

National Crime Agency Remuneration Review Body

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Ninth Report 2023

Chair: Zoë Billingham CBE





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Presented to Parliament by the Secretary of State for the Home Department by Command of His Majesty

February 2024

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NCA Remuneration Review Body

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

Terms of reference¹

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

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

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

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

Members² of the Review Body

Zoë Billingham CBE (Chair) Andrew Bliss QPM Professor Monojit Chatterji Richard Childs QPM Mark Hoble JP Patrick McCartan CBE Trevor Reaney CBE

The secretariat is provided by the OME.

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

² Members of the Review Body are appointed through an open competition adhering to the Commissioner for Public Appointments' Code of Practice. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/ file/578090/Public_Appointments_Governance_Code_.pdf. [Accessed on 15 December 2023]

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List of abbreviations

AWE	Average Weekly Earnings
COVID-19	Coronavirus Disease 2019
CPI	Consumer Prices Index
CPIH	Consumer Prices Index including owner occupiers' housing costs
HR	Human Resources
IDR	Incomes Data Research
LFS	Labour Force Survey
LRD	Labour Research Department
LWA	London Weighting Allowance
NCA	National Crime Agency
NCARRB	National Crime Agency Remuneration Review Body
NCOA	National Crime Officers Association
NHS	National Health Service
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
PAYE	Pay As You Earn
PCS	Public and Commercial Services Union
RPI	Retail Prices Index
RRA	Recruitment and Retention Allowance
RTI	Real Time Information
SOC	Serious and Organised Crime
SOCA	Serious and Organised Crime Agency
SR	Spot Rate
UK	United Kingdom

Foreword

This is our Ninth Report to the Home Secretary on National Crime Agency ('NCA' or 'the Agency') pay. The Home Secretary's remit letter of 15 August 2023 asked us to make a formal recommendation on the remuneration of NCA officers designated with operational powers. It also asked us to consider the implications for the whole workforce.

We were disappointed that we did not receive the remit letter until 15 days after NCA officers should have received their pay award for 2023/24. The NCA and Home Office submitted their written evidence to us on 10 November, seven weeks after the deadline we had set. We are grateful to the trade union parties for submitting their evidence on time and the flexibility they showed in attending oral evidence sessions at short notice. As a result of the delays, we are producing our report around six months after we would normally do so. In formulating our recommendations, we have relied on the economic indicators that would have been the latest available to us had we been able to submit our recommendations in May 2023. These delays do mean that we have been able to consider the implications of the pay settlements offered by the Government to other parts of the public sector.

After seven years, during which the NCA has shared with us various plans for pay reform, the Agency still has no comprehensive approach to reform. We reiterate that the NCA needs a coherent and comprehensive plan for how it intends to build its capabilities and recruit, develop, retain and reward the workforce of the future that supports its mission given its ambition to be the UK's premier organised crime fighting organisation and safeguard the public. Further delays are not acceptable. We strongly consider that proposals, which we hope will be fully supported by the Government, need to be agreed quickly.

We urge the NCA to provide substantive plans for pay reform in its evidence for the 2024/25 pay round to enable implementation of pay reform to commence during 2024. Based on the evidence we have received in recent years regarding the organisational constraints the NCA has faced in attempting to drive forward pay reform, we judge that it will not be possible for the Agency as currently constituted to undertake the pay reform it needs to truly become 'One NCA'. In our view, a different organisational form for the NCA should be considered to enable it to act flexibly to establish a single unified pay structure and set common terms and conditions in order to recruit the staff with the skills it requires.

In our 2022 Report, we referred to the sharp increases in household bills and energy prices being at unprecedented levels. Unfortunately, these exceptional circumstances have persisted. The Consumer Prices Index rate of inflation over the year to April 2023 was 8.7% and food inflation was 19.3% over the same period. Annual growth in Average Weekly Earnings excluding bonuses was 7.0% in the private sector in the three months to March 2023, and median pay settlements ranged from 5.6% to 7% in the three months to April 2023. As overall prices are still not expected to fall, the financial hardship experienced by many NCA officers will continue, and this has an undoubted impact on officers' motivation and morale.

At the same time, the wider labour market remains competitive. The NCA told us that it considers that the biggest risk to its mission is its ability to attract, retain and develop its highly skilled workforce. While we observe that the NCA's overall attrition

rate is comparable with many public and private organisations, we accept that the Agency is struggling to grow and that it considers that it is operating with a high level of critical vacancies in some key areas. We also recognise that experience levels in the Agency are declining, and being able to recruit experienced mid-career police officers is key to its operational effectiveness. In our view, the police service is the primary comparator for the NCA and in formulating our recommendations we have given particular weight to the pay settlement for the police.

We received a range of evidence, which we considered carefully, regarding whether NCA officers should receive the non-consolidated £1,500 one-off payment set out in the Addendum to the 2023/24 Civil Service Pay Remit. However, leaving aside the communications from the Cabinet Office and the commitments made by the Agency's management to NCA officers, we have received no compelling evidence to justify us awarding an overall pay rise to the NCA which is significantly higher overall than the awards given to the police or the civil service. It is deeply regrettable that commitments were made to NCA officers in the summer of 2023 which could not then be fulfilled. In our view, it is for the NCA and the Government to handle the consequences of those previous commitments to NCA staff.

Given these factors, and considering all our Terms of Reference, we conclude that an annual pay uplift of 7% for all officers in our remit group is the most suitable approach for 2023/24. It is our strong expectation that this award should be applied to all NCA officers both powered and non-powered. We envisage a fundamental reform of pay in 2024/25 will deliver further benefits to officers.

Zoë Billingham (Chair) Andrew Bliss Monojit Chatterji Richard Childs Mark Hoble Patrick McCartan Trevor Reaney

19 December 2023

NATIONAL CRIME AGENCY REMUNERATION REVIEW BODY

Ninth Report 2023

Executive Summary

Our 2023/24 recommendations (from 1 August 2023):

- 1. A consolidated pay award of 7% for all NCA officers within our remit group. The spot rates for Grades 1 to 5 and the minima and maxima of the standard pay ranges for Grades 1 to 6 should be raised by 7%.
- 2. An increase of 7% to the London Weighting Allowance and South East Allowance for all NCA officers within our remit group.

Key economic indicators

In formulating our recommendations we have relied upon the economic indicators that would have been the latest available to us had we been submitting our recommendations in May 2023 in time for the pay award to be implemented on 1 August 2023. Key figures we considered include:

- The annual rate of inflation, as measured by the Consumer Prices Index, peaked at 11.1% in October 2022, and was 8.7% in April 2023.
- Annual growth in Average Weekly Earnings (excluding bonuses) was 6.7% in the whole economy and 7.0% in the private sector in the three months to March 2023.
- Median pay settlements ranged from 5.6% to 7.0% in the three months to April 2023.
- 1. We received the Home Secretary's remit letter on 15 August 2023 asking us to make a formal recommendation for National Crime Agency ('NCA' or 'the Agency') officers with operational powers. The remit letter also asked that our recommendations on pay consider the implications for the whole NCA workforce. In Chapter 1 we describe the delays to this year's pay process. These delays mean we are producing our report around six months after we would normally do so. Given that NCA officers should have received their 2023/24 pay award on 1 August 2023, in formulating our recommendations we have relied on the economic indicators that would have been the latest available to us had we been submitting our recommendations in May 2023. The headline indicators are in the box above.
- 2. We regard the delays to the 2023 pay award combined with the delays to the 2022 award to be completely unacceptable. We consider these delays are increasing the financial hardship experienced by officers. We judge that this undermines the ability of the NCA to operate effectively and fulfil its mission to keep the public safe. In Chapter 2 we set out our thinking on the need for urgent reform to the current pay process.

- 3. The nature of the threat faced by the UK is constantly changing as serious and organised crime groups adapt their strategies to exploit the opportunities available as a result of new technology and global events such as the pandemic. The ever-changing nature of that threat means the NCA itself needs the agility to adapt and respond. Over the last few years, the NCA's focus has moved to the high end of high harm and the Agency needs the right capabilities to shift its operational activity upstream, overseas and online.
- In Chapter 2 we summarise the issues we took into account in making our 4. recommendation for a basic pay award for NCA officers in 2023/24 and for changes to NCA allowances. We focused first on the performance of the economy. The period between August 2022 and August 2023, to which our pay review relates, was a challenging one economically. The chapter sets out changes to inflation over this period; the Consumer Prices Index rate of inflation peaked at 11.1% in the year to October 2022, and was 8.7% in the year to April 2023; the largest upward contributions to the annual rate of inflation in April 2023 came from energy prices and food; and mortgage rates for many also increased sharply. As guided by HM Treasury, we looked at average earnings and pay settlements; annual growth in Average Weekly Earnings was 7.0% in the private sector in the three months to March 2023, and median pay settlements ranged from 5.6% to 7.0% in the three months to April 2023. We reiterate the concerns we set out in our 2022 Report regarding the impact on the lowest paid NCA officers of the substantial increase in the cost of living and ongoing economic volatility.
- 5. We considered the implications, including for morale, of the headline pay awards recommended by the other Pay Review Bodies for 2023/24 and pay settlements secured as a result of industrial action. While the NCA's overall attrition rate is comparable with many public and private organisations, we recognise the Agency's concern about both its inability to grow its workforce and that it considers that it is operating with a high level of critical vacancies. We highlight the importance of the police service as the primary comparator for the NCA and we give weight to the need of the Agency to recruit police officers at all levels to secure the range of skills it needs.
- 6. As requested in our remit letter, we examined the case for NCA officers being awarded a £1,500 one-off payment as set out in the Addendum to the Civil Service Pay Remit for 2023/24. We set out the evidence we have received from both the NCA trade union parties who strongly supported the payment of the non-consolidated £1,500 award to staff in addition to a consolidated pay award, and from the Agency which wished to prioritise a 7% consolidated uplift for officers. We also set out the communications and commitments made to NCA officers regarding the payment and the impact of those commitments not being met. We considered the case, as presented by the unions, for awarding officers the £1,500 in addition to a consolidated uplift in line with the highest awards received by other parts of the public sector. In addition, we set out our understanding of the Agency's ability to resource such a pay award.

- 7. After taking the above factors into account including the economic situation, pay trends in the private sector, recent public sector pay settlements, the prohibition on powered officers taking strike action, our analysis of recruitment and retention, affordability, the increasing gap between NCA and police pay, the importance of the Agency's 'One NCA' policy, motivation and morale, and evidence regarding the £1,500 payment, we concluded that an annual pay award in 2023/24 of 7% across all grades is a suitable approach. It is our strong expectation that this award should be applied to all NCA officers both powered and non-powered. We recognise that this is a substantial increase but we judge that it is justified in recognition of our obligation to deliver a fair pay award that enables the Agency to keep pace with police pay and attract the staff it needs. In our view, it is for the NCA and the Government to handle the consequences of the previous commitments to NCA staff regarding the £1,500 payment.
- 8. In line with our recommendation for the basic pay award, we recommend that the London Weighting Allowance and South East Allowance should be uplifted by 7% in 2023/24. We explain that it is our strong expectation that this increase to allowances, like the basic pay award, should be applied to all NCA officers both powered and non-powered. We set out our view that the NCA, as part of the reform programme it will bring forward in 2024/25, should consider bringing its location allowances into line with those of the police service.
- 9. In Chapter 2 we also set out our disappointment with the progress the NCA has made on pay reform. We describe the damaging implications for officers and the organisation of the existing complex pay structure. We highlight our view that, while it is for the NCA to decide what it needs in terms of pay reform, in order for it to deliver a fully capable organised crime force for the UK, prompt change is required. We urge the Agency to be ambitious and set out a clear vision of what is needed. We emphasise that further delays are not acceptable, especially given the inequality implications of the current pay structures, and set out our view that proposals that will deliver a unified pay system need to be agreed. We urge the NCA to provide substantive plans for pay reform in its evidence for the 2024/25 pay round to enable implementation of pay reform to commence during 2024. We also set out our view that a new organisational form for the NCA is required to enable these reforms to take place.
- 10. We also express our concerns regarding the NCA's plans to expand the number of spot-rated roles from August 2024. We warn that we would not support such measures because we are concerned that this will further complicate an already complex pay structure and perpetuate inequalities in the pay structure.

Chapter 1 – Introduction

1.1 The National Crime Agency Remuneration Review Body (NCARRB) is an independent advisory body which operates within the regulations of the Crime and Courts Act 2013 and in accordance with the Framework Document for the National Crime Agency. We provide advice to the Home Secretary on remuneration and various matters relating to officers designated with operational powers ('the remit group') working within the National Crime Agency ('the NCA' or 'the Agency'). This is our Ninth Report on the remuneration of officers within our remit group. In previous years, our pay recommendations have also been applied to non-powered NCA officers.

Our 2022 Report

1.2 Our Eighth Report was submitted to the Home Secretary on 31 May 2022 (Appendix A).

Our recommendations on pay, allowances and pay reform

- 1.3 Our recommendations on pay reflected a range of factors including the volatility of the economic climate and our deep concerns about the impact on NCA officers in the lower grades of the substantial increase in the cost of living. Therefore, we recommended that:
 - all officers in our remit group should receive a consolidated increase of £1,900 to their full-time equivalent annual salary from 1 August 2022; and
 - the spot rates for Grades 1 to 5 and the minima and maxima of the standard pay ranges for Grades 1 to 6 should be raised by £1,900.
- 1.4 On allowances, we recommended a 5% increase to the London Weighting and South East Allowances.
- 1.5 We also recommended that by 30 November 2022, the NCA should provide a plan outlining the next steps in its reform strategy to the NCARRB. We said that this should set out the workforce component of its transformation programme, and in particular the relationship between the NCA's expenditure priorities, organisational priorities and strategy, its HR strategy, and its reward strategy. We said that it should provide an update on discussions with HM Treasury regarding a multi-year pay agreement.
- 1.6 We received by the date requested the NCA's interim plan for pay reform. We have set out further information on its content later in this report.

The Government's response to our Eighth Report

1.7 It was not until 23 February 2023 that the Home Secretary announced the Government's decision on pay for the NCA in 2022/23, and published our report. The Home Secretary explained that the Government had responded to our recommendations by accepting them in full and that the pay award would

be fully funded within the NCA's existing budget. The Home Secretary also explained that the pay award would apply to all NCA officers at grades lower than Deputy Director.

Process issues – 2022/23

1.8 The Home Secretary's remit letter for 2022/23 had asked us to aim to submit our report to the Government by the end of May 2022. We then submitted it on 31 May 2022. However, the delay in the Government's response meant that NCA officers did not receive their pay award for 2022/23 until March 2023. They should have received it on 1 August 2022, the start date of their pay year. We regard this delay as totally unacceptable.

Our remit for 2023/24

- 1.9 We start work each year on the basis of the remit letter received from the Home Secretary. For the 2023/24 round, we received the remit letter from the Home Secretary on 15 August 2023 (Appendix B) asking for recommendations on the pay for those NCA officers with operational powers under the provisions of the Crime and Courts Act 2013.
- 1.10 In making our recommendations for 2023/24, we were asked to consider:
 - the affordability of any proposals;
 - evidence of recruitment, retention and vacancy rates within the NCA and its ability to maintain competitiveness with its key comparator markets;
 - evidence of the Agency's improvements to productivity and workforce efficiencies;
 - the Agency's 'One NCA' policy;
 - the headline pay awards recommended by the other Pay Review Bodies for the 2023/24 pay awards; and
 - the Civil Service Pay Remit guidance for 2023/24 which allows for departments to make an average pay award of up to 4.5%, with flexibility to make awards up to an additional 0.5% to be targeted at lower pay bands.
- 1.11 When making our pay recommendations, the Home Secretary asked us to consider the implications for the whole NCA workforce those officers with operational powers and those without in support of the 'One NCA' culture. However, the Home Secretary also explained that the pay of NCA officers without operational powers remained a matter for the NCA to decide, taking account of the Civil Service Pay Guidance.
- 1.12 We were also asked when making our pay recommendations for NCA officers to give due consideration to the payment of a fixed amount of £1,500. The Home Secretary explained that the Government had allowed departments to make this payment to civil servants in the delegated grades in recognition of their public service and the challenges of the cost of living. The Home

Secretary stated that it was right that this payment should also be considered across the NCA workforce, even though it did not automatically apply to civil servants covered by pay review bodies.

1.13 The Home Secretary asked that we aim to provide a report in a timely manner, being mindful of the NCA annual pay award date of 1 August 2023. The Home Secretary stated that striving to advance quickly would be the best way to reward NCA officers.

Our approach to the 2023/24 pay round

- 1.14 NCA officers should have received their 2023/24 pay award on 1 August 2023. Therefore, in formulating our recommendations, we have relied on the economic indicators that would have been the latest available to us had we been submitting our report in May 2023.
- 1.15 We also noted the additional matters contained in the Home Secretary's remit letter of 15 August 2023 and examined the evidence that we received in relation to our standing terms of reference. We reached our recommendations based on several different sources of evidence, including:
 - the context provided by the remit letter and our visits to the NCA;
 - the written and oral evidence submissions that we received from all the parties; and
 - our analysis of the economy, inflation, labour market, earnings and pay settlements.

Parties giving evidence

- 1.16 Our deliberations are supported by the submission of written and oral evidence from the parties. We received written evidence from the parties listed below. This is available through the links in Appendix C:
 - HM Treasury (published on 5 January 2023);
 - the FDA (received in late September 2023);
 - the National Crime Officers Association (NCOA) (received in late September 2023);
 - the Public and Commercial Services Union (PCS) (received in early October 2023);
 - the NCA (published on 13 November 2023); and
 - the Home Office (published on 13 November 2023).
- 1.17 The written evidence from the NCA and Home Office was published on 13 November, several weeks after the deadline we had set. These delays mean we are producing our report around six months after we would normally do so.

1.18 We held a series of oral evidence sessions with the parties in October, November and December 2023. These were attended by the Minister for Security (accompanied by Home Office officials), the NCA and representatives from the PCS, NCOA and FDA.

Visits to the NCA

- 1.19 In January 2023 we conducted two visits: an in-person visit to NCA officers in the North West of England and a series of virtual discussion groups with officers based in other parts of England and Wales, including London and the South East.
- 1.20 While these visits are not a formal part of evidence gathering, we see them as an essential element of our process as they allow us to enhance our understanding of: the evolving NCA role; the challenges faced by officers; officers' pay priorities, including their response to pay reform; and factors influencing recruitment, retention and motivation.
- 1.21 The NCA asked that we hear from both powered and non-powered officers in our in-person visit and remote discussion groups. Altogether, we heard from over 70 officers in Grades 1 to 6 working in a wide range of functions. The NCA advised us that 37% of the participants were officers with powers and that this broadly matched the composition of the workforce. We are grateful to all those who took the time to organise and participate in these visits.
- 1.22 The key messages that we received from the North West in-person visit and the virtual discussion sessions were strikingly similar and are set out at appropriate points in our report. Recurring themes included that flaws in the pay and reward arrangements were now so serious that they were impacting on the organisational structure, as well as on staff morale, and that consequently there were clear risks to operational effectiveness.
- 1.23 Because of our deep concern at our visit findings this year, we took the unusual step of sharing our concerns with the NCA Director General and the Home Secretary. This was because we considered that the situation in the NCA had deteriorated to the point where it was in the public interest for the NCA to have the opportunity to review in detail what we had learned.

Process issues – 2023/24

- 1.24 We received the remit letter for 2023/24 on 15 August 2023. This was 15 days after NCA officers should have received their 2023/24 pay award. We therefore sought to comply with the Home Secretary's request for us to submit our report in a timely manner, particularly as our remit group's pay year had already commenced. The trade union parties responded in line with the deadline that we set for receipt of written evidence so that we could begin our substantive consideration of the remit. However, the written evidence from the Government was not forthcoming.
- 1.25 We eventually received the Home Office and NCA written evidence on 13 November 2023. Once again, we regard the delays to the remit letter and Government evidence as completely unacceptable, especially as NCA staff had

received their previous pay award six months late. We are very concerned at the effect of successive delays in the annual pay process on the morale of those working in the NCA, particularly in the current economic context. We provide conventional and actual timelines for the annual NCARRB round below.

process had	023/24 NCARRB followed other Body timetables	2023/24	imings of NCARRB cess
Nov 2022	Remit letter received		Nov 2022
Dec 2022			Dec 2022
Jan 2023			Jan 2023
Feb 2023	Written evidence provided		Feb 2023
Mar 2023			Mar 2023
Apr 2023			Apr 2023
May 2023	NCARRB report submitted		May 2023
Jun 2023			Jun 2023
Jul 2023	Pay award announced by Government		Jul 2023
Aug 2023	NCA pay award due	Remit letter received	Aug 2023
Sep 2023		Date we asked for written evidence by	Sep 2023
Oct 2023		,	Oct 2023
Nov 2023		NCA and Home Office written evidence received	Nov 2023
Dec 2023		NCARRB report submitted	Dec 2023

Chart 1.1: Conventional and actual timelines for the annual NCARRB round

Environment for our considerations

1.26 The work of NCA officers is important, difficult, complex and sometimes dangerous. Serious and organised crime is evolving rapidly in both volume and complexity and the NCA strives hard to tackle these mounting challenges and protect the public. We would again like to acknowledge our remit group for their contribution and express our gratitude to all the parties for engaging with us this year.

Chapter 2 – Pay reform, pay proposals and recommendations for 2023/24

Introduction

2.1 In Chapter 1 we set out the guidance we had received in the remit letter from the Home Secretary. In this chapter we make our recommendations on the annual pay award for the NCA officers within our remit group and review NCA allowances. We also briefly consider the NCA's plans for pay reform. Our conclusions in this chapter are informed by our analysis of the economic context, workforce and morale and motivation in Appendix D, and the evidence that we received relating to our standing terms of reference as set out in Appendix E.

Our observations last year

- 2.2 In our last report, we set out the significant concerns we had raised consistently since 2016 about the NCA's approach to pay reform. Reform had not always been underpinned by a long-term strategy, and the pace of reform remained too slow which also raised equality concerns. We observed that over the years, pay reform had been determined by budget rather than by what was required. We pointed out that reform programmes required resources.
- 2.3 We highlighted that the NCA was forecasting 800 vacancies by the end of 2022/23. We concluded that fundamental change was needed and that a clear long-term strategy based on the principles set out in our Report should be developed as a matter of urgency.
- 2.4 As requested in our last Report, on 30 November 2022 the NCA provided a short note outlining the next steps in its reform strategy. In that note, the NCA explained that in effect it saw 2023/24 as another transitional year with modest expansion of spot rates, within normal public sector annual limits, to the roles that were experiencing acute recruitment issues. It also set out some of the long-term options the NCA was considering for 2024/25.

Operational context for this 2023/24 pay round

- 2.5 The Home Office and NCA set out the changing nature of the threat from Serious and Organised Crime (SOC) and the adaptability of SOC groups. The NCA reminded us that its focus had moved to the high end of high harm. It said that in order to tackle the most harmful organised crime groups it was shifting its operational activity upstream, overseas, and online. The Home Office told us that the Government planned to publish an updated Serious and Organised Crime Strategy later this year.
- 2.6 The NCA told us that the biggest risk to its mission was its ability to attract, retain and develop its workforce. It warned us that for the third consecutive year the workforce was unlikely to grow as recruitment was being matched by attrition. It informed us that the People Survey and internal surveys revealed that officers were increasingly demoralised by the higher cost of living, and

the structural constraints in its pay and reward structures that meant their skills could be more highly compensated elsewhere. Our analysis of the detailed evidence the NCA presented on recruitment and retention is in Appendix D.

Pay proposals

- 2.7 The Home Office noted that the delays to the NCA pay process for 2023/24 meant the NCA had full knowledge of the wider pay landscape. The FDA described recent pay settlements in the NHS, education, the senior civil service and the police. It pointed out that these were significantly higher than the original pay remit set by HM Treasury for the civil service.
- 2.8 The NCA, supported by the Home Office evidence, proposed a 7% pay increase for both powered and non-powered officers to ensure the gap with police pay did not widen and to offset cost of living pressures and improve motivation. The NCA explained that it had allowed 5% in its budget for a pay award and the remaining 2% would be found from efficiency savings.
- 2.9 In its written evidence, the FDA sought a minimum increase to all salaries comparable to awards made to the police and the senior civil service. The NCOA and the PCS told us that they were seeking a minimum 10% consolidated pay uplift for all NCA staff in Grades 1-6. The PCS said this award should be applied to all officers including those who were on legacy terms and conditions. It also called for a minimum wage of £15 per hour.
- 2.10 In support of their proposals, the NCOA, the FDA and the PCS drew attention to the real-terms decline in public sector pay and the continuing gap between the pay of the NCA officers and that of the police service. The FDA highlighted an analysis of market data conducted by Incomes Data Research in 2021 that found that civil service pay was between 7% and 24% behind comparable roles in the NHS and local government and between a third and three-fifths behind comparable roles in the private sector. The PCS and the NCOA underlined the importance of NCA pay being competitive with that of the police service. The PCS described a 13-year erosion of NCA pay.

Geographical allowances

- 2.11 The NCA highlighted the disparity between its London Weighting Allowance (LWA) and South East Allowance and the geographical allowances of the police. It proposed a 7% uplift to the LWA and South East Allowance. It also drew our attention to the risks of the move from central London to Stratford. It said that the move would inevitably have an adverse impact on retention through the next period.
- 2.12 The NCOA expressed concern about the introduction of a South East Allowance for 100 officers at Chelmsford and Stevenage and the implications of the move from the NCA's existing site to Stratford. It highlighted that the NCA allowances compared unfavourably with those of the police. It again proposed that the current NCA London Weighting Allowance and NCA South East Allowance should be replaced by a zonal model for payment of geographical allowances in London and the South East. It stated that the

new system should include an additional £1,000 non-consolidated payment within the central zone to mirror the allowance flexibilities recently used by the Metropolitan Police Service.

- 2.13 The PCS said it was seeking a 10% increase to London Weighting. The PCS told us that all offices located in the South East should receive the South East allowance and that it should cover the areas of Sussex, Surrey and Kent that were not currently covered. It also proposed that the South East allowance should be set at the same rate as the London Weighting allowance.
- 2.14 With regard to NCA officers in Northern Ireland, the NCOA highlighted the recent raising of the threat level from 'Substantial' to 'Severe'. It proposed that NCA officers based in Belfast should receive a geographical allowance aligned to the Northern Ireland Transitional Allowance received by officers in the Police Service of Northern Ireland. The PCS said that the situation in Northern Ireland should be monitored on a regular basis and on an annual basis the employer should make a statement in its NCARRB submission regarding a local allowance.

Other allowances

- 2.15 The NCA told us that £1.5 million of its non-consolidated pay pot was allocated to Recruitment and Retention Allowances (RRAs) which were used to target roles which were hard to recruit to or where there were retention risks. It described the areas of the Agency that received RRAs because they experienced high turnover. These ranged from the Enterprise Design Authority with a 67% turnover to Cyber Security with a 17% turnover. The NCA observed that in the longer term pay and contract reform was likely to decrease the need to target higher pay via such mechanisms. The PCS set out the drawbacks to RRAs, saying that the allowances were oversubscribed and offered little pay security as they were subject to yearly review. The NCOA highlighted that during 2022/23 a third of the workforce had been considered for RRAs. It welcomed changes to the governance process for RRAs but pointed out that the Agency still had no strategy for teams to exit from receiving the allowance. The NCOA proposed a redesign of the nonconsolidated pay pot to ensure that the RRAs targeted hard-to-fill roles.
- 2.16 In oral evidence, the NCOA and the PCS described to us the problems that had occurred in a critical operational area when RRAs had been withdrawn. Following pressure by staff, the problem had been addressed by making officers eligible for shift allowance. The NCOA said that this had been a 'sticking plaster' and not a long-term solution.
- 2.17 The PCS reiterated its previous concerns regarding shift payments. It said such payments in the NCA were still behind other government departments and law enforcement agencies requiring similar attendance patterns. The PCS highlighted the findings of a 2019 internal review, and sought a 30% shift allowance for control centre staff. The NCOA again highlighted the absence of any unsociable hours allowance and told us that it favoured changes to the

shift pay system. The NCOA proposed a 'building blocks' approach whereby consolidated payments were made between 10% and 30% dependent on the level of inconvenience and disruption linked to the role.

- 2.18 The NCOA and the PCS both pointed out that the current rate (£25.28 per period) of the On-call Allowance had remained stagnant since the formation of the NCA. Both said that to entice officers to commit to being on-call it should be increased to £35 per period and made available to all Grades 1-6.
- 2.19 The PCS explained that the international allowance was a flat-rate allowance that International Liaison Officers were paid to effectively be on-call 24/7, and that these officers were not able to claim overtime regardless of hours worked. The PCS said the allowance remained at its pre-2006 figure and proposed that it should be increased by 20%.

The £1,500 one-off payment

- 2.20 In its written evidence, the NCA explained that it had initially undertaken to make a one-off payment of £1,500 in line with the Addendum to the Civil Service Pay Remit. However, it informed us that it had been unable to make the payment because it had later been told that organisations with Pay Review Bodies would need to include consideration of this as part of the 2023/24 pay award process. It warned that uncertainty in relation to the eligibility of the NCA workforce to receive this non-consolidated cost-of-living payment awarded to civil servants had become a totemic issue for its workforce. It reported that its largest trade union, the NCOA, had withdrawn goodwill on the basis of the delayed payment. The Agency also confirmed in its written evidence that it had budgeted £1,700 per full-time equivalent (£1,500 plus Employer National Insurance Contributions) to enable it to make the one-off payment to officers. However, the NCA pointed out that Government pay policy meant that any non-consolidated payment made would be considered as part of the general pay settlement and its affordability. The Agency's written evidence concluded that it was not prioritising the non-consolidated payment for 2023/24 and that it considered it more critical that it secured a consolidated pay award that was identical to the police settlement for 2023/24.
- 2.21 In oral evidence, the NCA provided more detail regarding its decisionmaking in planning to make the one-off payment of the £1,500 to officers in August 2023. It also described the positioning of the £1,500 within both the Government's public sector pay policy and the 2022/23 and 2023/24 pay awards received by the civil service. The Agency was clear at oral evidence that the payment needed to be considered as part of the 2023/24 pay award. It explained that the guidance it had received was that £1,500 would need to come from the overall 7% pay envelope it was proposing for 2023/24. The NCA accepted that in contrast to many civil service departments whose staff had received between 2% and 3% in 2022/23, all NCA officers had received £1,900 in 2022/23 which had equated to a 5% uplift to the NCA pay bill. The NCA admitted that its decision not to pay officers the one-off payment of £1,500 in August 2023 had damaged both officers' morale and their perception of the organisation's leadership. The NCA explained that although it had originally put resources in the budget to enable it to make the one-off

payment to officers, its financial position was now much more challenging. It told us that it would struggle to afford a 7% consolidated pay uplift for staff and a one-off payment of £1,500, and, as set out in its written evidence, it viewed the 7% consolidated uplift as the priority for the long-term success of the Agency. In oral evidence, the Home Office also confirmed the NCA's concerns about the affordability of an award which combined both the 7% pay award and £1,500 one-off payment.

- 2.22 The PCS, the FDA and the NCOA asked us to recommend that NCA officers should receive the £1,500. The PCS emphasised the importance of the £1,500 payment particularly to more junior officers as it would help them to offset the current cost of living. It told us that the Home Secretary's decision to stop the payment of the £1,500 and include it in the pay review process was perplexing and the delay in payment was affecting staff morale. The PCS requested that the Agency make the payment as soon as possible.
- 2.23 In oral evidence, the FDA said the announcement that officers would receive the one-off payment followed by the decision not to pay the £1,500 to staff in August 2023 had impacted negatively on officers. It told us that many had been counting on the payment to deal with the cost-of-living pressures they were facing. The PCS told us that its members were frustrated and very angry at the 'disappearing' £1,500. Both the FDA and PCS considered that the payment was part of the 2022/23 pay remit as it had emerged from the trade unions' national negotiations with Government that had resolved the dispute over the 2022 civil service pay award. The NCOA highlighted that the purpose of the payment was to compensate officers for the cost-of-living increase in 2022/23.

Pay reform

2.24 The Home Office told us that pay reform was a crucial part of the delivery of the NCA's strategy. In its oral evidence, it emphasised the magnitude of the task facing the Agency. It and the NCA informed us that the Agency intended to undertake a feasibility review of a competence-based pay framework. The aim would be to develop a single remuneration model which was fair, facilitated movement within the Agency and was attractive to high quality new recruits. The NCA undertook to include its findings from this review in its 2024/25 submission. The NCA told us that it planned to expand the number of spot-rated roles from August 2024 to support critical recruitment and retention while longer-term plans were put in place. It explained that if a competence-based pay framework was introduced, the expansion of spot rates could be frozen. The Home Office highlighted the reason the NCA was keen to extend competence-based pay to relevant roles was to help improve its competitiveness. It also explained that the evidence demonstrated that the use of spot rates was beneficial in retaining the specialist skills that the NCA needed. The NCA stated that it was keen to explore the implications of a change of status for its employees from civil servants to crown servants. The NCA committed to include its findings in its 2024/25 evidence to us.

- 2.25 In oral evidence, the NCA explained in more detail the background to its proposal for a feasibility study for a competence-based pay system. It set out the constraints it faced in presenting its reform proposals to us and the resulting need for some interim expansion of spot rates while further work on a competence-based pay system was developed. It observed that as a minimum, it needed a pay system that enabled it to match public sector comparators and to start to reduce the gap with private sector pay in certain areas. It said that it hoped such reform would enable it to address the problems it faced regarding officers who remained on the standard pay range minima. The NCA pointed out that it had been unable to fully use spot rates to facilitate progression due to a lack of resources.
- 2.26 The NCOA, the PCS and the FDA highlighted the continued slow pace of reform. The PCS described the Agency's seven years of reform and drew attention to the failure to formally introduce the expert rate for spot rates. The PCS described previous reform efforts as a 'sticking plaster'. The NCOA said pay reform was stuttering with the majority of officers remaining on the standard pay ranges without any means of progression. It observed that 35% of staff were at the grade minimum. It also stated it was no longer sustainable for the NCA to promise that pay reform was 'just around the corner' and it observed that the Agency seemed to consider spot rates a failed experiment. The FDA asked that we press the NCA to commence work on proposals next year.
- 2.27 The PCS drew attention to the below expected take-up of spot rates and the limited impact of the rates on recruitment and retention. It explained that spot rates were not attractive to workers towards the top of the standard pay ranges or to part-time staff. The PCS told us it wanted an end to spot rates and the introduction of pay progression for all staff plus a 35-hour week for all without loss of pay. The PCS argued that efforts needed to focus on how to make reform happen in the 2024/25 pay round and that the NCA needed to engage with the Government on the importance of pay reform and the need to link more closely to police pay. The PCS observed that earlier versions of the 2023 NCA written evidence to the NCARRB had clearly outlined the Agency's pay reform ambition. It also commented that the NCA evidence had been watered down because it had breached HM Treasury 'red lines'. The PCS emphasised the need for one workforce, one pay system and one set of terms and conditions for NCA staff.
- 2.28 The FDA reiterated its concern of previous years about the NCA's differentiated approach and the risks of creating a two-tier pay system. It called for a comprehensive approach to pay reform that included pay progression for all staff. It observed that it was a real pity that external pressure had stifled NCA reform efforts due to directions not to breach pay caps and political sensitivities. The FDA argued that the pay reform must be properly funded and said it was not realistic to insist that pay reform was funded from within already constrained Agency budgets.
- 2.29 The NCOA also argued that the pay reform must be properly funded, and it set out the immediate reforms that it judged were required to spot rates, including an extension of spot rates to Grade 6 roles and an attractive

spot rate profile for Grade 3 officers. The NCOA told us it was seeking the introduction of a contractual pay progression mechanism across delegated grades that built on the current spot rate framework.

- 2.30 In oral evidence, the parties highlighted the impact of the lack of pay reform on recruitment and retention. The FDA highlighted the fragmentation of the current pay structure. It said that the lack of clarity and the fact that officers did not understand the pay structure undermined recruitment and retention. The NCOA said that the Agency should be an attractive place to work as it offered many exciting opportunities. However, the NCOA told us that officers felt excluded from these opportunities as the differential pay between spot rates and standard pay ranges had created silo working. The NCOA observed that for many officers, career opportunities were not only unachievable but also unaffordable.
- 2.31 Parties additionally expressed concern about the equality implications of the absence of pay reform. In oral evidence, the NCOA said that women and ethnic minorities were overly represented on standard pay range minima. It informed us that there were 50 ethnic minority officers at Grade 3. Of these, 45 (90%) were on the minima and would be indefinitely in the absence of pay progression.
- 2.32 In oral evidence, the FDA, the NCOA and the PCS presented a mixed picture of their involvement in pay reform to date. All three parties confirmed they had been involved in discussions about pay reform but the NCOA reported relatively minimal involvement and the PCS said such discussions had been displaced by discussions about the annual pay award for 2023/24.

The pay process and the role of the NCARRB

- 2.33 All parties expressed their concerns about the delays to and handling of the 2022/23 and the 2023/24 pay award. The Home Office observed that it was imperative that the NCA resolved the existing delay to its pay process. It said further work would be needed to refine the NCA pay process and resolve the existing issues of its two-tier pay structure.
- 2.34 In oral evidence, the NCA said that delays in the pay-setting processes had not served it well. It told us that the 2022 pay award had been delayed as a result of the dual-pay mechanism which had required it to submit a pay flexibility case to HM Treasury and the Cabinet Office so that both powered and non-powered officers could receive the award recommended by the NCARRB. The NCA also described the processes that had led to the delay in the submission of its written evidence to us for the 2023/24 pay round. It explained that the delays had led to the NCOA withdrawing goodwill and it highlighted the operational implications. The NCA told us that resourcing the annual pay process had detracted from its efforts to develop its pay reform proposals and had undermined its ability to implement the changes in 2024/25.
- 2.35 The NCOA explained its membership's decision to withdraw goodwill in response to delayed pay awards and the failure of the NCA management to keep them fully informed on the evolution of its plans regarding the \pounds 1,500

non-consolidated payment. In oral evidence, the PCS explained that the delays to the 2022/23 pay award had caused 'extreme frustration' among members. It told us that its members were waiting and waiting for the 2023/24 pay award and were 'at the end of their tether'. As a result, some officers were struggling financially.

2.36 The FDA and the NCOA set out their concerns regarding the current dual-pay mechanism for NCA powered and non-powered officers. The FDA proposed that in future both sets of officers should be covered by the NCARRB. The NCOA said that if the NCARRB was the most appropriate process for deciding NCA pay then it should be for all officers. The NCOA also expressed concerns in oral evidence about the Government clearance process through which the Agency evidence had to pass before it reached us and that as a result of the process the evidence might no longer reflect the NCA's real needs. In oral evidence, the PCS observed that it was unclear whether extending the NCARRB remit to all NCA officers would mean those without powers lost the right to take industrial action. The PCS added that the implications of any change would need to be clarified.

Our comment and recommendations on pay and reform

Pay reform

- 2.37 In our last report, we set out some of the observations we had made in our report since 2016 regarding pay reform. We said that fundamental change was still needed and that the changes so far had been incremental and not always underpinned by a long-term strategy. As the trade union parties representing employees have pointed out, that position remains unchanged.
- 2.38 In terms of the pay system, the key challenges facing the Agency that we identified last year remain:
 - Since the 2022/23 pay award, the pay range maxima are all between 21% and 29% higher than the pay range minima. The NCA has previously told us that civil service best practice is 15%.
 - As parties have highlighted in their evidence, standard pay ranges are largely inherited from precursor organisations and some staff remain on precursor terms and conditions.
 - Staff on the top of their pay ranges receive only minimal rises. Spot rates, the only alternatives, are often below the grade maxima and so are unattractive to experienced staff.
 - The NCA told us that its data suggested that the gap between itself and its comparators is growing, especially with the police. This concern was echoed by some of the other parties.
 - There is no progression on standard pay ranges so new staff remain on the bottom of the band. We heard in oral evidence that this was having a negative impact on morale.
 - Staff work a mixture of hours; some work 37 hours a week, while those on spot rates work 40 hours a week.

- 2.39 Last year we also observed that diversity is critical to operational delivery. We remain very concerned about the implications of the current pay structure for equality. The majority of officers remain on the standard pay ranges. A significant proportion are on the grade minimum and the proportion continues to remain high for females and ethnic minority officers. As our analysis in Appendix D shows, the median gender pay gap was higher in March 2022 than in 2017. We note that the NCA told us that the lack of a competence-based pay model is a significant cause of the widening gender pay gap within the NCA.
- 2.40 Our 2023/24 remit letter emphasised the importance of the Agency's 'One NCA' policy. The slow pace of pay reform is, as parties told us, leading to a two-tier pay system becoming embedded. A system in which there are staff doing the same roles receiving different rates of pay, without clear justification must, in our view, be undermining the unity of the organisation and efforts to make it more inclusive. The anomalies in the NCA's pay structure and in particular the parallel systems of standard pay scales and spot rates, as well as the Agency's use of a variety of measures, including Recruitment and Retention Allowances, to attempt to compete for staff from the police, the civil service and the private sector, all militate against the establishment of a 'One NCA' culture. We judge that there will only be 'One NCA' if there is a unified pay structure for all staff. In our view this should be a central priority for the forthcoming pay reform. We also note that the evidence we received from parties has emphasised that the establishment of such a culture is dependent on a common management culture that enforces consistent standards across the organisation.
- 2.41 The employee representative associations and the employees themselves, as demonstrated by our visit programme, are losing faith that change can be delivered. One group of officers described the pay system as a 'huge mess'. Officers highlighted the problems created by the operation of the spot rate system. They explained that it led to staff doing the same job for different rates of pay. The officers told us that lack of progress in reforming the pay system was a major issue.
- 2.42 Appendix D sets out in detail the data we have received regarding the recruitment and retention challenges facing the Agency. We recognise that these challenges are about more than pay and pay reform. Career development, promotion and retirement all featured prominently in the results of the Agency's exit interviews. We also acknowledge that even if the NCA reforms its pay system effectively it will continue to find it challenging to recruit those specialist skills that are valued by both the private and public sectors. However, as the NCA itself told us, an organisation whose workforce is, "increasingly demoralised and preoccupied by the pressures caused by the higher cost of living, and by structural constraints in [the NCA's] pay and reward structures that means their skills can be more highly compensated elsewhere", will struggle to recruit and retain staff.
- 2.43 Given that in our 2022 Report we set out our expectations that the NCA would develop as a matter of urgency a plan for fundamental pay reform, we were disappointed to learn, when the NCA submitted its interim report

to us in November 2022, that 2023/24 would be another transitional year. It told us in its interim report that it intended to bring forward proposals for change that would be implemented in 2024/25. We were therefore extremely concerned to learn from the NCA in oral evidence that nothing had changed and fundamental pay reform would be further delayed. We note the NCA's plan to conduct a feasibility study into a competence-based pay system and for it to submit the results of that review to us as part of the Agency's 2024/25 evidence.

- 2.44 It is for the NCA to decide what it needs in terms of pay reform in order for it to deliver a fully capable serious and organised crime-fighting force for the UK. The recruitment challenges it faces, including with regard to certain niche capabilities and the vacancy rates in some of its technology areas, demonstrate change is needed quickly. As we set out above, the pay reform measures the NCA has introduced to date have not resolved the difficulties it faces. In our view, the Agency needs to be, and should be allowed to be, ambitious and set out a clear vision of what is needed. Comprehensive solutions rather than small adjustments are needed. A single pay structure and set of terms and conditions are required. We also judge that the work should include a consideration of how the gap with police pay can be closed. This means that the disparity between progression in police pay and the lack of progression in the NCA must be addressed. Further delays to pay reform are not acceptable. It is our strong view that 2024/25 must not be another transitional year. We urge the NCA to provide substantive plans for pay reform in its evidence for the 2024/25 pay round to enable implementation of pay reform to commence during 2024. Based on the evidence we have received in recent years regarding the organisational constraints the NCA has faced in attempting to drive forward pay reform, we judge that it will not be possible for the Agency as currently constituted to undertake the pay reform it needs to truly become 'One NCA'. In our view, a different organisational form for the NCA should be considered to enable it to act flexibly to establish a single unified pay structure and set common terms and conditions in order to recruit the staff with the skills it requires.
- 2.45 We hope to see those proposals for reform fully supported by the Government. In our view, it would also be advisable for the trade union parties to be fully involved in the development of the pay reform plans. We remain doubtful as to whether the NCA has the resources it needs to deliver major pay reform. We note the Home Office evidence that the NCA budget has been increased by 44% since 2019 to £872 million in 2023/24. But we agree with other parties that delivery of the pay reform required within the NCA's existing resources looks unrealistic and we will wish to review carefully in 2024/25 the costs of any plans to introduce a competence-based pay system.
- 2.46 We do not support the NCA's plans to expand the number of spot-rated roles from August 2024. We understand that it is the recruitment challenges the NCA faces that are driving that proposal, but we are concerned that this will further complicate a complex pay structure. As we have said elsewhere, fundamental reform rather than further modification to the current system is required. In addition, we are concerned that expanding spot rates will simply perpetuate the current inequalities we have been made aware of, in terms of

gender and ethnicity, within the pay system. We observe that the proportion of male officers on spot rates is higher than the proportion of female officers for all grades. In addition, the proportion of ethnic minority officers on spot rates is lower than the proportion of white officers at all grades except Grade 3.

2.47 We assume that any competence-based pay system will eventually replace spot rates if a single remuneration model which is fair and facilitates movement within the Agency is to be established. Our strong view is that any plans for the establishment of a new pay system must explain how all legacy pay systems including spot rates will be addressed.

2023/24 pay award

2.48 In making our pay award recommendation we considered a number of factors. We have assessed the pay proposals we received in evidence from parties in the context of our terms of reference, the Home Secretary's remit letter and the evidence submitted.

Economic factors

2.49 The period between August 2022 and August 2023, to which our pay review relates, was a challenging one in terms of the economic climate. The wider economy, including the level of pay settlements and the increased cost of living (Table 2.1) over that period, are factors in our deliberations. As set out in Appendix D, there continued to be significant uncertainty about the economic climate in May 2023, when we should have been making our pay recommendations for the NCA. The Consumer Prices Index (CPI) rate of inflation had peaked at 11.1% in October 2022, and was 8.7% in the year to April 2023, but both the Office for Budget Responsibility and the Bank of England expected it to have fallen significantly by the fourth quarter of 2023. However, the rate of inflation had not turned negative and was not forecast to do so. Officers within our remit group would continue, therefore, to feel the effect of the high inflation seen over the last year, in particular for energy and food prices, as overall prices were not expected to fall.

Indicator	Figure
Inflation indicators	
Annual CPI including owner occupiers' housing costs inflation	7.8%
Annual CPI inflation	8.7%
Annual Retail Prices Index inflation	11.4%
Pay and earnings indicators	
Incomes Data Research (IDR) median pay settlements	5.6%
Annual growth in Average Weekly Earnings (AWE) – public sector	5.6%
Annual growth in AWE – whole economy	5.8%
Annual growth in AWE – private sector	5.9%
XpertHR median pay settlements	6.0%
Labour Research Department (LRD) median pay settlements	6.0%
Annual growth in AWE – whole economy excluding bonuses	6.7%
LRD median settlements to lowest basic rates	7.0%
Pay As You Earn (PAYE) median annual change in pay	7.0%
Annual growth in AWE – private sector excluding bonuses	7.0%
PAYE annual change in median pay	7.4%
Labour market indicators	
PAYE employees on payroll annual growth	1.0%
Labour Force Survey (LFS) annual employment growth	1.1%
LFS unemployment rate (aged 16 and over)	3.9%
Claimant count rate	4.0%
LFS employment rate (aged 16 to 64)	75.9%

Table 2.1: Economic and labour market indicators, as at 31 May 2023

Source: Office for National Statistics – Labour Market Overview³, Consumer Price Inflation⁴, Claimant Count (Experimental Statistics)⁵, and Earnings and Employment from PAYE Real Time Information (Experimental Statistics)⁶; XpertHR⁷; IDR⁸; and LRD⁹. Note: The employment rate measures the proportion of the population (aged 16 to 64) in employment; the unemployment rate gives the number of unemployed people as a proportion of the total number of people (aged 16 and over) either in work or unemployed; and the claimant count rate is the number of people claiming unemployment benefits as a proportion of the total number of workforce jobs and claimants of unemployment benefits.

³ https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/ uklabourmarket/may2023 [Accessed on 31 May 2023]

⁴ https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/april2023 [Accessed on 31 May 2023]

⁵ https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/outofworkbenefits/datasets/claimantcountcla01/ current [Accessed on 31 May 2023]

⁶ https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/ realtimeinformationstatisticsreferencetableseasonallyadjusted/current [Accessed on 31 May 2023]

⁷ https://www.xperthr.co.uk/ [Accessed on 31 May 2023]

⁸ https://www.incomesdataresearch.co.uk [Accessed on 31 May 2023]

⁹ http://www.lrd.org.uk/index.php?pagid=29 [Accessed on 31 May 2023]

- 2.50 The labour market will remain competitive. The number of employees on payrolls has continued to grow over the past year, and the unemployment rate has remained low. In accordance with HM Treasury guidance, we have given particular weight in our considerations to developments in private sector pay. In May 2023, when we should have been making our pay recommendations for the NCA, annual growth in AWE excluding bonuses was 6.7% in the whole economy and 7.0% in the private sector in the three months to March 2023, and median pay settlements ranged from 5.6% to 7.0% in the three months to April 2023. There is also evidence of a number of organisations having taken steps outside of the headline pay award, such as making one-off non-consolidated payments, in response to cost-of-living pressures.
- 2.51 In oral evidence, the trade unions expressed concern that the NCA had not established hardship funds and told us of the payments they had been making from the funds they had established to support officers. We therefore continue to be concerned about the impact on the lowest paid officers of the substantial increase in the cost of living and ongoing economic volatility. That concern was increased by the reports we heard in oral evidence of the further hardship caused by the delays to the recent pay awards. We also heard on our visits programme of the financial difficulties a number of officers were facing; some reported that they managed people with debt running to tens of thousands of pounds (accumulated over many years but had become more of a problem with the increased cost of living), some were relying on overtime to help with the cost of living, and others had second jobs or were relying on their police pension or partner's income. Most of these officers are on the forefront of the fight against serious and organised crime. We judge it unlikely that the majority of NCA officers will benefit from further Government support to help the most vulnerable households with the rising cost of living.

Recruitment and retention

- 2.52 Recruitment and retention and the NCA's ability to maintain competitiveness with its key comparator markets were highlighted in our remit letter. We note that in its written evidence the NCA told us that it considers that the biggest risk to its mission is its ability to attract, retain and develop its highly skilled workforce.
- 2.53 Similar concerns were expressed to us during our visits programme in the winter of 2022. We were told the recruitment of new officers was proving a struggle, especially in a number of key specialisms. Officers described to us the 800 or more vacancies in the Agency and told us about the impact of long recruitment lead times. We received reports of candidates dropping out of the recruitment process once they understood the remuneration. There were repeated references to the NCA 'haemorrhaging' officers. We heard about staff being transferred from existing teams to fill gaps in other parts of the organisation and that recruitment problems were creating excessive internal churn. The officers we met were concerned about the organisation's reliance on older officers with pensions. We were told that some officers could only afford to work at the NCA because they were receiving a police pension. Officers observed that this generation of officers was looking to retire. Staff said that in addition to their concerns about the likely loss of

personnel and experience, more needed to be done to improve diversity in the Agency. We also note the NCA's description in oral evidence of the impact of Government policy and regulations regarding public sector pay on its ability to recruit and retain staff.

- However, we observe that in fact the NCA's overall attrition rate is comparable 2.54 with many public and private organisations. Appendix D sets out in detail the data we have received regarding the recruitment and retention challenges facing the Agency. We note that there appears to be a reduction in the number of vacancies the Agency has reported to us, which is a significant achievement. In the evidence the NCA presented to us in the 2022/23 pay round, it told us that it expected to have 800 vacancies by the end of that year. According to the most recent evidence we have seen, around 400 posts remain vacant. Nevertheless, we recognise the Agency's concern about its inability to grow its workforce. We are aware that turnover is above 20% in some of the NCA's enabling commands and that the Agency considers that it is operating with a high level of critical vacancies. We are also conscious that in oral evidence, parties emphasised to us the growing levels of inexperience in the service. In our view, the NCA's description of the impact of these challenges, which include the disruption of its operations, the loss of productivity and the need for the Agency to rely on expensive contingent labour, is a matter for concern.
- 2.55 We judge that where possible the pay settlement should not widen the pay gap between the NCA and comparator and competitor organisations. We note the evidence presented by the Agency on both recruiting the niche skills it needs, for which it has to compete with a wide range of organisations across the public and private sector, and the increase in the gap between median pay of NCA officers and police officers. While recognising the Agency competes in a number of different markets, given its critical position in the national crime-fighting infrastructure and the nature of the powers required by many NCA officers, our view is that the police service remains the primary comparator for the NCA. We therefore note the NCA has told us that a 7% uplift is vital to prevent the gap between the pay of NCA officers and police officers widening in percentage terms. We are aware that the NCA needs a blend of home-grown recruits and those with experience of the police service at all levels to deal with its widening range of responsibilities. We consider this important to the NCA's ability to create a more diverse workforce as well as meet operational requirements. We are also conscious that the Agency has told us of a particular gap in its workforce between new NCA recruits and end of career police officers and the challenges it is facing in recruiting sergeants and constables to fill Grade 4 and Grade 5 roles. We note that in oral evidence, the NCA judged that pay levels were responsible for the significant difficulties it was facing in recruiting early and mid-career police officers.

Morale and motivation

2.56 Good morale drives productivity and shapes behaviour. We note the evidence we received from the NCA that the results from the 2022 NCA People Survey were the lowest since 2014. We observe that around a quarter of respondents to the People Survey wanted to leave the NCA either as soon as possible

or within the next twelve months. This is 4 percentage points higher than in 2021. The common reason given for this intention was for better pay. In addition, we note that in general the pay and benefits questions in the survey were among the most negatively answered in the NCA. In contrast, we note that the results of the exit interviews shared with us by the NCA suggest that pay was the fifth most important reason given for officers leaving the Agency.

2.57 Nevertheless, we are very concerned that unless these low levels of morale are addressed this will impede the NCA's ability to retain a diverse workforce with the capabilities it needs. Therefore, while pay is not the only factor affecting morale, an award that officers view to be unfair will damage it further.

Public sector pay awards

2.58 The remit letter we received asked us to take account of the headline pay awards recommended by the other Pay Review Bodies for the 2023/24 pay awards. As the Home Office pointed out, due to the delay in the NCA pay process for 2023/24, we are in the unusual position of having full knowledge of the wider pay landscape. Table 2.2 sets out the headline pay awards for 2022/23 and 2023/24 following the Government's response to Pay Review Body recommendations across the public sector, and, in the case of the NHS for 2023/24, as a result of negotiated settlement between Government and the unions following industrial action.

Remit group	2022/23 pay award following Review Body recommendations	2023/24 pay award following Review Body recommendations
NHS staff	£1,400 consolidated uplift with effect from 1 April 2022 for all Agenda for Change staff to their full-time equivalent salary (underpinned at 4% between the top of band 6 and the top of band 7). Overall pay bill uplift of 4.8%.	A 5% pay rise from April 2023 for NHS staff in England, including nurses and ambulance workers, was negotiated outside of the Review Body process. In addition, staff received a one-off payment of 2% plus at least £1,250 relating to 2022/23. Agreement to this offer in England by the NHS Staff Council meant on average staff in the NHS received over 10% for 2022/23, 6% of which was non- consolidated, and 5% for 2023/24.
Teachers	A 5% increase from September 2022 to all pay and allowance ranges and advisory points, with higher increases to some parts of the Main Pay Range as a step towards achieving a minimum starting salary of £30,000 by September 2023.	An increase of 6.5% to all pay points for 2023/24, with a 7.1% uplift at the pay minimum to increase starting pay to £30,000.
Senior Civil Service	An across-the-board increase of 2% with a further 1% to address pay band anomalies. Increases to pay band minima.	An across-the-board increase of 5.5% with a further 1% to be used to correct pay anomalies. Increases to pay band minima.
Judiciary	An award of 3%.	An award of 7%.
Police	£1,900 to all police pay points in 2022 equating to around a 5% increase to police pay bill.	An award of 7% to all police pay points.
Prison Service		7% for Prison Officer grades (Bands 3-5); 5% for Operational Manager grades, Governing Governors and Prison Group Directors (Bands 7-12); £2,000 consolidated for Operational Support Grades (Band 2).

Table 2.2: Pay awards for Pay Review Body remit groups, 2022/23 and 2023/24

Remit group	2022/23 pay award following Review Body recommendations	2023/24 pay award following Review Body recommendations
Armed Forces	An increase of 3.75% in base pay rates.	A consolidated pay uplift of 5% for all Service personnel and a further consolidated increase of £1,000 for all full-time UK Regular personnel with a pro-rata increase for other cohorts in the remit group. Together, this provided percentage increases ranging from 9.7% for the most junior service personnel to 5.8% for the most senior service personnel on the remit group's main pay scales.
Doctors and Dentists	An award of 4.5% for all groups except those already in a multi-year pay deal.	An award of 6% with a further consolidated payment of £1,250 for doctors and dentists in training. Following industrial action, a recent offer of an additional consolidated award for consultants worth a further 3.45% of the pay bill is currently being considered by unions.
2.59 We have also monitored the impact of recent industrial disputes across the wider public sector. These are set out in Table 2.3.

	Original pay offer from employers	Revised pay offers following industrial action	
Fire Fighters	2% for 2022/23.	7% pay rise backdated to July 2022 and	
		5% from 1 July 2023.	
Higher Education	3% for 2022/23 plus between 4% and 7% in 2023/24 depending on position on pay scale.	National dispute continues but with individual settlements being reached by some institutions for 2022/23. Deals have been reported giving staff an overall consolidated pay increase of at least 6% with higher increases of up to 12.9% at the lower end of the pay scale.	
		Enhanced offer of between 5% and 8% in 2023/24 depending on position on pay scale Unions also reported that they had achieved a slight increase in the portion of the offer that would be paid six months early. With the amount added to annual salaries being either £1,000 or 2% of salary, whichever is the greater, backdated to February 2023.	
Further Education	2.5% for 2022/23 plus a non-consolidated award of between £500 and £750. For 2023/24 the Association of Colleges has announced that it is refusing to make a pay award for college staff without additional investment in colleges.	In 2022/23 individual colleges negotiated different settlements with the unions. These are reported as ranging from 5% to over 9%. Unison members in sixth form colleges have voted to accept a pay offer of 5% from September 2022 with an additional increase of up to 7.7% for the lower paid.	
Civil Service		Government agreed that civil service departments were able to make average pay awards up to 4.5% for 2023/24 with further flexibility to make awards up to an additional 0.5%, to be targeted at lower pay bands. In addition to this, for 2023/24, departments covered by the Pay Remit guidance have flexibility to make a fixed non-consolidated [gross] payment of £1,500 per full-time employee for those in delegated grades, subject to eligibility.	

Table 2.3: Pay offers from Local Government, Higher and Further Education	
employers, and the Civil Service	

2.60 We are conscious of the prohibition on powered officers from taking industrial action. Therefore, it is our view that we, the NCA as employer and the Home Office have a strong moral obligation to deliver a fair, just and equitable pay

award. We also note both the decision of NCOA members to withdraw good will for reasons relating to NCA pay, and the implication of that decision for the operational effectiveness of the Agency.

Competitiveness with key comparator markets

2.61 We note that in its written evidence, the NCA set the organisation's pay in the context of that of a number of comparator organisations. In paragraphs 2.52 to 2.54 we set out particular concerns about recruitment and retention in relation to these comparator organisations. In paragraph 2.55 we set out our view that, due to the unique nature of the NCA's role, the police service is the primary comparator for the Agency. In some previous written evidence submissions to us, the NCA has explicitly stated that its target was for NCA pay to be set at 90% of police pay. In oral evidence, the NCA told us that it sought close alignment with the police service on pay. We agree that this is an important principle for the NCA as it develops its future plan for pay reform in 2024/25.

'One NCA' policy

2.62 We strongly agree with the NCA's aim of creating a 'One NCA' culture. We note the evidence we have received from parties about the 'blurring of the lines' between powered and non-powered officers. We have been told that, leaving aside the issue of their formal legal powers, officers from both groups work alongside each other doing similar roles. The anomalies in the NCA's pay structure and in particular the parallel systems of standard pay scales and spot rates, as well as the Agency's use of a variety of measures, including Recruitment and Retention Allowances, to attempt to compete for staff from the police, the civil service and the private sector, all militate against the establishment of a 'One NCA' culture. We judge that there will only be 'One NCA' if there is a unified pay structure for all staff. In our view this should be a central priority for the forthcoming pay reform. As we said at 2.44, we judge that it will not be possible for the Agency as currently constituted to undertake the pay reform it needs to truly become 'One NCA'. In our view, a different organisational form for the NCA should be considered to enable it to act flexibly to establish a single unified pay structure and set common terms and conditions in order to recruit the staff with the skills it requires. With regard to the annual pay award, we agree with the Agency that all its officers should receive the same annual uplift to pay. To do otherwise, would be divisive and further undermine the cohesion of the Agency.

Pay reform

2.63 As we have made clear elsewhere, (paragraphs 2.43 and 2.44) we are extremely disappointed that this is another transitional year for the NCA in terms of pay reform and we are urging the Agency to bring forward pay reform proposals with implementation beginning during 2024. We consider the police to be a particularly key comparator, and, as we said above, we judge that work should include a consideration of how the gap with police pay can be closed. We hope that long-term pay reform will help address some of the issues with pay structures highlighted in our report, and identify

additional changes that might be needed to tackle recruitment and retention pinch points, as well as key equality and diversity issues about which we are very concerned.

Affordability

2.64 We note the NCA has budgeted for a 5% pay award effective from 1 August 2023. We are aware that it has committed to find the additional 2% to fund a 7% headline award from efficiency savings which will not adversely impact frontline operational activity. We comment on the evidence we have received on the affordability of the unions' request for a £1,500 one-off payment in paragraphs 2.66 to 2.76 below. We are also mindful of the HM Treasury inflation target and its concerns about the wider impacts of pay awards on inflation in the wider economy.

Targeting of the award and the shape of other settlements in the wider public sector

2.65 Our 2022 pay recommendation of £1,900 to all NCA officer pay points was, in our view, the right approach given the circumstances at the time. However, it inevitably reduced the differentials between grades and such an approach is not sustainable over the long term. NCA officers of all grades should be properly valued for the role they fulfil. This year, we were also keen to ensure that the shape of a consolidated award for the NCA did not further increase the differentials between NCA officers and the police service at senior levels. We therefore concluded a universal consolidated percentage uplift for NCA officers would be the best approach for 2023/24.

The Addendum to the Civil Service Pay Remit

- 2.66 The remit letter we received in August 2023 highlighted the Government's decision to allow departments to make a fixed payment of £1,500 to civil servants in delegated grades in recognition of their public service and the challenges of the cost of living. The letter requested that we consider the £1,500 across the NCA workforce even though it did not automatically apply to civil servants who were covered by Pay Review Bodies. The letter also asked us to give due consideration to this payment when making our recommendations for the pay of NCA officers. The remit letter highlighted the Civil Service Pay Remit guidance for 2023/24 and the Addendum to that guidance as one of the issues, alongside affordability, recruitment and retention and other factors, that we should have regard to in considering our recommendations on the pay award for 2023/24.
- 2.67 We note that in their evidence to us the trade unions strongly supported the payment of the non-consolidated £1,500 award to staff in addition to a consolidated pay award. The trade unions' proposals for the consolidated award that would sit alongside the £1,500 varied from 7% to 10%. We also note, however, that the NCA informed us through written evidence that it would prioritise a 7% consolidated uplift for officers, and the NCA told us in

oral evidence that it would now find it difficult financially to resource a 7% uplift and a $\pm 1,500$ one-off payment, even though, as it had set out in its written evidence earlier in the year, both had been put into NCA budgets.

- 2.68 The NCA explained in oral evidence that it had received guidance that if staff were to receive the £1,500 it would need to form part of an overall pay increase budget for 2023/24 of 7%, in line with Government pay policy quoted in its written evidence. The NCA said this meant that any non-consolidated payment made would be considered as part of the general pay settlement and its affordability. We observe that this would likely mean a lower consolidated uplift for NCA staff than those proposed by the trade unions.
- 2.69 We are aware that the one-off £1,500 payment to civil servants was the product of the negotiation between the unions and the Government following disputes about civil service pay in 2022/23, following similar negotiations including non-consolidated offers to NHS staff and teachers relating to 2022/23 (the NHS deal was subsequently accepted and implemented, whereas teachers rejected their offer). We note that the Government announced the outcome of its negotiations with the civil service trade unions on 2 June 2023. In that announcement, the Government explained that it was making a one-off payment to staff, in recognition of the pressures felt during the 2022/23 pay year:

"The Government recognises the challenges that many civil servants, in particular those on lower salaries, have faced over the last year because of high inflation. The Government is therefore allowing departments covered by the Civil Service Pay Remit Guidance to make a fixed non-consolidated payment of £1,500 per member of staff, in recognition of the pressures felt during the 2022/23 pay year"¹⁰

- 2.70 However, we note that in that announcement the Government stated that it would explicitly apply to departments covered by the Civil Service Pay Remit. We also note that the amended Pay Remit guidance for 2023/24 stated that civil service departments were able to make a fixed non-consolidated [gross] payment of £1,500 per full-time employee for those in delegated grades, subject to eligibility, in addition to making average pay awards up to 4.5% (with flexibility to make awards up to an additional 0.5% for the lowest paid).
- 2.71 We are conscious that we have been told that the Cabinet Office wrote directly to NCA officers (both those within our remit group and those outside it), regarding the 2 June announcement, and that this was followed by a communication from the NCA's management undertaking to make the £1,500 payment to its staff in August 2023. We are aware from the written evidence we have received from both the NCA and the trade unions that the Agency later informed its staff that it would not be making the £1,500 payment in August because that issue would form part of the 2023/24 NCARRB pay review process.

¹⁰ Cabinet Office (June 2023), *Policy statement on Civil Service Measures – June 2023*. Available at: https://www.gov.uk/ government/publications/policy-statement-on-civil-service-measures-june-2023/policy-statement-on-civil-service-measuresjune-2023 [Accessed on 15 December 2023]

- 2.72 Unsurprisingly, the decision not to make the promised payment in August 2023 has had a very negative impact on staff, led to a withdrawal of goodwill by staff and further damaged staff morale. The FDA told us in oral evidence that many officers had been depending on the £1,500 payment once it was announced and had then been severely disappointed. We are conscious that officers may have been counting on receiving the one-off payment and made additional financial commitments. We are also very aware both from our visits programme and from oral evidence with the trade union parties of the hardship experienced by officers and reliance on union hardship funds.
- 2.73 But, as we have said in previous reports, we do not favour non-consolidated awards. The long-term value of consolidated awards is significantly higher than that of non-consolidated awards. Consolidated awards are pensionable and enhance the overall remuneration package, thereby increasing the attractiveness of the profession to new recruits and supporting retention. There is also a risk that morale will be damaged if non-consolidated awards are not consolidated in subsequent years.
- 2.74 In our view, it is deeply regrettable that NCA staff were put in the position over the summer where they had a very reasonable expectation that they would receive £1,500 in their August pay packet. For many this would have been a substantial sum (for instance equivalent to 6.5% additional pay for those at the bottom of Grade 6) and they would have started to make plans to spend it, so consequently being told it would not be paid as anticipated would have been understandably upsetting. While we acknowledge that this situation is partly a product of the fact that part of the NCA's staff is formally covered by the Civil Service Pay Remit, NCA management alongside other Government departments should take steps to ensure such a situation does not arise again.
- 2.75 However, leaving aside the communications from the Cabinet Office and the commitments made by the Agency's management to NCA officers, we have received no compelling evidence to justify us awarding an overall pay rise to the NCA which is significantly higher overall than the awards given to the police or the civil service (Table 2.4), which would be the consequence of the various proposals from the trade unions. We note that civil servants received an average award of 2-3% in 2022/23, although some departments will have used their flexibility to give lower paid staff a more substantial increase. We observe that in contrast NCA officers received a flat rate award of £1,900 in 2022/23 which constituted an overall uplift to pay bill of around 5%. This amounted to a 9% increase for the lowest paid NCA officers.

Table 2.4: Pay awards for the civil service, police officers and NCA, 2022/23 and	
2023/24	

	2022/23	2023/24	Non-consolidated award
Civil service average pay award	2% with flexibility up to 3%	4.5% with flexibility up to an additional 0.5%	£1,500
Police officer pay award	£1,900 (pay bill increase of around 5%)	7%	None
NCA pay award	£1,900 (pay bill increase of around 5%)		

Notes:

- Under the 2022/23 Civil Service Pay Remit, departments were able to make average pay awards up to 2%. Departments were also given the additional flexibility to pay up to a further 1% where they could demonstrate targeting of the pay award to address specific priorities in their workforce and pay strategies.

- Under the 2023/24 Civil Service Pay Remit, departments were able to make average pay awards up to 4.5%. Departments were also given the additional flexibility to pay up to a further 0.5% to be targeted at lower pay bands.

2.76 As we said in paragraph 2.55, we judge that the police service is the primary comparator for the NCA. We note that in contrast to the Agency, the police service provides a clear structure for pay progression. However, in advance of the NCA's plans for substantive pay reform in 2024/25, we judge that maintaining the current differential between NCA and police pay is the most suitable approach. Once the implementation of pay reform plans has commenced, a different approach may be required. In our view, it is for the NCA and the Government to handle the consequences of the previous commitments to NCA staff regarding the £1,500 payment.

Pay recommendation

After taking the above factors into account, including the economic situation, 2.77 pay trends in the private sector, recent public sector pay settlements, the prohibition on powered officers taking strike action, our analysis of recruitment, retention, affordability, the increasing gap between NCA and police pay, the importance of the Agency's 'One NCA' policy, motivation and morale, and the evidence on the £1,500 payment, we concluded that an annual pay award in 2023/24 of 7% is a suitable approach. It is our strong expectation that this award should be applied to all NCA officers both powered and non-powered. We recognise that this is a substantial increase but we judge that it is justified in recognition of our obligation to deliver a fair pay award that enables the Agency to keep pace with police pay and attract the staff it needs. The 7% increase in 2023/24 combined with the 5% uplift to the NCA pay bill that we recommended in 2022 will give the officers a settlement that is comparable to pay offers in other parts of the public sector such as the police, firefighters and some NHS staff. Our recommendation for 2023/24 combined with the 2022/23 award would have the effect of raising the minimum of the standard pay range for Grade 5 from £28,840 in September 2021 to £32,892 in September 2023, an increase of 14%. If the award was

applied to Grade 6, the 2023/24 award combined with the 2022/23 award would raise the minimum from £21,050 in September 2021 to £24,557, an increase of 17%.

<u>Recommendation 1.</u> We recommend a consolidated pay award of 7% for all NCA officers within our remit group from 1 August 2023. The spot rates for Grades 1 to 5 and the minima and maxima of the standard pay ranges for Grades 1 to 6 should be raised by 7%.

Implications of recent changes to police pay

2.78 We note that from 1 September 2023, police starting salaries were raised to $\pounds 28,551$ and pay point 3 of the chief superintendent pay scale was raised to $\pounds 103,242$. We recognise that these changes potentially have implications for the NCA. We assume the NCA's plans for pay reform will consider these issues and identify additional measures that might be needed to tackle any recruitment and retention challenges that have arisen as a result of structural changes to police pay.

Geographical allowances

- 2.79 We note the concerns of the NCA, NCOA and PCS that the NCA geographical allowances, particularly in London, do not compare well to those of the police. We are also conscious of the evidence we have received about the implications for officers of the move from the NCA's current location in London to Stratford. We note that the PCS and NCOA have proposed possible solutions.
- 2.80 We observe that these geographical allowances are part of the overall package of measures that are needed to address the Agency's recruitment and retention challenges. In our view, the NCA must develop a clear strategy for these location allowances as part of its development of any plans for a competence-based pay framework and its estates programme.
- 2.81 In previous years, we have recommended that the LWA be increased in line with a basic pay uplift. We therefore recommend that the LWA and South East Allowance for officers in our remit group should be uplifted by 7% in 2023/24. It is our strong expectation that this increase to allowances, like the basic pay award, should be applied to all NCA officers both powered and non-powered. In addition, we advise that the NCA, as part of the reform programme it will put forward in 2024/25, should consider bringing its location allowances into line with those of the police service.

<u>Recommendation 2.</u> We recommend an increase of 7% to the London Weighting Allowance and South East Allowance for all NCA officers within our remit group from 1 August 2023.

2.82 In addition, we are concerned about the implications for NCA officers of the return of the threat level in Northern Ireland to severe. In our last report we requested an update on the rationale for the allowance paid to NCA officers in Northern Ireland, including details of the number of officers in receipt of the

allowance and the amount they received. We were disappointed that the NCA evidence made no mention of its officers in Northern Ireland. We expect to receive evidence on this next year including assurances that the arrangements in place are appropriate and equitable.

Other allowances

- 2.83 The evidence from the parties raised a number of concerns about other allowances. Some of these concerns, for example about payments for shift work, unsociable hours, being on-call, RRAs and payments for special duties, have been raised with us on several occasions. Parties are also concerned about the operation of the NCA's non-consolidated pay pot, which, as the NCA observed, is smaller than that of many other government departments.
- 2.84 As we said last year, we see RRAs as a symptom of the wider problems with the pay structure. We agree with the NCA that, in the longer term, pay and contract reform will likely decrease the need to target higher pay via these mechanisms. However, we observe that the future of all these allowances needs to be considered alongside the NCA's plans for a new approach to pay reform.

Future role of the NCARRB

- 2.85 We agree with the Home Office that it is imperative that the delays to the existing pay process for the NCA are resolved. In our view, the recent delays to the NCA pay process are unacceptable and the matter must be addressed as a matter of urgency.
- 2.86 We agree with parties that the current dual-pay mechanism needs to be reviewed. While our formal remit is focused on officers with powers, we are conscious that in practice over the last few years our recommendations have been applied to both powered and non-powered officers. However, a situation whereby part of a workforce is covered by the Civil Service Pay Remit and part is covered by a Pay Review Body is unsatisfactory as it has significantly increased the complexity of the pay process. It is clear that the need for the Agency to submit a pay-flexibility case following our 2022 recommendations led to a delay in officers receiving their pay award and placed an additional burden on its HR and finance teams that distracted the organisation from dealing with the fundamental challenges facing it. More broadly, we observe that the current regulations governing public sector pay are placing a significant constraint on the Agency's ability to recruit some of the skills it requires and to develop and communicate the reform proposals it needs. We are aware of the Agency's work to consider the advantages of its staff becoming crown servants.
- 2.87 As we have said elsewhere, based on the evidence we have received in recent years regarding the organisational constraints the NCA has faced in attempting to drive forward pay reform, we judge that it will not be possible for the Agency as currently constituted to undertake the pay reform it needs to truly become 'One NCA'. In our view a different organisational form for the NCA should be considered to enable it to act flexibly to establish a single unified

pay structure and set common terms and conditions in order to recruit the staff with the skills it requires. We are aware that some parties have floated the idea of an extension to our remit and we would be open to exploring this option in due course.

Appendix A – Previous NCARRB Reports

2022 Report

We submitted our 2022 Report on 31 May 2022 and the Government responded and accepted all our recommendations on 23 February 2023¹¹. The recommendations were as follows:

Our 2022/23 recommendations (from 1 August 2022) for NCA officers designated with operational powers:

- By 30 November 2022, the NCA should provide a plan outlining the next steps in its reform strategy to NCARRB. This should set out the workforce component of its transformation programme, and in particular the relationship between the NCA's expenditure priorities, organisational priorities and strategy, its HR strategy, and its reward strategy. It should also provide an update on discussions with HM Treasury regarding a multi-year pay agreement.
- All officers in our remit group should receive a consolidated increase of £1,900 to their full-time equivalent annual salary from 1 August 2022. The spot rates for Grades 1 to 5 and the minima and maxima of the standard pay ranges for Grades 1 to 6 should be raised by £1,900.
- London Weighting and South East Allowances for 2022/23 for NCA officers designated with operational powers should increase by 5%.

Previous recommendations

All of our previous recommendations, along with the Government responses, are set out below.

Report	Recommendation	Government response
1 st (2014)	NCA officers designated with operational powers assessed as at least 'good' under the NCA's performance management system should receive consolidated pay increases from 1 August 2014 at the following values: below target range £540; within target range £270; and above target range £135 (non-consolidated where above the pay range maxima).	Accepted
	Border Investigators (former UK Border Agency officers) designated with operational powers not offered assimilation should receive a pay increase of 1% (non-consolidated where above the pay range maxima) from 1 August 2014.	Accepted

¹¹ House of Commons (February 2023), Government Response to the National Crime Agency Remuneration Review Body Report 2022: Written statement – HCWS577. Available at: https://questions-statements.parliament.uk/written-statements/ detail/2023-02-23/hcws577 [Accessed on 15 December 2023]

Report	Recommendation	Government response
	No changes in the values of NCA allowances within our remit.	Accepted
	The NCA should conduct a full review of the design, purpose and value of the London Weighting Allowance and present proposals in evidence to us.	Accepted
2 nd (2015)	NCA officers designated with operational powers assessed as at least 'good' under the NCA's performance management system should receive consolidated pay increases from 1 August 2015 at the following values: below target range £540; within target range £270; and above target range £135. The pay range maxima should be increased by £135 to ensure consolidated pay increases for those at the pay range maxima.	Accepted
	For those officers yet to be assimilated: (i) those offered NCA terms but electing to remain on precursor terms should remain on their 2014/15 pay rates; and (ii) Border Investigators not offered assimilation should receive a pay increase of 1% (non-consolidated where above the pay range maxima) from 1 August 2015.	Accepted
	London Weighting Allowance should increase by 1% from 1 August 2015.	Accepted
	No changes in the values of other NCA allowances within our remit.	Accepted
3 rd (2016)	A 1% consolidated pay increase (including Border Investigators) from 1 August 2016.	Accepted
	Other officers offered NCA terms but electing to remain on precursor terms should remain on their 2015/16 pay rates.	Accepted
	A 1% increase to London Weighting Allowance from 1 August 2016.	Accepted
4 th (2018)	A variable pay award, reflecting the NCA proposal for 2017/18, is implemented, and backdated to 1 August 2017. The award should be modified so that officers on the existing pay ranges receive a minimum consolidated pay award of 1%. The maxima of all the pay ranges should be uplifted by 1% and the minima of Grades 1 and 2 should be uplifted by 1%.	A minimum 1% award for all officers not eligible for the new pay structure and not already receiving the pay range maximum for their grade. A 1% award made up of consolidated and non- consolidated elements for officers not eligible
		for the new pay structure and already in receipt of the maximum for their grade or reaching it.

Report	Recommendation	Government response
	A variable pay award, reflecting the NCA proposal for 2018/19, is implemented from 1 August 2018. The award should be modified so that officers on the existing pay ranges receive a minimum consolidated pay award of 1%. The maxima of all the pay ranges should be uplifted by 1% and the	A minimum 1% award for all officers not eligible for the new pay structure and not already receiving the pay range maximum for their grade.
	minima of Grades 1 and 2 should uplifted by 1%.	A 1% award made up of consolidated and non- consolidated elements for officers not eligible for the new pay structure and already in receipt of the maximum for their grade or reaching it.
	NCA officers designated with operational powers electing to remain on precursor terms should remain on their 2016/17 pay rates.	Accepted
	London Weighting Allowance for 2017/18 for NCA officers designated with operational powers should be increased by 2% to £3,291 and be backdated to 1 August 2017.	Increased London Weighting Allowance by 1%.
	We make no recommendation as to the London Weighting Allowance for 2018/19, on the understanding that the NCA management will carry out a review of the allowance.	London Weighting Allowance for 2018/19 to be determined following a formal review.
5 th (2019)	An overall pay bill uplift of 2.5% from 1 August 2019.	Accepted
	The pay band minima for Grades 5 and 6 should be uplifted by 4.25% and 4.5% respectively from 1 August 2019.	Accepted
	All officers should receive a consolidated pay uplift of at least 1% and the NCA should aim to provide all officers with a minimum consolidated uplift as close as possible to 2% from 1 August 2019.	Accepted
	London Weighting Allowance for 2019/20 for NCA officers designated with operational powers should increase by 2.5% to £3,339 from 1 August 2019.	Accepted
	Shift Allowance is revised to 15% of base pay from 1 August 2019.	Accepted

Report	Recommendation	Government response
6 th (2020)	From 1 August 2020, the standard pay ranges should be revalorised as follows:	Accepted
	 a. the pay range minima for Grades 1 to 4 increase by 2.5%; 	
	b. the pay range minima for Grades 5 and 6 increase by 4.25% and 4.5% respectively; and	
	 c. the pay range maxima for Grades 1 to 6 increase by 1.5%. 	
	In conjunction with Recommendation 1, from 1 August 2020, all officers on the standard pay ranges should receive a consolidated pay award of at least 1.5% that maintains their percentile position on the pay range.	Accepted
	The spot rates for Grades 4 and 5 should increase by 3% and 4.5% respectively from 1 August 2020.	Accepted
	London Weighting Allowance should increase by 2.5% to £3,424 from 1 August 2020.	Accepted
	Shift Allowance should increase to 20% of base pay from 1 August 2020.	Accepted
7 th (2021)	No recommendations made	
8 th (2022)	By 30 November 2022, the NCA should provide a plan outlining the next steps in its reform strategy to NCARRB. This should set out the workforce component of its transformation programme, and in particular the relationship between the NCA's expenditure priorities, organisational priorities and strategy, its HR strategy, and its reward strategy. It should also provide an update on discussions with HM Treasury regarding a multi-year pay agreement.	Accepted
	All officers in our remit group should receive a consolidated increase of £1,900 to their full-time equivalent annual salary from 1 August 2022. The spot rates for Grades 1 to 5 and the minima and maxima of the standard pay ranges for Grades 1 to 6 should be raised by £1,900.	Accepted
	London Weighting and South East Allowances for 2022/23 for NCA officers designated with operational powers should increase by 5%.	Accepted

Appendix B – Home Secretary's remit letter



Home Secretary

2 Marsham Street London SW1P 4DF www.gov.uk/home-office

Zoë Billingham Chair of the National Crime Agency Remuneration Review Body

BY EMAIL ONLY

15 August 2023

Dear Zoë,

NATIONAL CRIME AGENCY REMUNERATION REVIEW BODY REMIT 2023/24

I would first like to offer my thanks for the work of the NCA Remuneration Review Body (NCARRB) over the past year on the eighth report and your recommendations for pay round 2022/23. I was grateful for your sound advice on NCA pay last year, given the wider fiscal context, and I look forward to continuing to work with you. It is a legal requirement that I am provided with independent advice on pay for those NCA officers with operational powers under the provisions of the Crime and Courts Act 2013.

I should, therefore, like to ask for your recommendations on the pay to consider the implications for the whole NCA workforce, those officers with operational powers and those without. The Agency has championed a 'One NCA' culture in which the distinction between warranted and non-warranted officers is not a simplistic relationship between operational and non-operational roles. A uniform pay settlement is imperative to maintain a unified workforce with warranted and non-warranted officers are treated equitably when it comes to pay. The pay of NCA officers without operational powers remains a matter for the NCA to decide, taking account of the Civil Service Pay Guidance.

I was pleased to agree, with my Ministerial colleagues, to allow departments to make a fixed payment of £1,500 to civil servants in delegated grades in recognition of their public service and the challenges of the cost of living. It is right that this should also be considered across the NCA workforce, even though it doesn't automatically apply to civil servants who are covered by pay remit bodies. However, the Government must balance the need to ensure fair pay for public sector workers with protecting funding for frontline services and ensuring affordability for taxpayers. We must ensure that the affordability of a pay award is taken into consideration so that the NCA is able to recruit and retain a workforce that is motivated and capable of meeting the evolving threat posed by serious and organised crime. Therefore you should give due consideration to this payment when making your recommendations for the pay of NCA Officers.

In considering your recommendations, you should therefore have regard to the following:

- 1. the affordability of any proposals;
- 2. evidence of recruitment, retention and vacancy rates within the NCA and its ability to maintain competitiveness with its key comparator markets;
- 3. evidence of the Agency's improvements to productivity and workforce efficiencies;
- 4. the Agency's 'One NCA' policy;
- 5. the headline pay awards recommended by the other Pay Review Bodies for the 23/24 pay awards; and
- 6. the Civil Service pay remit guidance for 2023/24 which allows for departments to make an average pay award of up to 4.5%, with flexibility to make awards up to an additional 0.5% to be targeted at lower pay bands. The Addendum guidance dated 2 June 2023 gave departments the flexibility to award a £1500 non-consolidated bonus per full-time employee to those in delegated grades. The NCA has elected to defer any payment pending NCARRB's report.

As the NCA is a Non-Ministerial Department, the Agency will provide you with its own evidence on points 1 to 4 above, based on its workforce assessments and the Review Body's terms of reference. My officials within the Home Office will be engaged in this and, where necessary, will provide additional information.

As part of its evidence, the NCA will set out the operational context, Agency pay strategy and long-term plans for its workforce, which I expect to be submitted to you in good time.

To allow adequate time for consultation before any changes are applied, I should be grateful if you could aim to provide a report in a timely manner, being mindful of the NCA annual pay award date of 1 August 2023. I accept that this will not be possible but striving to advance quickly will be the best way to reward NCA officers.

Yours sincerely,

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Rt Hon Suella Braverman KC MP

Home Secretary

Appendix C – The parties' website addresses

The parties' written evidence should be available through these websites.

Home Office	https://www.gov.uk/homeoffice
National Crime Agency	http://www.nationalcrimeagency.gov.uk/
National Crime Officers Association	http://www.ncoa.org.uk/
Public and Commercial Services Union	https://www.pcs.org.uk/
FDA	https://www.fda.org.uk/

Appendix D – Our analysis of the economic context and NCA workforce data

Introduction

D.1 In this appendix we set out our analysis of the economic context and the NCA workforce data.

The economic context

- D.2 The period between August 2022 and August 2023, to which our pay review relates, was one of significant economic uncertainty. We set out below the economic and labour market indicators (summarised in Table D.1) as at 31 May 2023¹², when we should have been making our recommendations:
 - Inflation. Inflation had been high over the last year, with the twelvemonth increase in the Consumer Prices Index (CPI) peaking at 11.1% in October 2022. In April 2023, the CPI annual increase was 8.7%, the CPI including owner occupiers' housing costs (CPIH) annual increase was 7.8% and the Retail Prices Index (RPI) annual increase was 11.4%.
 - The largest upward contributions to the annual rate of inflation in April 2023 came from energy prices and food. The CPI showed that domestic electricity prices increased by 17.3% over the year to April 2023 and domestic gas prices by 36.2%. Food prices in the CPI increased by 19.3% over the year to April 2023.
 - The Bank of England base interest rate had increased from 0.1% at the start of December 2021 to 4.5% in May 2023 to try to slow rising prices. Rising interest rates have a knock-on effect on mortgage payments for some years. Examining the detailed components of the RPI showed that mortgage interest payments had increased by 55.1% over the year to April 2023.
 - In its March 2023 Economic and Fiscal Outlook¹³, the Office for Budget Responsibility (OBR) expected CPI inflation to fall during 2023 and average 2.9% in the fourth quarter of 2023.
 - In its May 2023 Monetary Policy Report¹⁴, the Bank of England expected inflation to fall to around 5% by the end of 2023. However, it noted that food prices were likely to rise faster than this.
 - *Economic growth*. UK gross domestic product (GDP) was estimated to have increased by 4.1% in 2022. The first quarterly estimate of GDP by the Office for National Statistics (ONS) showed that GDP in the first quarter of 2023 was 0.1% higher than the previous quarter and 0.2% higher than a year earlier, but 0.5% lower than the pre-pandemic level (in the fourth quarter of 2019).

¹² Note: this section does not reflect any subsequent revisions made to figures after 31 May 2023.

¹³ OBR (March 2023), *Economic and Fiscal Outlook*. Available at: https://obr.uk/efo/economic-and-fiscal-outlook-march-2023/ [Accessed on 31 May 2023]

¹⁴ Bank of England (May 2023), *Monetary Policy Report*. Available at: https://www.bankofengland.co.uk/monetary-policy-report/2023/may-2023 [Accessed on 31 May 2023]

- In March, the OBR estimated that GDP would fall by 0.2% in 2023, but its forecasts implied that the technical definition of a recession would be avoided. It expected GDP to regain its pre-pandemic peak in the middle of 2024.
- Labour market. Pay As You Earn (PAYE) Real Time Information (RTI) data indicated that the number of employees on payrolls in April 2023 was 29.8 million, 1.0% higher than a year earlier and 2.8% higher than the pre-pandemic peak of 29.0 million in January 2020. According to the Labour Force Survey (LFS), total employment, at 33.0 million, was 363,000 (1.1%) higher in the three months to March 2023 than in the three months to March 2022, and at a similar level to that seen in the three months to March 2020. The number of employees had increased by 604,000 (2.2%) since the three months to March 2020, but this had been largely offset by a fall in self-employment over the same period. The LFS unemployment rate (for those aged 16 and over) was 3.9% in the three months to March 2023, 0.2 percentage points higher than a year earlier. The ONS recorded 1.1 million job vacancies in the three months to May 2022.
- *Average earnings*. In the three months to March 2023, whole economy Average Weekly Earnings (AWE) total pay annual growth was 5.8% and regular pay annual growth (excluding bonuses) was 6.7%.
- Public sector AWE annual growth was at 5.6% in the three months to March 2023 (both including and excluding bonuses). Private sector AWE total pay annual growth was at 5.9%, but regular pay annual growth (excluding bonuses) was 7.0%.
- *Pay settlements*. The estimates for median pay settlements in the three months to April 2023 ranged from 5.6% to 7.0%. Our analysis of XpertHR data indicated that over half (53%) of pay awards between January and April 2023 were worth 6% or more.

Indicator	Figure
Inflation indicators	
Annual CPIH inflation	7.8%
Annual CPI inflation	8.7%
Annual RPI inflation	11.4%
Pay and earnings indicators	
Incomes Data Research (IDR) median pay settlements	5.6%
Annual growth in AWE – public sector	5.6%
Annual growth in AWE – whole economy	5.8%
Annual growth in AWE – private sector	5.9%
XpertHR median pay settlements	6.0%
Labour Research Department (LRD) median pay settlements	6.0%
Annual growth in AWE – whole economy excluding bonuses	6.7%
LRD median settlements to lowest basic rates	7.0%
PAYE median annual change in pay	7.0%
Annual growth in AWE – private sector excluding bonuses	7.0%
PAYE annual change in median pay	7.4%
Labour market indicators	
PAYE employees on payroll annual growth	1.0%
LFS annual employment growth	1.1%
LFS unemployment rate (aged 16 and over)	3.9%
Claimant count rate	4.0%
LFS employment rate (aged 16 to 64)	75.9%

Table D.1: Economic and labour market indicators, as at 31 May 2023

Source: ONS – Labour Market Overview¹⁵, Consumer Price Inflation¹⁶, Claimant Count (Experimental Statistics)¹⁷, and Earnings and Employment from PAYE RTI (Experimental Statistics)¹⁸; XpertHR¹⁹; IDR²⁰; and LRD²¹.

Note: The employment rate measures the proportion of the population (aged 16 to 64) in employment; the unemployment rate gives the number of unemployed people as a proportion of the total number of people (aged 16 and over) either in work or unemployed; and the claimant count rate is the number of people claiming unemployment benefits as a proportion of the total number of workforce jobs and claimants of unemployment benefits.

¹⁵ https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/ uklabourmarket/may2023 [Accessed on 31 May 2023]

¹⁶ https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/april2023 [Accessed on 31 May 2023]

¹⁷ https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/outofworkbenefits/datasets/claimantcountcla01/ current [Accessed on 31 May 2023]

¹⁸ https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/ realtimeinformationstatisticsreferencetableseasonallyadjusted/current [Accessed on 31 May 2023]

¹⁹ https://www.xperthr.co.uk/ [Accessed on 31 May 2023]

²⁰ https://www.incomesdataresearch.co.uk [Accessed on 31 May 2023]

²¹ http://www.lrd.org.uk/index.php?pagid=29 [Accessed on 31 May 2023]

- D.3 We noted HM Treasury's warning of the risks of pay awards exacerbating the current inflationary pressures, and that further inflation would erode the real value of savings and incomes and could lead to interest rates being elevated for longer. However, we observed that while the rate of inflation was forecast to fall during 2023 it was not forecast to turn negative, and so this represented a slowing in the rate of price rises rather than an expectation that prices would fall. The CPI level was 123.8 in September 2022 and 130.4 in April 2023 (indexed to 100 in 2015). The forecast by the Bank of England suggested it would be between 133 and 134 in the fourth quarter of 2023. Therefore, officers within our remit group would continue to feel the effect of the high inflation seen over the last year in particular for energy and food prices. We heard on our visits programme of the financial difficulties a number of officers were facing: some reported managing people with significant levels of debt, some were relying on overtime to help with the cost of living, some had second jobs, and others were relying on their police pension or partner's income.
- D.4 Surveys by XpertHR²² and IDR²³ indicated that a number of organisations took steps in 2022 in response to cost-of-living pressures that were outside of the headline pay award. Such measures included: one-off non-consolidated payments; making additional pay awards or bringing forward pay reviews; providing financial wellbeing advice or support to employees; and enabling access to employee discount providers. The IDR analysis found that the value of one-off payments ranged between £100 and £3,000, with a median of £500 and an average of £800. The NCA has not made similar awards to its officers.
- D.5 We also note that HM Treasury told us that public sector earnings growth over the current Spending Review period (financial years ending 2023 to 2025) should retain broad parity with the private sector. Table D.1 above sets out key economic indicators including on private sector earnings growth. However, we observed again this year that the economic climate meant there was a greater degree of uncertainty around likely earnings growth than in many previous years.

NCA workforce, recruitment and retention

D.6 The NCA provided workforce data as at August 2022 in the Annex to its evidence submission. It has also subsequently provided updated data covering August 2023. In this section we present our analysis of some of the key points from these datasets.

²² XpertHR (October 2022), *Pay planning and forecasts for 2022/2023*. Available at: https://www.xperthr.co.uk/survey-analysis/ pay-planning-and-forecasts-for-20222023/166659/ [Accessed 31 May 2023, note this report is behind a pay wall]

²³ IDR (February 2023), Inflation and public sector pay – A report for the FDA. Available at: https://www.fda.org.uk/nmsruntime/ saveasdialog.aspx?IID=2117&sID=9513 [Accessed 31 May 2023]

NCA workforce overview

- D.7 The NCA reports that on 31 August 2023 it had 5,973 officers (on a headcount basis) in Grades $1-6^{24}$. This was 1.3% higher than a year earlier when there were 5,898 officers.
- D.8 The number of officers within our remit group (those officers with powers) stood at 2,206 (headcount) on 31 August 2023. This represented just over one-third (37%) of the NCA workforce (Chart D.1), unchanged from a year earlier.



Chart D.1: Proportion of NCA officers with powers, 2014 – 2023

Source: NCA evidence submissions 2015–2022, and data provision. Note: NCA did not provide 2016 data to the NCARRB.

D.9 Grade 5 contains the highest number of officers (2,525 or 42% of all officers), and around two-fifths (41%) of officers in this grade had powers (Chart D.2). Grades 3–5 contained 93% of all officers with powers.

²⁴ Throughout this analysis 'workforce' relates to Grades 1 to 6 and excludes senior civil servants (who are covered by the Senior Salaries Review Body).



Chart D.2: Number of NCA officers, by grade, August 2023

Source: NCA data provision.

Note: Numbers of officers with powers are not shown for Grades 1 and 6 due to low numbers.

D.10 Part-time workers accounted for 10% of the overall workforce. However, among officers with powers this proportion was lower, at 7.1%.

Diversity

- D.11 The proportion of female officers has been increasing since August 2018, and in August 2023 they accounted for 46% of the workforce, 8 percentage points higher than in 2018. However, the proportion of female officers in the remit group was much lower at 32%. This also represented an increase since 2018 (up 7 percentage points).
- D.12 The following diversity figures have been provided for the whole workforce but not for the remit group more specifically:
 - 9.7% of officers had declared themselves to be from an ethnic minority. This was slightly higher than a year earlier, but lower than in 2018.
 - 4.9% of officers had declared a disability, slightly higher than in previous years.
 - 4.4% of officers declared their sexuality as lesbian, gay or bisexual. This was slightly higher than the previous year and up from 2% in August 2018.
 - 36.5% of officers declared their religion to be Christian, slightly up on a year earlier. A slightly higher proportion of officers (37.4%) declared themselves as having no religion, and 5.3% had another religion.
 - 38.3% of officers were under the age of 40, 3 percentage points lower than the previous year.

D.13 The NCA provided data showing the distribution of officers on the standard pay ranges and spot rates, it also broke these down by gender and ethnicity. These figures showed that higher proportions of males and white officers were on spot rates than females and ethnic minority officers, and that the proportions of officers on the lower 'Developing' spot rates and at the minima of the standard pay ranges were higher for females and ethnic minority officers for most grades.

Officers on spot rates

- D.14 Spot rates were introduced for Grades 4 and 5 in 2017/18, and for Grades 1 to 3 on 1 August 2020. Officers on spot rates have different terms and conditions of employment to those on the standard pay ranges, the most notable non-pay difference being a 40-hour working week (compared with a 37-hour working week for officers on the standard pay ranges). When spot rates were introduced, existing NCA officers in qualifying posts were given the option to move onto spot rates or remain on their existing terms and conditions. New recruits to qualifying roles were put directly onto spot rates.
- D.15 In August 2023, 37.7% of the workforce (around 2,250 officers) were on spot rates, a decrease of 2.7 percentage points (around 130 officers) from a year earlier. A further 6.5% of officers were eligible for spot rates but had chosen to remain on the standard pay ranges.
- D.16 Over half (59.6%) of officers with powers were on spot rates, an increase of 1 percentage point on the previous year, and over half of officers on spot rates had powers (56.7%).

Recruitment

- D.17 The data provided by the NCA on recruitment only covers the number of applicants and the number of offers made, without giving any indication of whether the offers were accepted.
- D.18 The NCA has previously informed us that it had developed a pipeline recruitment process to meet demands to grow its workforce and fill vacancies in advance of them becoming available. The NCA made 1,087 offers in 2022, 67 (6%) fewer than in 2021. The NCA made 864 offers between January and August 2023, 90 (11.6%) more than in the same period a year earlier.
- D.19 Data on the sectors from which candidates are coming from show that the main sources of candidates were the private sector (33.2%), the police (29.1%) and the civil service (27.7%). For operational commands, 35.5% of candidates were from the police, 28.8% from the private sector and 22.7% from the civil service.

Retention

- D.20 The NCA attrition rate rose year-on-year from 6.2% in 2016/17 to 9.0% in 2019/20. However, there had been a significant reduction in leavers from the Agency as a result of COVID-19: the attrition rate for 2020/21 was 7.5% and in 2021/22 this fell slightly further to 7.4%. However, the NCA reported attrition of 9.7% in August 2022 and 8.9% in August 2023.
- D.21 Exit interviews conducted between November 2021 and October 2022 (Table D.2) showed that career development/promotion and retirement were given as the most common primary reasons for leaving (198 and 170 officers respectively out of 738). Pay and benefits was given as the joint fifth most common primary reason for leaving (50 out of 738). In a separate question, however, pay featured as the third most common reason for choosing a new employer (Table D.3).

Table D.2: Primary reason for leaving the NCA as given in exit interviews between November 2021 and October 2022

Primary reason for leaving	Number of officers
Career development/promotion	198
Retirement	170
To gain new opportunities	72
Workplace conflict (bullying, harassment, discrimination, line management issue)	53
Pay and benefits	50
To seek different working conditions	50
Work-life balance/workload	42
Personal circumstances (ill health/family reasons/caring responsibilities)	41
End of planned contract/secondment	35
Location (leaving area, work nearer home)	27
Total	738

Source: NCA data provision.

Reason for choosing new employer	Number of officers
Type of role	216
Promotion	113
Рау	97
Location	66
Organisational values	64
Flexible working	63
Learning & Development	62
Culture	45
Wellbeing	13
New opportunity	11
Facilities	11

Table D.3: Reason for choosing new employer as given in exit interviews

Source: NCA data provision.

Motivation and morale

- D.22 The 2022 Civil Service People Survey²⁵ took place in September and October 2022. In this section we provide our analysis of some of the NCA results.
- D.23 Across the civil service, the People Survey results for 2022 showed a worsening situation on many counts the scores for all the main themes fell in most Departments compared with the previous year. Within the NCA, most questions had lower scores in 2022 than the previous year and were also further behind the civil service benchmark²⁶ than in 2021.
- D.24 The overall NCA engagement index of 59% in 2022 was 3 percentage points lower than in 2021 and a return to the 2019 level. The NCA engagement index was 6 percentage points below the civil service benchmark of 65%. The civil service benchmark was 1 percentage point lower than in 2021.
- D.25 The survey is split into various themes, all of which saw results that were lower than in 2021 and below the civil service benchmark. The pay and benefits theme saw the largest drop in the proportion of positive answers between 2021 and 2022. Compared with a year earlier, the three questions within the theme each showed decreases in the proportions of positive answers both for the NCA and the civil service benchmark. However, the NCA results dropped further than the benchmark figures. These three questions were among those with the greatest fall in positive answers since 2021, and were among the top five most negatively answered questions by the NCA.

²⁵ Cabinet Office (March 2023), *Civil Service People Survey: 2022 results*. Available at https://www.gov.uk/government/ publications/civil-service-people-survey-2022-results [Accessed 15 December 2023]

²⁶ Defined as the median across all participating civil service organisations where data were not suppressed.

- D.26 Looking at officers' intentions to stay in the NCA:
 - The proportions of respondents saying they wanted to stay working in the NCA for at least the next three years was 42% in 2022. This was a decrease of 5 percentage points on the previous year and the lowest since 2018.
 - Around a quarter of respondents wanted to leave the NCA either as soon as possible or within the next twelve months, 4 percentage points higher than a year earlier.
 - The proportion of respondents wanting to stay working for the NCA for at least the next year in 2022 was similar to that for 2021.
 - Data provided by the NCA show that the most common reasons respondents cited for their intention to leave the NCA were: better pay; poor leadership; and organisational culture.

Appendix E – 2023/24 Evidence from Parties

Introduction

E.1 In this appendix we set out the key points from the evidence provided to us by parties on matters that form part of our standing terms of reference.

The NCA operating environment

- E.2 The **Home Office** told us that serious and organised crime (SOC) ruined the lives of victims and destroyed communities. It was a transnational threat to international security, development, and prosperity, which extended and exacerbated conflicts and undermined the economy and stability of partners and allies.
- E.3 The Home Office highlighted that the financial motive behind much SOC remained unchanged, but it explained: that the global coronavirus (COVID-19) pandemic had changed the nature of crime; that economic and geo-political trends had increased the opportunities for criminals to exploit and affect the supply of commodities; and that developing technology was allowing criminals to operate differently and posing new problems for the law enforcement response. The Home Office told us that the Government planned to publish an updated SOC strategy later in the year.
- E.4 The Home Office explained that the NCA was the lead law enforcement agency in the UK for SOC. The Home Office said that a strengthened NCA needed to be able to set clear strategic and operational direction and develop shared capabilities to drive efficiencies. The Home Office considered that a strong framework, covering the factors that support operational effectiveness, including pay, was vital to the NCA being able to deliver its role and achieve its mission.
- E.5 The NCA told us that it was an intelligence-led law enforcement organisation which existed to protect the UK against SOC. It highlighted that SOC threats almost all had a significant overseas dimension, were enabled by technology and, for growing threats such as cyber and fraud, increasingly took place online.
- E.6 The NCA said that it occupied a unique place among a set of overlapping communities. It was part of the National Security Community, the law enforcement community, and the Government strategic community, sitting within the Home Office family and constitutionally part of the civil service.
- E.7 The **FDA** said that the NCA was a pivotal law enforcement agency with national and international reach, and the mandate and powers to work in partnership with other law enforcement organisations to bring the full weight of the law to bear in cutting SOC. The FDA reminded us that NCA officers were civil servants, subject to the Civil Service Code, and may be designated with one or more of the powers and privileges of a constable, powers of a customs officer and powers of an immigration officer.

Government pay policy and affordability

- E.8 **HM Treasury** told us in January 2023 that pay awards this year should find a careful balance between recognising the vital importance of public sector workers, while delivering value for the taxpayer, not increasing the country's debt further, and supporting the Government's macroeconomic framework. It said that it was important that pay awards did not exacerbate inflationary pressures, and that they had to be funded from existing budgets.
- E.9 The **Home Office** explained that since 2019, the NCA's budget had increased by 44% to £872 million in 2023/24. This was complimented by an increased percentage of funding within the NCA's Core Vote, which provided greater authority and flexibility for the Agency to allocate and prioritise funding against its Strategic Priorities, following its Funding Reform project.
- E.10 The Home Office told us that despite the increase in budget, the NCA was still managing several significant budget pressures. The Home Office urged that the consideration of the affordability of any recommendations should be done in the context of the pressures on the NCA budget.
- E.11 The NCA said that the recommendations for change to NCA pay this year and in the longer term must be affordable and sustainable for the future. The Agency reported that it had budgeted for a 5% pay award effective from 1 August 2023. It explained that an additional 2% to fund a 7% headline award would cost approximately £2.8 million a year and would be found from efficiency savings that would not adversely impact frontline operational activity. The NCA also said that it had previously budgeted for the £1,700 per full-time equivalent (£1,500 plus Employers National Insurance Contributions) one-off payment. It explained that the £1,700 cost per full-time equivalent budget had been retained, even though there was some uncertainty on approval at the time business plans and budgets were finalised.
- E.12 The **FDA** reported that the 2021 Spending Review had provided the largest increase in total departmental spending this century. It considered that given that the work of government and delivery of public services consisted in large part of people's hard work, expertise and skills, the FDA would expect much of this increased funding to be used for pay to ensure that departments can recruit and retain the right number of staff with the right skills.
- E.13 The FDA presented mounting evidence that many of the most significant risks to government plans and commitments including efforts to control their costs were the result of gaps in civil service skills and expertise. The FDA said that attempting to find fiscal savings by holding down the pay of civil servants was a counterproductive false economy. It added that a government concerned with affordability should be seeking to redress growing deficits relative to the cost of living and relevant private and public sector comparators, as a matter of urgency.
- E.14 The FDA said that HM Treasury had identified no evidence or analysis to justify its suggestion that public sector pay awards could exacerbate inflationary pressures across the economy, and that the government had admitted that there was uncertainty around the magnitude of any such effect. The FDA

argued that real evidence or expert opinion that wages, and in particular public sector wages, risked fuelling further price increases in the current context was extremely hard to find.

The economy and labour market

- E.15 **HM Treasury** said that ensuring inflation fell back to target was the number one priority for Government. It said that inflation was forecast to have peaked and was expected to fall to 5.5% on average across the financial year ending 2024. HM Treasury also reported that: positive recruitment and retention trends in the public sector over the COVID-19 pandemic were starting to unwind; high levels of vacancies were an economy-wide phenomenon, which were expected to ease as the labour market loosened; and the Office for Budget Responsibility (OBR) expected unemployment to rise.
- E.16 The NCOA reported that the most recent data from the Office for National Statistics had shown that the cost of living continued to rise consistently by around 7%. The NCOA highlighted that food and energy prices had also been rising markedly over the past year, and that prices of consumer goods and services in the UK had risen by 9.6% in the year to October 2022, the fastest rate in four decades.
- E.17 The **PCS** said that the last two years had been unprecedented, with inflation peaking at 11% and only now falling back to 6.8%. It said this was having an impact on its members with the delayed effect of increased mortgages, food and travel costs. It also reflected that others would have been hit by rent rises and higher costs associated with student loan repayments.
- E.18 The **FDA** reported that inflation as measured by the Consumer Prices Index was 6.4% at 31 July 2023. It highlighted that although the rate of inflation had fallen, prices were still rising steeply, and the rate of increase for food and non-alcoholic beverages was 14.9%. The FDA considered that while gas and household bills had decreased, this was from record highs last year and there was some evidence that gas prices would increase by more than forecast in January 2024.
- E.19 The FDA cited the announcement by the former chancellor at the 2021 Spending Review that public sector pay growth should retain broad parity with the private sector over the next three years. The FDA highlighted that the latest Average Weekly Earnings figures showed that a long-term trend of public sector pay falling behind the private sector had strongly reasserted itself. It cited the Average Weekly Earnings figures for the three months from August to October 2022 which showed 2.7% growth in the public sector and 6.9% in the private sector – among the largest differences seen in growth rates.
- E.20 The FDA said the OBR expected private sector earnings growth to remain well above historic norms in 2023, and had forecast whole economy earnings growth at 4.2% in its November 2022 Economic and Fiscal Outlook. The FDA reported that the median of independent forecasts in the three months to December 2022 was higher at 4.6%, with several organisations forecasting above 5%.

E.21 The FDA said that data from XpertHR had shown median awards in the private sector remaining at or above 4% throughout 2022. The FDA also cited forecast data from XpertHR which suggested that pay settlements in 2023 were likely to remain high, with median awards at 5% and the highest reaching 15%.

NCA earnings and pay comparators

- E.22 The NCA explained that its standard pay ranges had been adopted from the Serious and Organised Crime Agency (SOCA, one of the NCA's precursor departments). These had been introduced in 2006 and the minima and maxima had been based on market rates and adjusted to recognise flexibility and mobility. The NCA said that, when introduced, the pay ranges were aligned to HM Customs and Excise (now HM Revenue and Customs), police ranks, police staff, UK Immigration Service (now Border Force) and the National Criminal Intelligence Service (a SOCA precursor). It also said there had been an underlying assumption that officers would reach the maxima or target rate after 10 years of satisfactory and effective service.
- E.23 The NCA highlighted that the retention of pay progression within the police, and the removal of pay points from the constable pay scale, meant that the NCA pay ranges were now misaligned to the police comparators with which they had been originally set up to maintain pace.
- E.24 The NCA said that the range of skillsets and specialisms it needed to fulfil its mission were widely sought after in a range of market sectors including the police, the UK intelligence community, the civil service and the private sector. The Agency therefore required pay arrangements that could support both recruitment and retention of a very broad range of skills against a wide range of competitors, each of which priced labour differently.
- E.25 The NCA explained that there was not a single dominant private sector company or market that it recruited from, but that reliance on recruitment of skills only readily available in the private sector was a major feature of the Agency, due to its large number of technical and specialist roles. It said that for most roles above Grade 4, the price of labour was generally much higher for the private sector and the police than the civil service.
- E.26 The NCA provided comparisons of its pay against the civil service and the police. It highlighted that the Agency compared favourably with the civil service, but lagged far behind police pay. However, the NCA went on to explain that for specialist functions there was a high difference in overall remuneration between the Agency and some civil service departments.
- E.27 The **FDA** said that the NCA delivered a prominent role in combatting the challenge posed by serious and organised crime to security and therefore it was appropriate to compare the position of NCA staff with similar roles in the police and other law enforcement agencies, particularly as many NCA staff would work in teams with police staff.
- E.28 The FDA cited a 2015 report by the Hay Group (now Korn Ferry) which said that civil service salaries lagged behind the private sector at all levels. The FDA reported that these gaps had worsened in the years since. The FDA considered

that arguments by the NCA that its pay compared well against other civil service departments were not persuasive given the poor relative position of the civil service in competing for the skills the NCA needed.

- E.29 The FDA highlighted significant disparity in pay levels between senior NCA officers and their comparable grades in the police service. Furthermore, it said that the disparity had got wider since 2016, and the police scales continued to allow incremental progression.
- E.30 The NCOA reported that the Agency accepted that it must at least match police pay. The NCOA said there was a significant and widening gap between NCA and police pay, which had to be addressed if the Agency was to be able to recruit and retain experienced mid-career law enforcement professionals.
- E.31 The **PCS** highlighted that the police service had contractual pay progression, and that the NCA needed the same to compete for staff retention and attraction.

Workforce, recruitment and retention

- E.32 The **Home Office** said that staffing and recruitment was a key component of the Agency's future growth. The requirement to increase pay compensation for existing officers needed to be carefully balanced with the impact on the Agency's budget and its staffing aims.
- E.33 The NCA emphasised that the biggest risk to the Agency and its mission was its ability to attract, retain and develop its highly skilled workforce. It reported that for the third consecutive year the workforce was unlikely to grow as recruitment was being matched by attrition.
- E.34 The NCA explained that it took considerably longer than most organisations to recruit staff because of the need for vetting. It said that simply attracting the right skills was not enough, it had to attract staff who had the right skills and could pass the highest vetting standards in the UK. Furthermore, the NCA explained that vetting requirements amplified the effect of turnover in the NCA, as 40% of candidates had withdrawn in 2022/23 due to the long recruitment and vetting processes.
- E.35 The NCA reported that it needed to attract candidates from a more diverse set of labour markets than other organisations. It said that, across the entire workforce, it recruited roughly a third of staff from policing, a third from the private sector and a third from the civil service, with a higher proportion from enabling capabilities in the civil service, and from operational policing roles.
- E.36 The NCA said it required a blend of home-developed and police-developed experience. There was currently a clear gap in the middle of recently trained NCA recruits and end-of-career police officers, which the Agency recognised needed to be filled with more mid-career serving officers from the police. It explained that the most prevalent recruitment need was for more serving sergeants and constables (equivalent to NCA Grades 4 and 5) to reduce the high percentage of NCA officers close to retirement. The Agency also said it needed to recruit in greater numbers to fill the vacancies in operational roles, where turnover was higher than the level in policing.

- E.37 The NCA reported that its turnover was higher than for policing and the civil service. Overall turnover in the NCA was at 9.7%, while police forces had overall turnover of 5.9%, and the civil service at 8.9%. The NCA said it was facing significant retention issues within the enabling capabilities commands, with the highest turnover within Change, Legal and Digital, Data and Technology.
- E.38 The NCA reported that it had recruited 534 new officers in 2022/23, but that 400 roles had been left vacant, accounting for 6.6% of the Agency. It said that the conversion rate of filling advertised roles was 60%, and explained that the remaining 40% of vacancies remained unfilled due to: the absence of any appointable candidate; candidates declining job offers; candidates failing pre-employment checks; and candidates withdrawing during the long vetting process.
- E.39 The **PCS** told us that the NCA had used its pay reform model in an effort to improve recruitment and retention. However, the PCS said that recent figures showed the improvement had only been small in the largest two directorates, so did not reflect success.
- E.40 The **NCOA** said that the Agency had been unable to increase the size of its workforce in the past three years, with recruitment barely matching attrition.
- E.41 The NCOA reported that Agency data showed that NCA staff on spot rates were less likely to leave, and in most cases, were more easily recruited.
- E.42 The NCOA said that the NCA had an aspirational headcount of 6,000 officers. The NCOA's data showed 5,434 permanent officers on 1 January 2022 and 5,413 on 1 January 2023 despite a period of sustained and aggressive recruitment.
- E.43 The NCOA told us that role-critical vacancies were being filled by contractors who cost \pounds 20,000 more than permanent employees. It also highlighted that the current Agency model of continual recruitment was no longer sustainable as it was barely covering the attrition. Furthermore, the attrition rate was higher than in policing and rose to 30% for some hard-to-fill roles.

Motivation and morale

- E.44 The NCA reported that, despite their passion for the mission, its workforce had told it through the People Survey, and in every face-to-face forum, that they were increasingly demoralised and preoccupied by the pressures caused by the higher cost of living, and by structural constraints in the pay and reward structures that meant their skills could be more highly compensated elsewhere.
- E.45 The NCA said that a strong link between employee engagement and productivity and delivery was well established, as was the link between dissatisfaction and perceptions of unfairness in pay with employee disengagement. It explained that NCA officers and trade unions were considerably dissatisfied with pay levels in the Agency, and this was causing increasing risks of industrial action and had already resulted in the withdrawal of goodwill.

- E.46 The NCA highlighted that its 2022 People Survey results showed a drop of 12 percentage points for satisfaction with pay and benefits within the Agency, and that it was 6 percentage points lower than the civil service average of 28%. It noted that these were the joint lowest scores ever for officer satisfaction on pay and benefits for the Agency, equalling the 2014 People Survey response. The NCA also said that overall engagement was down from the previous year and was 6 percentage points below the civil service average.
- E.47 The **PCS** said that the uncertainty surrounding the start of the 2023 pay round until September 2023 was very concerning for its members. It was the second successive year in which they had experienced delayed recognition of their efforts and last-minute pay settlements. The PCS expected NCA staff to express their disappointment in the 2023 People Survey and to highlight the continuing trend of decreasing morale and goodwill.
- E.48 The PCS said that withholding payment in the NCA of the £1,500 one-off payment to civil servants was having a detrimental effect on staff morale.
- E.49 The PCS reported that NCA staff surveys showed that even after seven years of pay reform in the NCA, most NCA officers did not feel their pay was reasonable. Results from the 2022 survey had been down on the previous year and below the civil service average. The PCS also said that the main reason given in the staff survey for intending to leave the NCA was to obtain better pay.
- E.50 The NCOA told us that the delays to the 2022 pay process had led it to conduct an indicative survey of its members. This had shown that had its members with powers been able to strike, they would have. The survey findings led to NCOA members withdrawing their goodwill from February 2022. The NCOA added that goodwill had been withdrawn again from 25 August 2023, as a result of delays to the 2023 pay round.
- E.51 The NCOA reported that the ability of some recruits to match their current salary when they joined the NCA had caused resentment among NCOA members observing that less experienced officers joined on a higher salary.

Relevant legal obligations on the NCA

- E.52 The NCA said that 59% of officers on the standard pay ranges were at or near the minima of the pay scale with no opportunity for progression. It explained that, where possible, it would pay a higher rate within the pay band at recruitment to ensure the Agency could recruit the skills it needed. However, the NCA explained that this did not help with the existing workforce and it was conscious of a potentially growing equal pay risk.
- E.53 The NCA reported that a larger proportion of officers at the top of the pay ranges were older white male officers and a large proportion near the minima had a different gender, age and ethnicity profile (more female, younger and ethnically diverse). The NCA said that the lack of a competence-based pay model was a significant cause of the widening gender pay gap within the NCA.

Appendix F – The NCA pay ranges, spot rates and allowances for the 2022/23 pay year

The pay ranges, spot rates, and allowances for the 2022/23 pay year that are within our remit are set out below:

Standard pay ranges

Grade	Minimum	Maximum
G1	£70,179	£85,788
G2	£57,640	£70,403
G3	£47,380	£58,004
G4	£38,642	£46,812
G5	£30,740	£39,648
G6	£22,950	£28,904

Spot rates (SR)

Grade	SR1	SR2	SR3	SR4
G1	£72,485	£78,208		
G2	£62,890	£67,835	_	-
G3	£47,380	£50,880	_	-
G4	£42,109	£45,605	£47,426	-
G5	£34,672	£36,037	£38,314	£39,831

Allowances

Allowance	Rate	
London Weighting Allowance	£3,595 per annum	
South East Allowance	£2,876 per annum	
Overtime ²⁷		
 In excess of weekly contracted hours 	Time and a half	
 Rest day and bank holiday working with less than 14 days' notice 	Double time	
Shift Allowance	20% of basic pay	
On-call Allowance ²⁸	£25.28 per period	

 ²⁷ Overtime is only payable to officers on the standard pay ranges in Grades 3-6 and officers on spot rates in Grades 4 and 5.
 ²⁸ On-call Allowance is only payable to Grades 3-6.

Appendix G – Recommended NCA pay ranges, spot rates and allowances for the 2023/24 pay year

The recommended pay ranges, spot rates, and allowances for the 2023/24 pay year that are within our remit are set out below:

Standard pay ranges

Minimum	Maximum
£75,092	£91,793
£61,675	£75,331
£50,697	£62,064
£41,347	£50,089
£32,892	£42,423
£24,557	£30,927
	£75,092 £61,675 £50,697 £41,347 £32,892

Spot rates (SR)

SR1	SR2	SR3	SR4
£77,559	£83,683	-	_
£67,292	£72,583	_	-
£50,697	£54,442	_	-
£45,057	£48,797	£50,746	-
£37,099	£38,560	£40,996	£42,619
	£77,559 £67,292 £50,697 £45,057	£77,559£83,683£67,292£72,583£50,697£54,442£45,057£48,797	£77,559£83,683-£67,292£72,583-£50,697£54,442-£45,057£48,797£50,746

Allowances

Allowance	Rate	
London Weighting Allowance	£3,847 per annum	
South East Allowance	£3,077 per annum	
Overtime ²⁹		
 In excess of weekly contracted hours 	Time and a half	
 Rest day and bank holiday working with less than 14 days' notice 	Double time	
Shift Allowance	20% of basic pay	
On-call Allowance ³⁰	£25.28 per period	

 ²⁹ Overtime is only payable to officers on the standard pay ranges in Grades 3-6 and officers on spot rates in Grades 4 and 5.
 ³⁰ On-call Allowance is only payable to Grades 3-6.

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