significant or imminent retention risk.
16. GCO employees on EE terms are eligible for non-consolidated end of year performance awards, the values of which are determined through the pay award process.
17. Therefore, employees on EE terms who received a "top box" performance marking (i.e. those marked as "Exceptional" through the GCO performance management process) over the 2021/22 performance year (1 April 2021 to 31 March 2022) received a non-consolidated end of year performance award as follows:

Grade	Performance award
Commercial Specialist (SCS1)	£8,000
Senior Commercial Specialist (SCS2)	£9,000
Senior Commercial Specialist (SCS3)	£10,000

18. 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 base 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.

19. For 2021/22, the average PRP percentage for Commercial Specialists and Senior Commercial Specialists on GCO terms was 77.02%.

Future Pay Priorities

20. The GCO continues to develop its reward strategy in collaboration with the GCO Remuneration Committee.

21. Priorities for the next twelve months include:

- a. Continuing to address gender and ethnicity pay gaps.
- b. Conducting a review of the GCO terms pension scheme;
- c. Introducing a range of benefits such as retail discounts and a cycle to work scheme to improve the employee value proposition and support employee engagement.

ANNEX F - ADDITIONAL DATA TABLES

Table 1: SCS headcount by payband and year (2010-2022)

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
2021	Q1	4,790	45	1,080	175	45	..	6,135
	Q1 Pay	4,790	45	1,080	175	-	..	6,090
2022	Q1	5,050	40	1,175	180	45	-	6,490
	Q1 Pay	5,050	40	1,175	180	-	-	6,445

Notes:

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"-" 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 (2010-2022)

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
2021	Q1	4,670	45	1,055	170	45	..	5,985
	Q1 Pay	4,670	45	1,055	170	-	-	5,940
2022	Q1	4,915	40	1,145	180	45	-	6,325
	Q1 Pay	4,915	40	1,145	180	-	-	6,275

Notes:

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"- " 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 (2010-2022)

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
2021	£77,900	£84,700	£102,900	£135,800
2022	£79,300	£82,800	£103,500	£138,500

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 (2010-2022)

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
2021	£81,200	£85,600	£110,000	£144,300
2022	£82,800	£84,100	£111,200	£147,300

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 (2019-2022)

Payband	Resignations			Turnover			Departmental Turnover		
	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22
Deputy Director	3.8%	2.8%	4.6%	11.4%	11.0%	12.6%	18.1%	17.5%	21.7%
Deputy Director (1A)	..	..	..	..	..	15.7%	11.4%	..	28.8%
Director	4.7%	3.3%	6.6%	9.6%	8.8%	11.9%	16.6%	15.9%	21.8%
Director General	4.7%	8.6%	6.2%	13.6%	13.2%	11.9%	24.3%	23.5%	19.8%
Overall	4.0%	3.1%	4.9%	11.2%	10.7%	12.4%	18.0%	17.4%	21.7%
Department	Resignations			Turnover			Departmental Turnover		
	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22
BEIS	4.7%	5.2%	3.8%	7.4%	11.0%	9.7%	16.2%	18.6%	18.3%
CO	5.4%	3.1%	6.1%	9.0%	8.7%	10.3%	18.6%	20.7%	27.8%
DCMS	5.9%	..	6.9%	22.5%	15.3%	11.3%	30.8%	23.9%	21.7%
DEFRA	5.2%	4.4%	6.9%	11.7%	12.7%	13.0%	18.7%	22.8%	22.3%
DfE	2.4%	..	6.9%	10.1%	7.3%	12.8%	15.3%	15.7%	19.8%
DfT	3.6%	..	2.4%	7.6%	5.3%	4.4%	12.2%	10.7%	11.1%
DHSC	5.4%	3.8%	11.3%	10.6%	11.4%	20.9%	13.6%	15.2%	53.0%
DIT	7.3%	3.5%	3.3%	19.4%	12.6%	18.0%	25.8%	22.4%	24.6%
DLUHC	6.7%	..	3.7%	16.0%	13.1%	6.8%	29.5%	18.9%	12.9%
DWP	3.7%	2.3%	3.4%	15.2%	9.4%	12.6%	19.6%	13.7%	18.1%
FCDO ¹	2.9%	..	2.9%	16.5%	11.2%	10.8%	26.8%	18.3%	18.6%
HMRC	4.0%	1.9%	3.4%	14.2%	9.5%	11.1%	16.9%	17.3%	14.3%
HMT	..	..	..	6.2%	6.4%	6.6%	15.2%	17.9%	13.7%
HO	2.6%	4.2%	4.5%	7.9%	13.5%	15.5%	17.2%	21.3%	24.0%
MoD	2.6%	4.0%	3.8%	12.0%	11.1%	10.1%	16.9%	17.0%	15.9%
MoJ	2.5%	3.4%	3.5%	8.3%	16.9%	14.8%	15.0%	28.0%	23.5%
SG	4.1%	1.6%	1.7%	11.1%	7.5%	12.5%	12.6%	8.8%	16.7%
WG	..	..	2.7%	6.8%	6.6%	10.1%	8.0%	7.2%	11.2%

Other	5.0%	4.4%	6.3%	10.5%	12.9%	14.3%	12.5%	15.9%	17.0%
Overall	4.0%	3.1%	4.9%	11.2%	10.7%	12.4%	18.0%	17.4%	21.7%

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 FCDO 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

ANNEX G - FACTS AND FIGURES

Accelerated Development Schemes

Future Leaders Scheme (FLS)

Purpose - FLS is a development programme aimed at the top 1% of G6/G7 staff across the Civil Service (including Welsh and Scottish Governments) and Arms Lengths Bodies (ALBs), who are considered to have the potential to reach SCS grades and, as such, are likely to be future senior leaders in the Civil Service.

Key facts and figures:

FLS started in 2013 with 86 participants. The number of participants increased year on year to 2017, where there were 421 participants. Since then, intake has consistently been between 400 and 420, achieving the aim of selecting 1% of the G6/G7 cadre.

On average, the scheme receives around 2,500 applications per year.

- **Key 2022 FLS Intake Data**
 - 417 successful participants
 - 59% female participants (above G6/G7 CS average of 48.9%)
 - 32% participants with a recorded disability (above G6/G7 CS average of 10.1%)
 - 18% participants from an ethnic minority background (above G6/G7 CS average of 12.6%)
 - 15% participants declared LGBO (above G6/G7 CS average 6.6%)
 - 26% of participants Low SEB (Self-reported)
- The 2021 intake has 25¹⁷ different functions and professions represented. The most common are:
 - Policy - 41%
 - Operational Delivery - 9%
 - Government Legal Service - 7%
 - Digital, Data and Technology - 5%
 - Project Delivery - 4%
 - Science and Engineering - 4%
 - Human Resources - 3%

Promotion and resignation rates are not routinely monitored, with the latter only recorded if a participant or department informs CS Talent that they have left the civil service. Mechanisms to improve monitoring and evaluation of this nature will be introduced as part of FLS reform over the next 18-24 months.

The most recent survey was conducted in 2019 for the 2017 intake, which showed:

¹⁷ This figure excludes responses where 'other', 'prefer not to say' and 'not known' have been selected.

- Promotion rates to SCS within 1 year of completing FLS was 30%¹⁸, compared to a significantly lower promotion rate for non-FLS graduates of 2.8%¹⁹.
- Resignation rate of FLS graduates for the cohort was 2.6%, compared to a slightly higher resignation rate of 3.2% across the wider G6/G7 community.

META

Purpose - META is offered as a bespoke, additional programme for any FLS participant from an ethnic minority background.

Key facts and figures:

META launched in 2017 with 35 participants. Intake size has steadily increased year-on-year, with the current 2021²⁰ intake comprising 75 participants.

- The 2021 intake includes:
 - 65.3% female participants (G6/G7 average 48.9%)
 - 17.3% participants with a declared disability (G6/G7 average of 10.1%)
 - 6.6% participants declared LGBO (G6/G7 average 6.6%)
- The 2021 intake includes representatives from 22 departments/Arms Length Bodies and 14 professions. The top five professions represented amongst the 2021 intake are:
 - Policy: 38.7%
 - Project delivery: 10.7%
 - Operational Delivery: 8%
 - Government Legal Service: 6.7%
 - Human Resources: 6.7%

Early indications suggest a continued upward trend in participation, with 66 participants currently undertaking FLS registered to commence META on the 2022 intake.

Promotion and resignation rates are not routinely monitored. The last analysis indicated that approximately 15% of META graduates were promoted within a year of completing the programme, rising to 66% within four years. Mechanisms to improve monitoring and evaluation of this nature will be introduced as part of FLS/META/DELTA reform over the next 18-24 months.

DELTA

Purpose - DELTA is offered as a bespoke, additional programme for any FLS participant who has a disability and/or long-term health condition.

¹⁸ Of those who responded to the May 2019 Survey combined with those who confirmed that had a promotion.

¹⁹ 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.

²⁰ The 2021 intake were selected in 2021, completed FLS in 2022 and undertake META in 2023.

Key facts and figures:

DELTA launched in 2019 with 32 participants, and has grown year-on-year with 42 participants enrolled for the 2020 intake and 52 participants currently completing the programme on the 2021 intake²¹.

- The 2021 intake includes:
 - 65.1% female participants (G6/G7 average 48.9%)
 - 4.8% participants from an ethnic minority background (G6/G7 average of 12.6%)²²
 - 25.4% participants declared LGBO (G6/G7 average 6.6%)
- The 2021 intake includes representatives from 24 departments/Arms Length Bodies and 14 professions. The top five professions represented amongst the 2021 intake are:
 - Policy: 28%
 - Project delivery: 13%
 - Other: 9.4%
 - Operational Delivery: 7.5%
 - Human Resources: 7.5%

Early indications suggest a continued upward trend in participation, with 82 participants currently undertaking FLS registered to commence DELTA on the 2022 intake.

Promotion and resignation rates are not routinely monitored. The last analysis indicated that almost 38% (14 of 37 participants) of DELTA 2020 intake had secured promotion within a year of completing the programme. Mechanisms to improve monitoring and evaluation of this nature will be introduced as part of FLS/META/DELTA reform over the next 18-24 months.

Senior Leaders Scheme (SLS)

Purpose - Senior Leaders Scheme (SLS) is an accelerated development scheme aimed at the top 3% of Deputy Directors across government who have the potential to progress in the Senior Civil Service.

Key facts and figures:

SLS started in 2012 with 48 participants. With 37 cohorts to date across ten years, participant numbers remained steady until 2017 and 2018 when the intake numbers doubled to 94 and 96 respectively. For the 2019 and 2020 intakes the number of

²¹ The 2021 intake were selected in 2021, completed FLS in 2022 and undertake DELTA in 2023.

²² Participants who are both from an ethnic minority background and have a disability or long-term illness must choose between completing either META and DELTA, with most choosing to complete META, hence a reduced number of participants from an ethnic minority background on DELTA.

participants increased again to 110, split in five cohorts for each year group. For 2022, there are 105 participants, split across five cohorts.

- The 2022 intake includes:
 - 56% female participants (above SCS average of 48.5%);
 - 16% participants with a declared disability (above SCS average of 7.1%)
 - 12% participants from an ethnic minority background (above SCS average of 8.6%)
 - 11% participants declared LGBO (above the SCS average of 5.6%)
- There are 23 departments and 16 Functions and Professions represented in the 2022 cohort. They include:
 - Policy: 46%
 - Operational delivery: 9.8%
 - Project delivery: 5.9%
 - Government Legal: 5.5%
 - Government finance: 4.7%
 - Digital, data & technology: 3.6%
 - Human Resources: 3.8%
 - Commercial: 2.7%
 - Economics: 2.7%
 - Medical profession: 1.1%
 - Communication: 0.9%
 - Government Statistical service: 0.8%

Promotion and resignation rates are not routinely monitored, with the latter only recorded if a participant or department informs CS Talent that they have left the civil service.

Mechanisms to improve monitoring and evaluation of this nature will be introduced as part of SLS reform over the next 18-24 months.

The most recent survey was conducted for the 2019 intake, from which 23 (21%) participants have been promoted to Director and 8 (7.1%) have resigned and informed CS Talent they have left the Civil Service.

Directors' Leadership Scheme (DLP (successor to the High Potential Development Scheme (HPDS))

Purpose - The Directors' Leadership Scheme (DLP) represents completion of the first phase of Accelerated Development Scheme reform, with the inaugural cohort commencing the programme in January 2023. As with its predecessor, DLP is a cross-Civil Service scheme aimed at accelerating the development of high potential Directors with the potential to progress to Permanent Secretary, Head of Function and Chief Executive level.

Key facts and figures:

HPDS launched in 2004, delivering to 14 cohorts that comprised 354 participants and alumni. The first DLP cohort of 34 participants commenced their programme in January 2023.

- Cohort 1 (2022 intake) comprises:
 - 55% female participants (above SCS average of 48.5%)
 - 6 % participants from an ethnic minority background (below SCS average of 8.6%)
 - 9% participants declared LGBO (above SCS average of 5.6%)
 - 13% participants with a declared disability (above SCS average of 7.1%)
- Representation of functions and professions in Cohort 1 are as follows:
 - Policy: 49%
 - Human Resources: 11%
 - Operational Delivery: 9%
 - Analysis: 9%
 - Legal: 7%
 - Finance: 6%
 - Project delivery: 5%
 - DDAT: 3%
 - Communications: 3%
 - Transformation: 3%
 - Operational Research: 2%

Historical trends from the last three HPDS intakes suggest approximately 20% of programme alumni have secured DG appointments

Over the past three cohorts (from cohort 12, 2018 intake through to cohort 14, 2020 intake), 23% of participants have been promoted to DG level. This goes up to 25% if temporary appointments are included).²³

The resignation rate for the last three cohorts* is 8.9% (14/157) - 12 at director level and 2 at DG level. The reasons for leaving the CS are as follows:

Moved to wider public sector	Moved to voluntary sector	Moved to private sector
58%	33%	9%

SCS workforce - key facts and figures

Reward package

²³ Cohort 12, concluded in November 2020, Cohort 13 concluded in summer 2021, Cohort 14, concluded in summer 2022.

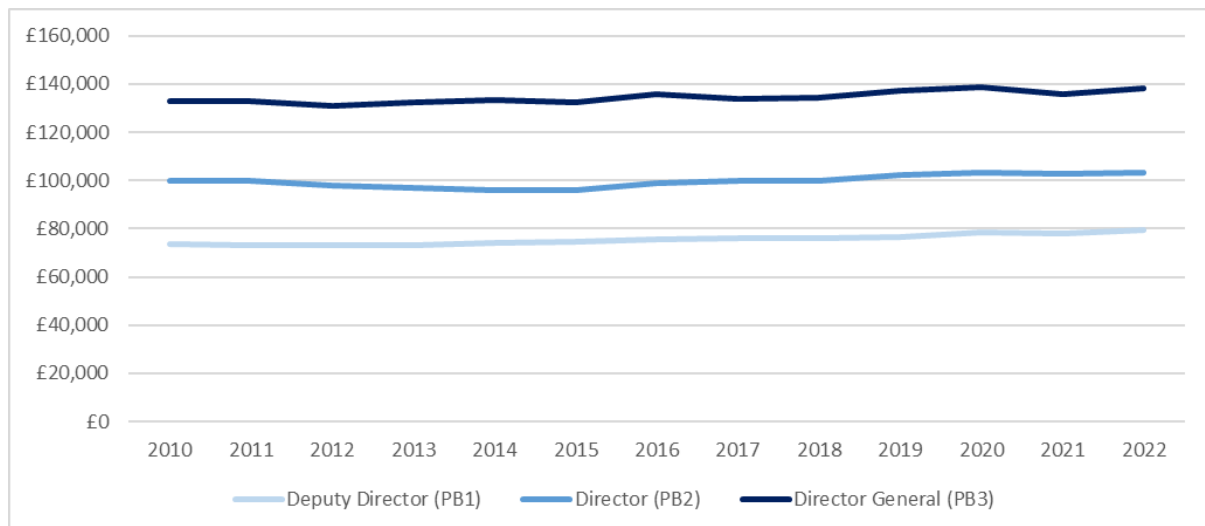
1. The current SCS pay bands and medians are as follows:

SCS Pay bands and medians

	Minimum	Maximum	Median ²⁴
SCS1	£73,000	£117,800	£79,300
SCS2	£95,000	£162,500	£103,500
SCS3	£125,000	£208,100	£138,500

2. Median salaries rose for all pay bands between 2021 and 2022. Though only Deputy Directors had a median salary higher than their 2020 median salary position. Median salaries for all paybands have not substantially increased since 2010.

Figure 1 SCS median salaries²⁵, 2010-2021



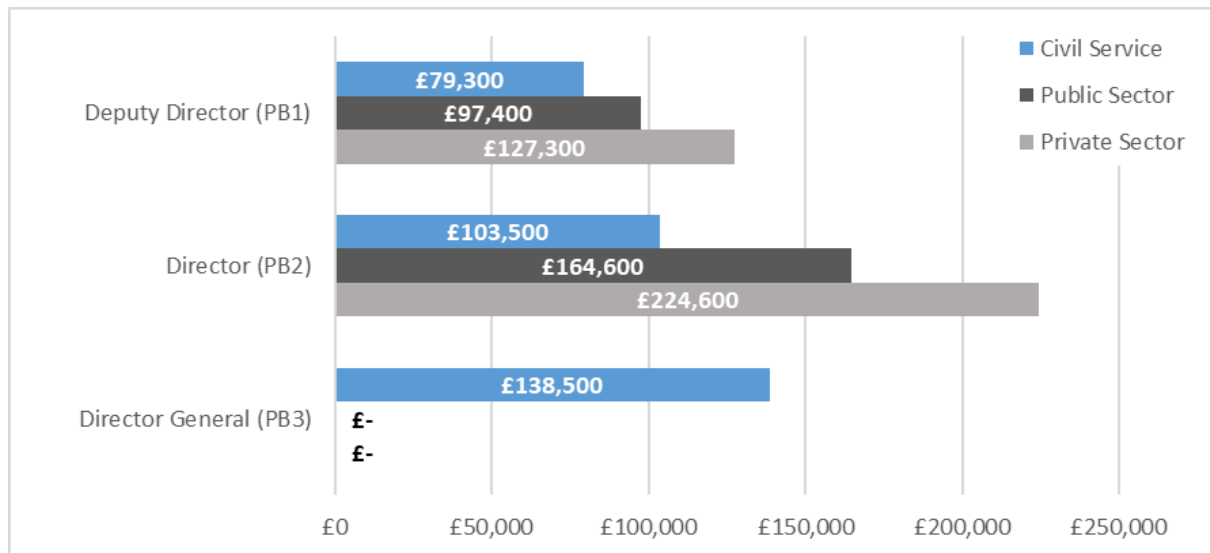
3. Both base salary and total remuneration for all SCS pay bands remain lower than that for private sector and public sector equivalents. This differential increases with seniority within the SCS, where comparison figures are available.

Figure 2 Median base salary for SCS and public and private sector equivalents²⁶ by grade (April 2022 for SCS and October 2021 for private and public sectors)

²⁴ As of 1 April 2022, figures do not include PB1A.

²⁵ SCS database, 2022. Figures for PB1A are available in Annex F

²⁶ Civil Service figures are from the Cabinet Office SCS database (2022), private sector figures are based on market data from the 2022 CSHR benchmarking tool produced by Korn Ferry. Comparison figures are not available at DG level.



4. When considering cost of living inflation²⁷, median salaries in real terms were 17%-21% higher for each pay band in 2010 compared to 2022 .

Figure 3: Median SCS salary²⁸ real terms (adjusted for inflation), 2010-2022

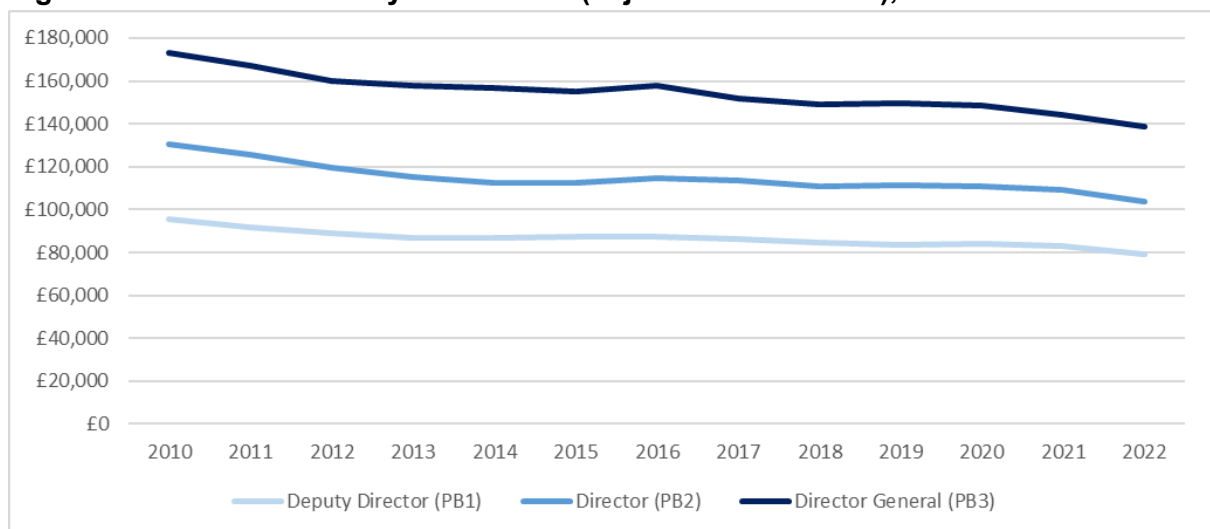


Figure 4: SCS turnover by profession 2021/22

²⁷ CPIH inflation, as used by ONS for wage estimates, 2022

²⁸ SCS database, 1st April 2022, figures do not include PB1A

