

National Crime Agency Remuneration Review Body

Ninth Report 2023

Executive Summary

Chair: Zoë Billingham CBE

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.

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]

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

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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.