

National Crime Agency Remuneration Review Body

TENTH REPORT 2024

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

July 2024



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www.gov.uk/ome

ISBN 978-1-5286-5069-4

E03164398 07/24

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

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/system/uploads/attachment_data/file/578090/Public Appointments Governance Code .pdf. [Accessed on 18 June 2024]

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List of Abbreviations

AWE Average Weekly Earnings
CPI Consumer Prices Index

CPIH Consumer Prices Index including owner occupiers' housing costs

GDP Gross Domestic Product

HR Human Resource

IDR Incomes Data ResearchILO International Liaison Officer

LFS Labour Force Survey

LRD Labour Research Department
MPS Metropolitan Police Service

NCA National Crime Agency

NCARRB National Crime Agency Remuneration Review Body

NCOA National Crime Officers Association

NHS National Health Service

NITA Northern Ireland Transitional Allowance

OBR Office for Budget Responsibility
ONS Office for National Statistics

PAYE Pay As You Earn

PCS Public and Commercial Services Union

PSNI Police Service of Northern Ireland

RRA Recruitment and Retention Allowance

RTI Real Time Information

SOC Serious and Organised Crime

SR Spot Rate

UK United Kingdom



Foreword

This is our Tenth Report to the Home Secretary on National Crime Agency ('NCA' or 'the Agency') pay. The Home Secretary's remit letter of 20 December 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.

In our previous reports, we highlighted that the NCA needs a 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. We urged 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. However, we continue to be concerned that based on the evidence we have received in recent years regarding the organisational constraints the NCA has faced in attempting to reform pay, it will not be possible for the Agency as currently constituted to undertake the pay reform it needs. We again suggest that a different organisational form for the NCA should be considered which strengthens the Agency's leadership role within the serious and organised crime-fighting community by enabling it to act flexibly to establish a single unified pay structure in order to recruit and retain the staff with the skills it requires.

Alongside the formal evidence we received for the 2024 pay round, the NCA shared with us a high-level summary of its pay reform proposals. This was embargoed so we are unable to comment in detail on the substantive proposals. However, we remain concerned that the Agency's ambitions for reform have been constrained by the framework in which it currently operates. The Serious and Organised Crime Strategy 2023-2028 describes this form of crime as a major threat to national security. The Government will want to satisfy itself that the NCA's proposals for pay reform are sufficiently ambitious to enable the Agency to recruit and retain the staff it needs in order to lead the law enforcement community in tackling this threat including the international dimension that underpins it.

An organisation's pay strategy should be set in the context of its organisational and HR strategies. In our report, we recommend that the NCA redesigns its 'job architecture' so that it can equip itself for the 21st century. The job architecture is the structured framework which classifies the roles in an organisation according to each role's contribution to the organisation's goals and needs. The redesign should reflect the full requirements of the Agency and the NCA should also seize the opportunity to strengthen equality and diversity. This work needs to be done quickly. Once a framework is established it can be used to determine grading bands and pay levels. It can also provide the basis for external comparison. Further delays are not acceptable especially given the inequality implications of the current pay structure with 60% of officers stuck at the bottom of the pay ranges. Existing structures also have operational and financial consequences: NCA recruitment is constrained and over £92 million a year – over 10% of the NCA's total budget – is being spent on contingent labour and professional services. Any proposals must be in tune with developments in the labour market on issues such as contracted hours.

We also remain sceptical that real change will be cost neutral. Pay reform proposals based on contract change will need to deliver real benefits to staff if they are to be accepted. Our

report also highlights that a robust stakeholder management and communication plan is required as the 'drip feeding' of information to staff is unhelpful.

Our 2024 remit letter asked that we have regard to the NCA's proposals for pay reform; however, the absence of detailed information on these proposals has meant that it has not been possible for us to align our recommendation for a pay award for 2024/25 with the NCA's pay reform proposals to create a coherent package for change.

In our 2022 and 2023 Reports, we highlighted the unusual volatility of the economic climate and expressed concern about the impact of the rising cost of living on NCA officers especially the lower paid. As we complete our 2024 Report, the annual Consumer Prices Index (CPI) rate for April 2024 was 2.3% and CPI including owner occupiers' housing costs (CPIH) was 3.0%. However, the financial hardship experienced by many officers will continue, as most prices have not fallen and the impact of the last few years' economic instability on mortgages and other loans is still being felt. This will affect officers' morale and motivation.

Over the last decade, there has been a significant increase in the gap between private and public sector pay. This risks undermining the ability of the NCA to recruit, retain and motivate the range of high-calibre officers with the skills it needs. Pending the review of job architecture that we have recommended, we continue to regard the police service as the primary comparator for the NCA. The trade unions and the employers have emphasised that the pay award for NCA officers for 2024/25 must as a minimum match that of the police service. We have given weight to the need of the Agency to recruit police officers at all levels to secure the range of skills it needs. While the Government's policy to cap civil service headcount means that the NCA is only authorised to grow by a limited amount, salaries need to be sufficiently attractive for recruitment to cover attrition. The NCA's overall attrition rate is comparable with many public and private sector organisations but there are key gaps in certain NCA capabilities and it requires certain niche skills.

Therefore, in reaching a pay recommendation for 2024/25, we considered developments in private sector pay and a wide range of other factors. Annual growth in Average Weekly Earnings excluding bonuses was 5.9% in the private sector in the three months to March 2024. Median pay settlements, which HM Treasury described as the most comparable data to Pay Review Body decisions, were around 5.0% in the three months to April 2024.

We also gave weight to the fact that NCA officers with powers are prohibited from taking industrial action. We considered the implications for the NCA of the pay settlements that have been offered by the Government to parts of the public sector following industrial action, including to consultants and specialists in the NHS. Those settlements also suggest that funding arrangements can be flexible. The NCA has told us that there is 5% in its budget for a pay award in 2024/25.

Given these factors, and considering all our terms of reference, we conclude that an annual pay uplift of 5% for all officers in our remit group is the most suitable approach for 2024/25. It is our strong expectation that this award should be applied to all NCA officers, both powered and non-powered.

This award is slightly above the pay award recommended by the Police Remuneration Review Body for police officers in England and Wales in 2024/25. It recognises both the invaluable work of NCA officers and the gap between their pay and that of police officers in similar roles. It also signals the urgent need to address pay reform. We remain concerned

about the lowest paid NCA officers and we expect the Agency will examine starting pay as part of its reform package.

Finally, we welcome the return to a more normal timetable for the NCA pay round this year. The delays to the NCA pay award in 2022 and 2023, which resulted in NCA officers receiving their annual pay awards six months late in both those years, have had a damaging impact on morale. Reform must ensure such delays do not occur again.

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

20 June 2024



NATIONAL CRIME AGENCY REMUNERATION REVIEW BODY

Tenth Report 2024

Executive Summary

Our 2024/25 recommendations (from 1 August 2024):

- The NCA should redesign its job architecture and evaluate all roles to consider which grades and posts are comparable to police officers and which are comparable to the civil service, police staff or the private sector.
- A consolidated pay award of 5% 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 5%.
- An increase of 5% to the London Weighting Allowance and South East Allowance for all NCA officers within our remit group.
- The allowances of NCA officers in Northern Ireland should be reviewed by the NCA with a view to those NCA officers who are subject to similar risks to Police Service of Northern Ireland (PSNI) officers receiving the same allowance as PSNI officers.
- 1. We received the Home Secretary's remit letter on 20 December 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 welcome the return to a more normal timetable for the NCA pay round this year and set out highlights from our 2024 visits programme.
- 2. The threat from serious and organised crime continues to evolve and despite the efforts of UK intelligence and law enforcement agencies continues to increase. It has a pervasive and corrosive impact on people's lives. The changing threat, rapidly evolving technology and the global context means the NCA's mission to protect the public is even more challenging than it was before. The Government's updated Serious and Organised Crime Strategy: No Place to Hide, sets out the critical role the NCA has to play in setting a clear, strategic and operational direction and developing shared capabilities. The strategy describes this form of crime as a major threat to national security and explains that it is usually underpinned by an international dimension.
- 3. In Chapter 2 we note that we while we are aware that a business case setting out the NCA's proposals for pay reform has been submitted to central government, no details of the NCA's proposals were included in the evidence submitted to us for this

pay round. We point out that we only received an embargoed high-level summary of the proposals which means we are unable to comment in detail on the substantive proposals or endorse them. We reiterate our concerns regarding deficiencies in the NCA's current pay systems and the implications for equality. We emphasise, as we have done in previous reports, that parties need to be ambitious and agree comprehensive solutions that will deliver a unified pay structure for NCA staff. We also set out our concerns that the current pay reform proposals have been constrained by the current framework within which the NCA is operating. We reiterate our view that a new organisational form for the NCA may be required to enable reform to take place.

- 4. We urge the Government and other parties to consider whether the current pay reform proposals are sufficiently ambitious to enable the Agency to acquire the capabilities it needs to counter the current threat from organised crime. We recommend that the NCA redesigns its job architecture, which is the structured framework which classifies the roles in an organisation according to each role's contribution to the organisation's goals and needs. We advise that this should be done within the overall framework of the NCA's organisational and HR strategies, refreshed as necessary to reflect the Agency's full requirements. We point out that once a framework is established it can be used to determine grading bands and pay levels. It can also provide the basis for external comparison. We also ask that this work should include evaluating all roles to consider which grades and posts are comparable to police officers and which are comparable to the civil service, police staff or the private sector. The NCA should also seize this opportunity to strengthen equality and diversity within the Agency. We strongly encourage the Home Office, HM Treasury and other central government departments involved in considering the NCA pay reform proposals to facilitate the NCA in taking this work forward as a matter of urgency to enable the Agency to commence implementation of a reform programme in 2024. We also observe that the Police Remuneration Review Body has recommended a Comprehensive Review of police remuneration in advance of the next Comprehensive Spending Review. We urge the Agency to actively engage with that work as it develops to identify any implications and appropriate opportunities for convergence. We also urge the Agency to develop a robust communication and stakeholder management plan for pay reform.
- 5. We then summarise the issues we took into account in making our recommendation for a basic pay award for NCA officers in 2024/25 and for changes to NCA allowances. We focus first on the performance of the economy. The chapter sets out changes to inflation since officers were last due to receive their pay award for 2023/24 on 1 August 2023. The Consumer Prices Index rate of inflation was at 6.7% in the year to August 2023, and was 2.3% in the year to April 2024. Although the rate of inflation is falling, most prices, with the exception of energy prices, have not. We observe that higher mortgage rates mean the lowest paid NCA officers are still

- facing significant financial pressure as the result of the substantial increase in the cost of living over the last couple of years.
- 6. We explain that pending the NCA's redesign of its job architecture and the evaluation of all roles, we continue to view 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. We consider the implications for the NCA of the Government's policy to cap civil service headcount and we emphasise the need for salaries to be sufficiently attractive for recruitment to cover attrition. While the NCA's overall attrition rate is comparable with many public and private sector organisations, we recognise the key gaps in certain NCA capabilities and its requirement for certain niche skills.
- 7. We point out that in the absence of detailed evidence of the pay reform proposals means that, in spite of the request we received in our 2024 remit letter that we have regard to the NCA's proposals for pay reform, it has proved impossible to align our recommendation for a pay award for 2024/25 with the pay reform proposals to create a coherent package for change.
- 8. After taking the above factors into account including the economic situation, recent public sector pay settlements, our analysis of recruitment and retention, affordability, the prohibition on powered officers taking industrial action, the increasing gap between NCA and police pay, the importance of the Agency's 'One NCA' policy. motivation and morale, we conclude that an annual pay award in 2024/25 of 5% across all grades is a suitable approach. We recommend that London Weighting Allowance and the South East Allowance be uprated in line with basic pay. We note that it is our strong expectation that this award should be applied to all NCA officers, both powered and non-powered. We also explain that in advance of the fundamental reform of NCA pay, which we have emphasised must be taken forward as a matter of urgency, this award recognises the increasing monetary gap between the pay of NCA officers and that of police officers in similar roles. We point out that the award signals the urgent need to address pay reform if the NCA is to be able to recruit and retain the range of high-calibre candidates it requires. We observe that this award is slightly above the pay award recommended by the Police Remuneration Review Body for police officers in England and Wales in 2024/25.
- 9. We note the increases to police starting salaries in recent years and highlight our concerns about the lowest paid NCA officers. We highlight our expectation that the NCA will examine starting pay as part of its reform package. We state that we will return to the issue of NCA starting salaries in the next pay round, once we have had an opportunity to consider the NCA's pay reform proposals in their entirety. We also recommend that the allowances of NCA officers in Northern Ireland should be reviewed with a view to those NCA officers subject to similar risks as PSNI officers receiving the same allowance as PSNI officers.



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 Tenth 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 2023 Report

1.2 Our Ninth Report was submitted to the Home Secretary on 19 December 2023 (Appendix A), which was many months later than usual due to late receipt of our remit letter in August 2023³. We reiterate our concerns about the significant delays to last year's pay review process and welcome a return to a more normal timetable for the NCA pay round this year.

Our recommendations on pay, allowances and pay reform

- 1.3 Our 2023/24 recommendations (from 1 August 2023):
 - 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%.
 - An increase of 7% to the London Weighting Allowance and South East Allowance for all NCA officers within our remit group.

The Government's response to our Ninth Report

1.4 On 7 February 2024, the Home Secretary announced the Government's decision on pay for the NCA in 2023/24 and published our report. The Home Secretary explained that the Government had accepted our recommendations in full and that the pay award would be fully funded within the NCA's existing budget.

³ As we explain in Chapter 1 of our 2023 report, our Eighth Report for 2022/23 was submitted to the Home Secretary on 31 May 2022 but it was not until 23 February 2023 that we received the Government's response. We then received our remit letter for 2023/24 in August 2023 (15 days after NCA officers should have received their 2023/24 pay award). We received the trade unions' written evidence for the 2023/24 round in late September or early October 2023. However, the written evidence from the NCA and Home Office was not received until 13 November 2023 with subsequent oral evidence sessions. Consequently, the 2023 NCARRB report was not submitted to the Home Secretary until 19 December 2023.

Our remit for 2024/25

- 1.5 We start work each year on the basis of the remit letter received from the Home Secretary. This year was unusual in that we received our remit letter for 2024 before the 2023 pay round had concluded.
- 1.6 We received the Home Secretary's remit letter on 20 December 2023 (Appendix B) asking us to commence the 2024/25 pay round. The Home Secretary asked us to take account of both those with and without operational powers in our annual review process of the NCA workforce.
- 1.7 In considering our recommendations for 2024/25, we were asked to have regard to the following:
 - the proposals for pay reform as set out in the NCA's workforce strategy;
 - the Government's inflation target;
 - the Civil Service Pay Remit guidance which would be published in due course;
 and
 - improvements made within the last year, to the Agency's productivity and workforce efficiencies.
- 1.8 The Home Secretary's remit letter also asked us to consider:
 - that the NCA continued to develop its 'One NCA' policy and regarded it of utmost importance that all its staff were compensated equitably;
 - the importance of pay awards striking a careful balance in recognising the vital importance of public sector workers, while ensuring affordability and delivering value for the taxpayer;
 - that while the outcome of the 2023/24 pay round for the NCA was still awaited, in general, the Pay Review Bodies had for 2023/24 recommended historically high pay awards for their respective workforces in light of the extraordinary macroeconomic context; and
 - that it was vital that Pay Review Bodies consider the Government's affordability position that would be set out further in written evidence, and in the case of the NCA, the final outcome of the 2023/24 pay round when known.
- 1.9 The Home Secretary asked us to submit our report by June 2024.

Our approach to the 2024/25 pay round

- 1.10 We have reached our recommendations and made observations this year following our close examination of 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

- 1.11 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;
 - the Home Office:
 - the NCA;
 - the National Crime Officers Association (NCOA);
 - the Public and Commercial Services Union (PCS); and
 - the FDA
- 1.12 We held a series of oral evidence sessions with the parties in May 2024. These were attended by the Minister for Security (accompanied by Home Office and HM Treasury officials), the NCA (accompanied by HM Treasury officials) and representatives from the NCOA, PCS and FDA.

Visits to the NCA

- 1.13 In March 2024, we conducted two visits: an in-person visit in London attended mainly by NCA officers based in London and the South East and a set of virtual discussion groups with officers based elsewhere in the UK and overseas.
- 1.14 Powered and non-powered officers took part in our in-person visit and remote discussion groups. Altogether, we heard from over 60 officers in Grades 1 to 6 carrying out a wide range of functions within the Agency. We are grateful to all those who took the time to organise and participate in these visits.
- 1.15 We see these visits as an essential part of our evidence gathering as they allow us to enhance our understanding of: the evolving NCA role; officers' views of the Agency's ambition to be at the pinnacle of law enforcement; the challenges faced by officers; officers' pay priorities, including their response to pay reform; and factors influencing recruitment, retention and motivation. Key points from our visits included:
 - Compared with the 2023 visit, the officers' sense of alarm around pay had lessened somewhat. They now seemed a little more resigned, but still expressed disquiet at proposals to reform their general pay arrangements.
 - The biggest theme was the absence of pay progression and its unintended consequences, such as officers stuck for too long at the same salary seeking

- promotion prematurely as the only way to increase their pay. It was felt that simply removing spot rates and restoring pay progression in the NCA could radically improve morale.
- The current pay system had many perverse effects: in the absence of a system of pay progression, new recruits expecting to progress up the pay range found they were stuck on the starting rate. Unlike internal candidates who were placed on the bottom of the pay range on promotion, external candidates were able to negotiate a higher starting salary. This meant that as external candidates had the opportunity to negotiate their starting salary they tended to start on a higher level in the pay range, while existing colleagues, often with more knowledge, skills and experience, received lower pay.
- The NCA's mission was strong and anchored many officers to the organisation.
 There was a real sense of pride in the work of the Agency and the difference it made to protection levels for the UK population.
- The 2023/24 7% pay award had been well-received overall and there seemed to be minimal negativity about the non-payment of the £1,500 one-off payment.
 Officers noted that this was the second year in which they had received a consolidated pay award in excess of the civil service pay settlement.
- Officers were well-informed on their own allowance entitlements, as well as on the higher allowances received by police officers, particularly if co-located with police forces.
- There was a strong sense that, on principle, NCA officers with powers should have parity of pay with police officers but this was not being delivered.
- There was a lack of career progression for specialists in the NCA. The absence
 of a development programme for talented officers was also mentioned.
- Upward grade drift was detected at senior levels and a sense of disempowerment in more junior grades.
- The uncertainty experienced by officers over the delay with the 2023/24 pay award affected them in practical ways and could have been mitigated by better communication.
- The NCA's reliance on more highly paid outsourced contingent labour was frustrating because it was seen as a proxy for paying the going market rate for its own staff.
- The temporary nature of Recruitment and Retention Allowances (RRAs) and the annual review of these was a cause of concern for the recipients.

Environment for our considerations

1.16 The work of NCA officers is important, difficult, complex and sometimes dangerous.

The Government published its updated Serious and Organised Crime Strategy

2023-2028: No Place to Hide, in December 2023 setting out the five lines of action needed to protect UK citizens from serious organised crime. It requires the NCA to lead and coordinate the UK's law enforcement response to the serious organised crime threat, by setting a clear strategic and operational direction, driving efficiencies and disrupting the growing threat from high-harm organised crime groups. We would like to acknowledge our remit group for their invaluable work in protecting the nation. We would also like to express our gratitude to all the parties for engaging with us this year and for the high quality of their input, particularly from the representative groups.

Chapter 2 – Pay Reform, Pay Proposals and Recommendations for 2024/25

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, NCA workforce, and morale and motivation (Appendix D), and the evidence that we received relating to our standing terms of reference (Appendix E).

Our observations last year

- 2.2 Last year we once again highlighted that we had been making observations on pay reform since 2016. We said that fundamental change was still needed. We set out the key challenges the Agency faced in terms of the length of pay scales, the lack of progression and the growing gap between the pay of the Agency and its comparators. We explained that we remained very concerned about the implications of the current pay structure for equality. We drew attention to our analysis which showed that the median gender pay gap was higher in March 2022 than in 2017.
- 2.3 We expressed our disappointment that 2023/24 was another transitional year. We said that we were extremely concerned to learn from the NCA that fundamental pay reform would be further delayed. In response to the NCA's proposal to conduct a feasibility study into a competence-based pay system, we pointed out that it was for the NCA to decide what it needed in terms of pay reform in order for it to deliver a fully capable force to counter organised crime. However, we emphasised that, given the recruitment challenges the Agency faced, change was needed guickly. We advised that the NCA should be ambitious and set out a clear vision of what was needed and observed that comprehensive solutions rather than small adjustments were needed. We said that a single pay structure and set of terms and conditions were required. We suggested that the work should include a consideration of how the gap with police pay could be closed. We also said that we hoped to see the trade union parties being fully involved in the development of the NCA's pay reform plans and we expressed the hope that the Agency's proposals would be fully supported by the Government.
- 2.4 We emphasised that further delays to pay reform were not acceptable. We again questioned why, given the NCA's key role within UK law enforcement and dynamic operational environment, it had not been able to secure the resources it needed to accelerate the pace of change. We judged that there would only be 'One NCA' if there was a unified pay structure for all staff.

- 2.5 We urged 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 had received in recent years regarding the organisational constraints the NCA had faced in attempting to drive forward pay reform, we judged that it would not be possible for the Agency as currently constituted to undertake the pay reform it needed to truly become 'One NCA'. We observed that having 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 required.
- 2.6 Finally, we stated that we did not support the NCA's plans to expand the number of spot-rated roles from August 2024. We were concerned that this would further complicate a complex pay structure and perpetuate the current inequalities within the pay system.

Operational context for the 2024/25 pay round

- 2.7 The Home Office and NCA explained that the threat from serious and organised crime continued to evolve and, despite the efforts of UK intelligence and law enforcement agencies, continued to increase. They also described the pervasive and corrosive impact of organised crime on people's lives. The NCA reported that the changing threat, rapidly evolving technology and the global context meant its mission to protect the public was even more challenging than it was before. The Home Office pointed out that the Government's updated Serious and Organised Crime Strategy: No Place to Hide, set out the critical role the NCA had to play in setting a clear, strategic and operational direction and developing shared capabilities.
- 2.8 The NCA told us that the specialist skills it required were not unique to the NCA. However, it explained that what did make the NCA unique was the breadth and diversity of skills which it drew from across three primary market sectors (civil service, police and private sector) to enable the organisation to deliver its end-to-end mission and system leadership role. It pointed out that it needed experienced officers to operate effectively at the high end of high harm. The NCA outlined its complex recruitment challenges and the significant retention issues it was facing in some areas of the organisation. It explained that continuous recruitment placed additional burdens on teams carrying vacancies, where time was diverted to shortlist and interview candidates. It observed that unfilled vacancies disrupted ongoing investigations, and delayed key enabling projects and intelligence assessments for critical operations. This necessitated the use of contingent labour or the outsourcing of services at significant cost to the Agency.
- 2.9 The Home Office stated that staffing and recruitment remained critical to the future success of the Agency. It pointed out that the requirement to increase pay for

existing officers needed to be carefully balanced against the impact on the Agency's budget and its staffing aims, particularly in light of the vacancies the Agency was carrying. It said that it must also be set in the context of the Government's policy to cap the number of civil servants, as announced by the Chancellor on 2 October 2023. The Home Office told us that the Agency was working with partners across government to better understand what this meant for the NCA's headcount targets, but it was likely that previously planned growth would need to be curtailed, to some extent. In oral evidence, the NCA and the Home Office told us a small increase to the NCA headcount by March 2025 had been agreed.

Pay proposals

- 2.10 The NCA proposed that it should receive a pay award equivalent to the headline police pay award for 2024/25 to ensure the gap between the pay of NCA and police officers did not widen at least in percentage terms. The Home Office stated that it was supportive of the NCA's proposals. The FDA said that, as a minimum, NCA officers should receive a pay award that was in line with that for the police. The PCS told us it was seeking a cost-of-living rise with an inflation-proofed increase, plus pay restoration.
- 2.11 In support of their proposals, the FDA and PCS drew attention to the real-terms decline in public sector pay and the continuing gap between the pay of NCA officers and that of the police service. The FDA and PCS pointed to a report from the National Audit Office which had found that, across almost all civil service grades, real-terms median salaries had fallen since 2013. The PCS also highlighted the report by the Joint Committee on the National Security Strategy which asked the Home Office and HM Treasury to urgently revisit the funding available for NCA pay and progression.
- 2.12 With regard to this year's pay award, the PCS stated that the NCA had not been allowed to submit what it believed was needed for the Agency to ensure the recruitment and retention of staff. It noted the NCA's request for a pay award for 2024/25 that was in line with the police service but it pointed out that such an award would mean the pay gap would get wider in cash terms. The PCS stated that the same pay outcome for the NCA and the police required the Agency to receive the same percentage uplift as the police, plus some restoration increase while the NCA worked on pay reform. The PCS also told us it was seeking pay equality across departments and a living wage of £15 per hour.
- 2.13 The NCOA proposed the revaluation of the NCA pay ranges at Grades 1-5 in line with equivalent police officer ranks. It also sought the revaluation of NCA Grade 6 pay with a minimum starting salary of £28,000 and the assimilation of officers at the appropriate point in the updated range.
- 2.14 In oral evidence, the NCA and the Home Office emphasised the importance of delivering the 2024/25 pay award on time on 1 August 2024. The NCA explained

that was one of the reasons it was seeking a universal percentage uplift for all staff in line with the award for the police service. The Agency wanted to avoid a complicated pay award for 2024/25 that led to further delays. The NCA reported that a pay award of 5% was affordable for 2024/25, although anything above 2% would require reprioritisation within the Agency. The NCA said it had not requested a higher pay award for Grade 6 officers. It explained that there was only a relatively small number of officers at Grade 6 which meant that uplifting the pay of those officers would not significantly affect the affordability of the pay award. However, the NCA pointed out that while it would be good to raise the salaries of the lowest paid, Grade 6 was not the main recruitment pinch-point in the Agency. It told us that recruiting more experienced officers was the greater challenge and that recruitment at Grade 5 was the strategic problem.

- 2.15 In oral evidence, the Home Office confirmed that the NCA's budget for 2024/25 was broadly unchanged from 2023/24. It explained that 2% for pay growth in 2024/25 had been put in the budget at the last Comprehensive Spending Review. It highlighted the subsequent economic pressures resulting from the war in Ukraine, the higher-than-expected inflation and the historically high pay increases for the NCA in 2022/23 and 2023/24. It said that anything above a 2% pay award for the Agency in 2024/25 would present the NCA with some tough choices. The Home Office faced its own financial challenges and there were no additional resources it could draw on to assist the NCA. The Home Office underlined the valuable contribution made by NCA staff. However, it observed that a balance needed to be struck between pay and staffing levels which was not straightforward. It pointed out that reducing staff to fund pay would reduce capabilities and that would have operational consequences.
- 2.16 In oral evidence, the NCOA said that the minima and maxima of the NCA pay ranges for each grade needed to match those at the equivalent police rank. The FDA reiterated that, as a minimum, NCA officers should receive a pay award that was in line with that for the police. It highlighted the National Police Chiefs' Council's proposal that police officers should receive a 6% pay award in 2024/25. In its oral evidence session, the PCS emphasised that it would like the pay award to contain a pay restoration element. It suggested that this might be an additional 3% for Grades 4 to 6 and an additional 2% for Grades 1 to 3 on top of a pay award equivalent to that awarded to the police service.

Geographical allowances

2.17 Once again in its evidence the NCA highlighted the disparity between its London Weighting Allowance and the location allowances of the police. It proposed that London Weighting Allowance and South East Allowance should be uplifted by a higher percentage than the main pay award to reduce the gap with police allowances, particularly those offered by the Metropolitan Police Service (MPS).

- 2.18 In oral evidence, the NCA underlined its concerns about the widening of the gap between NCA and police location allowances if the MPS' proposed £2,000 increase in London Weighting was accepted by the Police Remuneration Review Body. It said that closing the gap between NCA and police geographical allowances would send an important signal to staff.
- 2.19 The NCOA expressed concern about the introduction of a South East Allowance which it explained only applied to officers at Chelmsford and Stevenage. It highlighted that the NCA geographical 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 South East England. It proposed that officers at all sites up to 25 miles from central London should receive £8,224 to match the MPS. The middle zone would comprise sites between 25 and 50 miles from central London and officers at those sites would receive an allowance of £3,825. It explained that the outer zone would cover sites in the South East that were more than 50 miles from central London. It said that officers at those sites should receive an allowance of £2,000 to bring them in line with the current police South East Allowance.
- 2.20 In oral evidence, the NCOA described the NCA's approach to location allowances as piecemeal. It said the zonal model it was proposing would 'future-proof' NCA geographical allowances in the South East. The FDA noted that other organisations had adopted a zonal system for location allowances.
- 2.21 The PCS recommended that all NCA offices in the South East should receive the South East Allowance. The PCS further proposed that the South East Allowance should be set at the same rate as the London Weighting Allowance. It also stated that the London Weighting Allowance should be a minimum of £5,000 per year in line with the national policy of the PCS.
- 2.22 The NCOA proposed that NCA officers based in Belfast should receive a geographical allowance aligned to, and which should subsequently track, the Northern Ireland Transitional Allowance (NITA) received by officers in the Police Service of Northern Ireland (PSNI). The PCS said that if the NCA security rating for Northern Ireland changes to 'SEVERE' it would expect the relevant security allowance be paid to all NCA staff based in Northern Ireland. It also stated that the situation in Northern Ireland should be monitored regularly and, on an annual basis, the employer should make a statement in its NCARRB submission regarding a local allowance.
- 2.23 The NCOA explained in oral evidence that an unfair two-tier system operated in Northern Ireland, where some NCA officers working with the paramilitary crime task force received a non-consolidated payment while the rest received nothing. The NCOA explained that even NCA officers not working with the task force worked

- regularly at PSNI sites with PSNI officers. The NCOA pointed out that PSNI officers received the NITA while most of their NCA colleagues received nothing extra.
- 2.24 The NCOA said that NCA International Liaison Officers (ILOs) worked in fixed-term posts to further the NCA and wider Government interests across the world. The NCOA told us that the NCA allowances for ILOs were lower than those paid by similar organisations. The NCOA proposed that the NCA should conduct a comprehensive review of all NCA ILO allowances.
- 2.25 In oral evidence the NCOA also told us that the allowance for ILOs had not been reviewed since 2006. The FDA explained that a review of ILO allowances was underway.

Other allowances

- 2.26 The NCA told us that its non-consolidated pay pot accounted for 1% of the overall wage bill. It explained that a significant proportion of this funding was allocated to RRAs which were used to target roles which were hard to recruit to or where there were retention risks. It told us that the budget was somewhat ineffective with relatively small payments targeted to a large number of officers and, as a result, the average payment levels were very low and insufficient to support recruitment and retention. It observed that the NCA's average RRA payments were less than those of other civil service departments.
- 2.27 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 PCS acknowledged that the NCA was seeking to increase the non-consolidated pot from which RRAs are paid, but it pointed out that while this measure might offer more money, the resources would be taken from the rest of the pay bill. It observed that this would mean that more of the pay bill would be used for allowances of short duration which were not pensionable. It observed that RRA payments merely 'papered over the cracks' and did not solve the underlying problems that made the allowance necessary.
- 2.28 In oral evidence, the PCS emphasised the disparity between recruitment and retention allowances offered by government departments and those provided by the NCA. It gave an example of the Home Office, which advertised recruitment allowances of between £4,000 and £9,000 for certain key skills.
- 2.29 The NCOA pointed out that the Agency still had no strategy for staff to exit from receiving RRAs. It proposed a redesign of the non-consolidated pay pot to ensure that payments targeted hard-to-fill roles.
- 2.30 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 between 10% and 30%, depending on the level of inconvenience and disruption linked to the role.

2.31 The NCOA proposed that the current rate (£25.28 per period) of the On-call Allowance should be increased to £35 per period and be available to all Grades 1-6.

The £1,500 one-off payment

- 2.32 In its written evidence, the NCA explained that it was not prioritising an ask for a non-consolidated payment for 2024/25 as it considered it more critical that it secured a consolidated pay award that was in line with the police settlement for 2024/25.
- 2.33 The PCS explained that it did not accept that the 2023/24 pay round was concluded as its members still needed a resolution to the unpaid £1,500 non-consolidated payment. However, it observed that it noted that this was a matter for the NCA and Government to resolve.
- 2.34 In oral evidence, the FDA and the PCS referred to the disappointment of their members in not receiving the non-consolidated payment and the impact on morale.

Pay reform

- 2.35 The Home Office observed that pay reform was a crucial part of the delivery of the NCA strategy. The NCA told us that it had submitted its business case at official level in March 2024 for a wide restructuring of its pay and employment framework. The Home Office and NCA evidence contained no detail of the pay reform proposals. The NCA set out the challenges it wished pay reform to address. The NCA and the Home Office both stated that the Agency's proposals would be cost neutral and would be implemented through contractual reform via collective agreement. The Home Office told us it remained committed to supporting the Agency to fulfil its mission effectively and that it would give any such proposals due consideration. It said further work would be needed to refine the NCA pay process and resolve the existing issues of its two-tier pay structure. It told us that the Home Office stood ready to support the NCA in achieving those aims. In advance of the NCA's oral evidence session, the Agency shared with us an embargoed high-level summary of its proposals.
- 2.36 In oral evidence, the NCA and the Home Office set out the next steps on the central government clearance of the NCA's pay reform proposals. The NCA emphasised that the Agency would not be able to fulfil its mission unless its workforce received the same rates of pay as its police and law enforcement counterparts. The NCA

reported that it had looked broadly at NCA grade and police rank equivalence and found it to be correct. It had not considered the matter in depth nor had it carried out a job evaluation exercise as part of its work to develop its pay reform proposals. It also pointed out that it also lost individuals on promotion to elsewhere in the civil service. The NCA told us that pay reform in the Agency would not be agreed to by Government unless it was demonstrably cost-neutral and affordable. The NCA described its high-level engagement with the trade unions on pay reform. It confirmed that the unions would formally be consulted on the pay and contract reform proposals. The NCA was confident that overall the pay reforms would offer a good deal to staff and that the workforce would accept it.

- 2.37 The FDA welcomed the NCA's submission of a business case for pay reform. It told us that the priority for the reform package needed to be the enabling of pay progression through the pay ranges. The FDA favoured a structure allowing progression through pay ranges based on developing competency within a role. It said such an approach would bring greater visibility of how decisions on pay were linked to the capability, knowledge and experience of each staff member.
- 2.38 The NCOA and the PCS 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 NCOA said the majority of officers remained on the standard pay ranges without any means of progression. It observed that according to the NCA's workforce figures, of the 3,251 officers on the standard pay range, 2,088 were at their grade minimum. It pointed out that among that group would be some who had stayed at that position for the last 10 years and, in some cases, had been leapfrogged by more recent joiners. The NCOA emphasised that this was fundamentally unfair, was unacceptable and it needed to be addressed immediately. It added that even officers in roles designated as eligible for spot rates were unable to progress to the maximum of the pay range. During our visit to the NCA in March 2024 we heard from a number of officers who were in this position and they described to us in detail the personal and financial implications of the current arrangements.
- 2.39 The PCS 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 differentiated pay and the introduction of pay progression for all staff. It said the increase in hours to 40 a week for those on spot rates should be reversed without loss of pay.
- 2.40 The NCOA told us that the Agency had decided it needed to completely reform its pay mechanisms rather than extending the spot rate pay systems and that the NCA had signalled that it considered additional funds could only be found by reforming the contracts of its officers. The NCOA explained that its involvement in the reform process had been limited and that the trade unions had only been provided with some high-level information on potential reforms. It told us that information about

possible reforms had been released in a piecemeal way to staff leading to speculation. The NCOA said it had received no details regarding the possible contract reform. It told us that the lack of information on future pay reform proposals was disappointing. It also pointed out that the small amount of information on potential contractual changes would be a cause for concern for many junior officers in the Agency who relied on overtime.

- 2.41 The NCOA also argued there was a strong case that the most appropriate pay comparators for NCA officers were police officers. The NCOA said that the pay proposals it was putting forward acknowledged that situation and acted as a blueprint for the much needed and long overdue reform of NCA pay.
- 2.42 In oral evidence, the FDA, NCOA and PCS all confirmed that their engagement with the NCA regarding the development of the pay reform proposals had been limited. The FDA described it as being informed rather than involved. The FDA recognised that this was because the Agency wanted to secure HM Treasury approval first. However, the FDA pointed out that the trade unions could have provided some useful input into the proposals. All the unions expressed concern about the cost neutral approach to pay reform and the constraints this would place on the proposals. The NCOA described the response from staff to previous attempts at reform by the Agency. It expressed concern about the likely acceptability of the contract reform proposals. We also heard from the unions that information regarding the shape of the pay reform proposals had been drip fed to staff in an uncoordinated way at staff events causing uncertainty and speculation among officers. The FDA told us that its support for the pay perform proposals would depend on the level of benefits those proposals offered to its members. The NCOA highlighted the significant expenditure by the NCA on contingent labour. In its written evidence it had told us that the Agency assessed that it paid £14 million annually for contingent labour and £78 million per annum on professional services. The NCOA said that it hoped pay reform would reduce the NCA's reliance on contractors. The FDA and PCS told us that the benefits to pay of a change in the status of NCA officers from civil servants to crown servants was unclear. The PCS was sceptical that pay reform would commence in 2024.

The pay process and the role of the NCARRB

2.43 The PCS stated that the issue with the NCARRB was that the NCA did not have the same freedoms to submit to the Review Body what it believed was right for the Agency and its staff compared with other organisations covered by Pay Review Bodies. It pointed out that the issue of powered and non-powered officers had only become an issue in recent years because the pay award had been outside of the Cabinet Office pay guidance. It advised that the powers of the NCARRB should be extended to include non-powered officers.

2.44 In oral evidence, the Home Office reported that a review of the Crime and Courts Act 2013 was underway. This included an examination of the status of the NCA and the role of the Review Body.

Joint Committee on the National Security Strategy report – A hostage to fortune: ransomware and UK national security⁴

2.45 The Joint Committee's first report examined the ransomware threat to national security. The report explained that ransomware attacks presented considerable risks to the UK's Critical National Infrastructure (those facilities, systems, sites, information, people, networks and processes, necessary for a country to function and upon which daily life depends). The report pointed out that ransomware had been described by the National Cyber Security Centre as the number one cyber threat to the UK. The report observed that the NCA had insufficient resources and capabilities to match the scale of this challenge. In relation to pay, the report recommended that the Home Office and Treasury should urgently revisit the funding available for NCA pay and progression, which had been an obstacle to achieving pay parity between police forces and NCA officers.

Our comment and recommendations on pay and reform

Pay reform

2.46 During the past eight years, the NCA has shared with us a variety of plans for pay reform. Therefore, while we welcome the NCA's submission of a business case to central government for pay reform we observe that it is long overdue. In our last report, which we submitted to the Home Secretary seven months ago in December 2023, we urged 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 observe that in the evidence that the NCA submitted to us in 2023, it told us that the NCA planned to conduct a feasibility study into a competencebased pay system and that it would submit the results of that review to us as part of the Agency's 2024/25 evidence. That has not happened. No details of the NCA's pay reform proposals were included in the evidence submitted to us for this pay round. We only received an embargoed high-level summary of the proposals. Therefore, we are unable to comment in detail on the substantive proposals or endorse them. This also means that, in spite of the request we received in our 2024 remit letter to have regard to the NCA's proposals for pay reform, it has proved impossible to align our recommendation for a pay award for 2024/25 with the pay reform proposals in order to create a coherent package for change. As we set out below in paragraph 2.52, we are also concerned that there appears to have been

⁴ Joint Committee on the National Security Strategy (December 2023), *First Report - A hostage to fortune:* ransomware and UK national security. Available at: https://publications.parliament.uk/pa/jt5804/jtselect/jtnatsec/194/summary.html [Accessed on 18 June 2024]

- relatively little engagement with the trade unions on the detailed development of the proposals prior to their submission to central government.
- 2.47 In our previous report, we highlighted the evidence we have received in recent years regarding the organisational constraints the NCA has faced in attempting to drive forward pay reform. This remains our view. We continue to question whether it will be possible for the Agency as currently constituted to undertake the pay reform it needs to truly become 'One NCA'. We are concerned that the Agency's current ambitions for reform, as far as we are aware of them, have been constrained by the framework in which it currently operates. 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 addition, 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.
- 2.48 The Government will want to satisfy itself that the NCA's current proposals for pay reform are sufficiently ambitious to enable the Agency to recruit and retain the staff it needs in order to lead the law enforcement community in tackling serious and organised crime and the international dimension that underpins it. We urge parties to identify comprehensive solutions rather than small adjustments and take full account of any lessons to be learned from previous 'false starts' on pay reform. As we said in our last report, while it is for the NCA to decide what it needs in terms of reform to deliver the capabilities it requires to tackle organised crime, in our view, a single pay structure and set of terms and conditions are required. The NCA's pay strategy should be set in the context of organisational and HR strategies that truly reflect what it requires to achieve its mission.
- 2.49 In our 2022 Report, we set out the principles the NCA should consider in developing its proposals. Parties considering the NCA's reform proposals may wish to consider whether the pay reform proposals meet those tests. In addition, we observe that any pay reform proposal must result in a package that makes the NCA attractive to high-calibre candidates. Therefore, while recognising the security constraints of the NCA, it should have due regard to the attractions of new working practices, hybrid and flexible working and shorter hours. We point out that one of our reservations about spot rates was that NCA officers who were moved to that pay structure were obliged to increase their hours from 37 to 40 hours. In our view, this is out of step with developments in the wider labour market.
- 2.50 As we also made clear in our last report, any proposals should include a consideration of how the gap between the pay of the NCA and the police can be closed. However, our understanding is that the roles being performed by NCA officers at particular grades and their responsibilities may often be quite different from their police counterparts. The linkage between police officer ranks and NCA

grades is not straightforward (for instance the comparability between Grade 1 NCA officers and chief superintendents needs to be more fully evidenced) and in our view a comprehensive review is required to gather evidence of the comparability of NCA roles to police officer roles across the grades and ranks. We observe that the evidence we have received suggests that in some cases the link to police officer ranks is about the need for monetary equivalence. Certain grades, such as NCA Grade 1, need to offer certain salary levels in order to attract people with certain skills such as lawyers or economists. We understand that a job evaluation exercise took place in the early days of the NCA. We observe that there may be a need for another such exercise. Work is also needed to explicitly consider which NCA grades and posts are directly comparable with those of police officers and which are more closely linked to the civil service, police staff or the private sector. This would also help address any grade inflation which may be occurring. On our visits programme and in oral evidence we heard about the growth in the number of senior grades in recent years. We accept this may be partly about a need for more strategic capabilities within the organisation. On the other hand, as some parties suggested, it may also be that promotion is the only way for officers to secure a significant pay increase given the absence of a mechanism for progression in the current pay system.

- 2.51 We are concerned about the evidence we have received regarding the NCA's stakeholder management and its communication with staff in relation to the development of the pay reform proposals. There are indications that information on pay reform, regarding for instance an extension to the working week and proposed overtime and on-call buy outs, has been given to staff in an uncoordinated way. We observe that the uncoordinated and 'drip feeding' of information which leads to rumour and speculation is not helpful and risks creating anxiety among staff.
- 2.52 In our previous report, we strongly encouraged the NCA to involve the trade unions in the development of its pay reform proposals. We have received differing evidence regarding the extent to which that consultation has taken place. We note that the trade unions seemed disappointed by the level of engagement with the NCA on pay reform. We note that the NCOA told us that the trade unions were only provided with some high-level information on potential reforms in April 2024 following the release of some information through staff events. We are concerned that this may have been a missed opportunity. We note that the proposals put forward by some of the parties to reintroduce progression and to swiftly and simply align the pay of NCA officers with that of police officers have significant attractions, assuming that movement up the pay range is linked to the acquisition of skills, experience and capabilities rather than time served. We are aware of the results from a number of surveys that indicate low levels of staff trust in the organisation's ability to manage change. We observe that this is a cause for concern at a time when the NCA is intending to embark on a major change programme affecting pay and conditions. In

- our view, a robust stakeholder management and communication plan will be critical to the success of any reform programme.
- 2.53 Our understanding is that it is the NCA's intention that the pay reform proposals will be implemented through contractual reform via collective agreement. The evidence we have received from other parties suggests that negotiating contract reform will not be straightforward. In our view, the pay reform proposals will need to deliver substantive benefits in order to secure collective agreement.
- 2.54 We note the NCA's and Home Office's assertion that the pay reform proposals will be cost neutral. We remain doubtful as to whether this is deliverable, particularly as the evidence we have received from other parties suggests that negotiating contract reform will not be straightforward. We have observed in our previous reports that comprehensive pay reform programmes usually require additional resources. We strongly agree with the Joint Committee on the National Security Strategy that "The NCA's resourcing challenges are exacerbated by the Government's failure to allow them to offer salaries that might attract those with specialist skills.... As the elite national squad for serious and organised crime, the public would rightly expect the NCA to offer a competitive pay package, in recognition of the more specialist skills required for defending the UK against serious organised crime. The Home Office and Treasury should urgently revisit the funding available for NCA pay and progression, which has been an obstacle to achieving pay parity between police forces and NCA officers."
- 2.55 In the meantime, while pay reform proposals are being considered, the deficiencies in the NCA's existing pay system remain. These include overly long pay ranges, a growing pay gap between the Agency and its main comparators such as the police, staff on a mixture of contracts and hours and a dual and complicated pay system of spot rates and standard pay scales, and the absence of a mechanism for pay progression. We were particularly struck by the NCOA's observations that: of the 3,251 officers on the standard pay range, 2,088 were at grade minimum; some would have been at that point for a decade; and that some would have been leapfrogged by more recent joiners. We also received significant anecdotal evidence from our 2024 visits programme on this issue.
- 2.56 The concerns we set out in our December 2023 Report about the challenges the Agency is facing with regards to its two-tier pay system including the implications of the current pay structure for equality remain. We reiterate that the anomalies in the NCA's current 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 RRAs, militate against the NCA achieving its 'One NCA' policy.
- 2.57 In our last Report, it was our strong view that the implementation of the NCA's pay reform programme should commence during 2024. This remains our view. However, we observe that the reforms must be fit for purpose and equip the Agency for the

21st century with the skills and capabilities to fill the critical role of setting a clear strategic and operational direction for the law enforcement community as set out in the Government's updated Serious and Organised Crime Strategy. Based on our analysis above, we therefore recommend that the NCA should redesign its job architecture, which is the structured framework which classifies the roles in an organisation according to each role's contribution to the organisation's goals and needs. This should be done within the overall framework of the Agency's organisational and HR strategies, refreshed as necessary to reflect its full requirements. Once a framework is established it can be used to determine grading bands and pay levels. It can also provide the basis for external comparison. This work should include evaluating all roles to consider which grades and posts are comparable to police officers and which are comparable to the civil service, police staff or the private sector. The NCA should also seize the opportunity presented by this work to strengthen equality and diversity within the Agency. We strongly encourage the Home Office, HM Treasury and other central government departments involved in considering the NCA pay reform proposals to facilitate the NCA in taking this work forward as a matter of urgency to enable the Agency to commence implementation of a reform programme as soon as possible. We agree with other parties that further delays to pay reform are not acceptable. We also observe that the Police Remuneration Review Body has recommended a Comprehensive Review of police remuneration in advance of the next Comprehensive Spending Review. Such a review will inevitably have implications for the NCA, we therefore urge the Agency to actively engage with that work as it develops to identify any implications and appropriate opportunities for convergence.

<u>Recommendation 1.</u> We recommend that the NCA should redesign its job architecture and evaluate all roles to consider which grades and posts are comparable to police officers and which are comparable to the civil service, police staff or the private sector.

2024/25 pay award

2.58 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.

NCA operating environment

2.59 We are very conscious of the evidence we have received from the Home Office which has emphasised the critical role the NCA needs to play in setting a clear strategic and operational direction and developing shared capabilities in order to ensure the delivery of the UK's updated Serious and Organised Crime Strategy. We are also mindful of the evidence we have received from both the NCA and the Home

Office that the changing threat, rapidly evolving technology and the global context means the NCA's mission to protect the public is even more challenging than it was before.

Economic factors

- 2.60 NCA officers continue to feel the effect of the high inflation seen over the last two years. The wider economy including the level of pay settlements and the increased cost of living are factors in our deliberations. The annual Consumer Prices Index (CPI) rate of inflation was 6.7% and the CPI including owner occupiers' housing costs (CPIH) rate was 6.3% in August 2023 when the NCA's annual pay award was due. There continues to be uncertainty about the economic climate. The CPI rate of inflation was 2.3% in the year to April 2024 and the CPIH rate was 3.0%, but the Bank of England expects inflation to increase in the second half of the year.
- 2.61 Recent data suggest a weakening of the labour market: Pay As You Earn Real Time Information figures indicate that employee numbers are higher than a year ago but have been falling since January 2024; and unemployment has started to increase, with the Office for Budget Responsibility forecasting that it will reach 4.6% in the middle of 2024 and remain at this rate until the end of 2025. Annual growth in Average Weekly Earnings excluding bonuses was 6.0% in the whole economy and 5.9% in the private sector in the three months to March 2024, and median pay settlements were around 5% in the three months to April 2024.

Recruitment and retention

- 2.62 We recall that in its 2023 written evidence, which we received in November 2023, the NCA told us that it considered that the biggest risk to its mission was its ability to attract, retain and develop its highly skilled workforce. We observed in our last report that in fact the NCA's overall attrition rate is comparable with many public and private sector organisations. Six months on from the submission of our 2023 report, we observe that the recruitment and retention position within the Agency remains largely unchanged. The overall attrition rate is now around 9%; it has gradually risen since the end of the pandemic and is now comparable to the Agency's attrition rate in 2019/20. We welcome the evidence we have seen demonstrating that the NCA has managed to increase its recruitment pipeline with around 350 more candidates being added to the pipeline in 2023 than in 2022. We also noted that in oral evidence the NCA told us it had recruited 200 more officers in the last year and that it now had 5,790 full-time equivalent officers.
- 2.63 However, we acknowledged in our last report that this should be seen in the context of critical vacancies in key areas of the organisation, the inability of the NCA to grow its workforce and the constant churn of staff in key areas which have important operational and financial consequences for the Agency. During our recent visit to the NCA which took place in March 2024, shortly after our 2023 Report had been published, officers described to us teams carrying significant vacancies being

- managed through a combination of long hours (officers working in excess of 60 hours a week), contingent labour and professional services such as project management and legal expertise.
- 2.64 We agree with the Home Office that staffing and recruitment remain critical to the future success of the Agency. In that context, we were concerned by the evidence we received from the Home Office regarding the Government's policy to cap the number of civil servants. We understand that the Agency has reached an agreement with partners across government for it to grow by a small number of officers by March 2025. We note that for this and other reasons the Agency is therefore no longer seeking to fill the 600 vacancies it has mentioned in evidence in previous years. However, bearing in mind the critical vacancies still being carried by the NCA in some areas and its vital role in protecting UK citizens from the damaging effects of serious and organised crime, we hope that the restrictions on headcount will be reviewed further if it is necessary to do so.
- 2.65 As we said in our last report, we judge that where possible the pay settlement should not widen the pay gap, at least in percentage terms, between the NCA and comparator and competitor organisations. We note that the NCA has told us that an uplift equivalent to that of the police is vital to prevent the gap between the pay of NCA officers and police officers widening in percentage terms. We recognise that the Agency competes in a number of different markets. However, the nature of the powers required by many NCA officers and the organisation's leading role in the national crime-fighting infrastructure mean that, in our view, the police service should continue to be regarded as the primary comparator for the NCA, pending the outcome of the NCA's redesign of its job architecture. We are aware 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 midcareer police officers. We are conscious that the Agency has told us it needs a mixture of home-grown recruits and those with experience from the police service at all levels to deal with its widening range of responsibilities. We also note that the NCA has told us that an uplift equivalent to that of the police is vital to prevent the gap between the pay of NCA officers and police officers widening in percentage terms. We also observe that even if headcount has been capped it is vital that the NCA is able to recruit to cover attrition which it has found challenging in recent years.

Morale and motivation

2.66 Good morale shapes behaviour and drives productivity and has implications for retention. We are conscious that the delays to the previous pay rounds have undermined staff morale and damaged industrial relations. We note the evidence we received from the NCA that its scores for pay and benefits in the 2023 Civil Service People Survey were the lowest since the establishment of the Agency. The satisfaction rate for pay and benefits was 21% which was 13 percentage points

below the 2021 data and 11 percentage points below the civil service average of 32%. We recognise that this survey was completed at a period when the 2023 pay award process was seriously delayed and before its outcome was known but nevertheless these results are a source of concern.

- 2.67 We note that around a quarter of respondents wanted to leave the NCA either as soon as possible or within the next twelve months, similar to responses from 2022 but around 3 percentage points higher than in 2021. Once again, we note that the most common reason given for this intention was better pay. As we said in our last report, 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. However, we point out that the most common reason given in exit interviews after retirement was promotion. We observe that on our visits programme, a number of officers told us that staff sought promotion within the organisation as a way of securing a pay rise as progression was not possible through the existing pay system. It is possible that similar reasons are driving external promotions.
- 2.68 Therefore, while pay is not the only factor affecting morale, an award that officers view to be unfair will damage it further. We remain 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.

Industrial action

- 2.69 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 have again monitored the impact of recent industrial disputes and pay negotiations across the public sector. In a number of cases, industrial action has led to employers making significantly enhanced pay offers. For instance, industrial action in the NHS has led to a significant additional pay award for NHS consultants which has been accepted by trade unions. Those settlements also suggest that funding arrangements can be flexible.
- 2.70 We also note the evidence we have received from the NCA regarding the increased risk of industrial action among non-powered officers and the damage caused by their withdrawal of goodwill in 2023. In particular, we were concerned about reports from the NCA that such disruption is undermining the NCA's ability to monitor and combat organised crime including people smuggling gangs both in the UK and overseas.

Competitiveness with key comparator markets

2.71 We note that the NCA highlighted the breadth and diversity of skills it draws from across the three primary market sectors (civil service, police and private sector) to enable the organisation to deliver its end-to-end mission and system leadership role.

The NCA, in its evidence, set out the Agency's pay in the context of a number of comparator organisations. It described the risks it faced in losing officers to the civil service and the challenges it faced recruiting the niche skills it required from the private sector and in discouraging its officers from leaving the Agency for more lucrative roles in that sector once they were fully trained. We are also conscious that over the last decade, there has been a significant increase in the gap between private and public sector pay. This risks undermining the ability of the NCA to recruit, retain and motivate high-calibre officers from the private sector.

2.72 However, we note that the Home Office has told us that the NCA continues to regard the police service as its closest comparator organisation. We observe that the NCA has told us that its underlying reward strategy, while not seeking to replicate police pay, must enable it to match pay for those doing comparable roles to minimise the risk of NCA officers leaving to join the police. As the Home Office observes, the Agency's evidence underlines its concerns around NCA officer pay falling behind police pay, which impacts the Agency's ability to recruit and retain mid-career police officers. We note that such experienced officers are critical to enabling the NCA to meet its operational priorities. We are conscious that the NCA has told us that the key issue facing it in 2024 is ensuring that its pay ranges and pay of its officers do not fall further behind that of the police. We note that the NCA is therefore seeking a consolidated pay uplift to NCA officers' pay and the grade maxima in line with the uplift for the police.

'One NCA' policy

- 2.73 We note that the remit letter we received from the Home Secretary stated that the NCA continued to develop its 'One NCA' policy and regarded it of utmost importance that all its staff are compensated equitably. We strongly agree with this aim. We note the evidence we have received about NCA teams having a blend of officers working side by side drawn from the civil service, police, intelligence community and private sector. We are aware that the pay of such officers will have varied significantly upon joining the NCA due to pay differences in the respective markets. We agree with the NCA that it would be detrimental to exacerbate the perceived unfairness of differences in pay by paying powered officers more than non-powered officers.
- 2.74 Therefore, 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 further undermine the cohesion of the Agency. However, as we have said elsewhere, we judge that there will only be 'One NCA' if there is a unified pay structure for all staff. It remains our view that this should be a central priority for the forthcoming pay reform alongside a consideration of how the gap with police pay can be closed.

Pay reform

- 2.75 As we set out in paragraph 2.46 above, we only received an embargoed high-level summary of the NCA's pay reform proposals. This means that in spite of the request we received in our 2024 remit letter to have regard to the NCA's proposals for pay reform it has proved impossible to align our recommendation for a pay award for 2024/25 with the pay reform proposals to create a coherent package for change. In determining an award, we have considered carefully the NCA argument that the key issue facing the NCA for 2024 in addition to pay reform was ensuring that its pay ranges and the pay of its officers did not fall further behind that of the police.
- 2.76 We have noted the point made by the NCA and NCOA that by receiving pay awards of equivalent percentage, the NCA is losing pace in monetary terms with the police service due to its higher salaries. We have also reflected carefully on the proposals of the trade unions, especially the NCOA, and the case it set out for swiftly aligning the NCA pay scales with those of the police. However, we note that this would have implications for the pay of non-delegated grades. The NCOA's proposals should be considered in the context of the Agency's long-term plans for pay reform.

Affordability

- 2.77 We note that the NCA's budget will remain flat at around £870 million for 2024/25. We are aware that NCA budgeted for a 5% pay award in 2023/24 and that it found the additional 2% to fund the 7% uplift from efficiency savings. We note that the NCA has told us that each 1% increase in pay for the delegated grades will cost £1.4 million budgeted on 2023/24 payroll costs.
- 2.78 We understand from the Home Office that any pay award that the NCA agrees in 2024/25 will have to be met from within the Agency's budget. Significantly, we note that the Agency has told us that there is again 5% in its budget for a pay award in 2024/25. However, we are aware of HM Treasury's assertion than any pay award above 2% will require tough choices. We are also conscious of the Agency's assessment that if it needs to undertake any further reprioritisation to fund the 2024/25 pay award it will impact on the NCA's ability to deliver the priorities set out by the Government. We are mindful of the NCA's assertion that it is imperative that pay awards strike a careful balance in recognising the vital importance of public sector workers, while ensuring affordability and delivering value for the taxpayer. We also reflected carefully on Home Office concerns regarding the trade-off between pay, staff numbers and operational capabilities.
- 2.79 However, we observe that affordability is about choice. Within the NCA's budget and across central government budgets as a whole there will be some flexibility as to how any award is funded.

Pay recommendation

- 2.80 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 industrial action, our analysis of recruitment and retention, affordability, the increasing monetary gap between NCA and police pay, the importance of the Agency's 'One NCA' policy, motivation and morale, we concluded that an annual pay award in 2024/25 of 5% is a suitable approach. It is our strong expectation that this award should be applied to all NCA officers both powered and non-powered.
- 2.81 This award is slightly above the pay award recommended by the Police Remuneration Review Body for police officers in England and Wales in 2024/25. In advance of the fundamental reform of NCA pay, which we have emphasised must be taken forward as a matter of urgency, this award recognises the increasing monetary gap between the pay of NCA officers and that of police officers in similar roles. It also signals the urgent need to address pay reform if the NCA is to be able to recruit the range of high-calibre candidates it requires.

Recommendation 2. We recommend a consolidated pay award of 5% 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 5%.

Starting salaries

- 2.82 We note that from 1 September 2023 police starting salaries were raised to £28,551. Proposals for further changes were put forward by policing parties to the Police Remuneration Review Body in 2024. We recognise that these changes potentially have implications for the NCA. We also note that the NCOA in its proposals has suggested that the minimum salary for Grade 6 officers should be uplifted to £28,000. While we understand from the NCA that the recruitment of Grade 6 officers is not currently proving particularly challenging, the concern we expressed in our previous reports about the impact on NCA officers in the lower grades of recent substantial increases in the cost of living remains.
- 2.83 We expect 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, including any implications for equality and diversity. We will return to the issue of NCA starting salaries in the next pay round once we have had an opportunity to consider the NCA's pay reform proposals in their entirety.

Geographical allowances

- 2.84 Geographical allowances have an important part to play in assisting an organisation in tackling its recruitment and retention challenges. For that reason, we judge it is important that there is a clear strategy for these allowances within the NCA's pay reform package.
- 2.85 We note the concerns of the NCA, NCOA and PCS that the NCA's geographical allowances, particularly in London, do not compare well to those of the police. We are aware from evidence we have received from the NCA in previous years that it is planning to review its geographical allowances as part of its estates strategy. We also note that the PCS and NCOA have proposed possible changes to the NCA geographical allowances. We note the zonal model proposed by the NCOA and suggest it is an option worth the NCA considering as it develops its reform package and estates strategy. We also note that the NCA will wish to engage with the National Police Chiefs' Council as it takes forward its review of police regional allowances in 2024/25 with a view to the NCA converging its geographical allowances with those of the police service.
- 2.86 With regard to other geographical allowances, we note the concerns expressed by the NCOA regarding the allowances received by NCA officers in Northern Ireland in comparison to those received by their counterparts in PSNI. We also note that for the past few years we have not received any evidence from the Agency regarding the allowance received by some NCA officers working in Northern Ireland.

Recommendation 3. We recommend an increase of 5% to the London Weighting Allowance and South East Allowance for all NCA officers within our remit group.

<u>Recommendation 4.</u> We recommend that the allowances of NCA officers in Northern Ireland should be reviewed by the NCA with a view to those NCA officers who are subject to similar risks to PSNI officers receiving the same allowance as PSNI officers.

Other allowances

2.87 The evidence we have received from parties continues to raise concerns about other allowances for shift work, unsociable hours, being on-call, RRAs and payments for special duties. We are aware that the NCA's non-consolidated pay pot, from which RRAs are allocated, is smaller than that of many other government departments. In our view, the future of all these allowances needs to be considered alongside the NCA's plans for pay reform.

Future role of the NCARRB

2.88 We welcome the efforts that have been made to return the NCA to a more normal timetable for its pay award. However, we reiterate that the current dual pay mechanism needs to be reviewed. 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. This situation has significantly increased the complexity of the pay process and risks leading to further delays in future years. We urge parties to address this issue as part of their work to reform pay. In this light, we welcome the plans to review the Crime and Courts Act 2013.

Appendix A – Previous NCARRB Reports

2023 Report

We submitted our 2023 Report on 19 December 2023 and the Government responded on 7 February 2024⁵. The recommendations were as follows:

Our 2023/24 recommendations (from 1 August 2023) for NCA officers designated with operational powers:

- 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%.
- An increase of 7% to the London Weighting Allowance and South East Allowance for all NCA officers within our remit group.

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
	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

⁵ House of Commons (February 2024), Government Response to the National Crime Agency Remuneration Review Body Ninth Report 2023: Written statement – HCWS249. Available at: https://questions-statements.parliament.uk/written-statements/detail/2024-02-07/hcws249 [Accessed on 18 June 2024]

Report	Recommendation	Government response
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%.	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 nonconsolidated elements for officers not eligible for the new pay structure and already in receipt of the maximum for their grade or reaching it.
	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 minima of Grades 1 and 2 should 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 nonconsolidated 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
	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
6 th (2020)	 From 1 August 2020, the standard pay ranges should be revalorised as follows: 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%. 	Accepted
	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

Report	Recommendation	Government response
	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
9 th (2023)	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%.	Accepted
	An increase of 7% to the London Weighting Allowance and South East Allowance for all NCA officers within our remit group.	Accepted

Appendix B – Home Secretary's Remit Letter



Rt Hon James Cleverly Secretary of State for the Home Department

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

20 December 2023

Dear Zoë,

NATIONAL CRIME AGENCY REMUNERATION REVIEW BODY REMIT 2024/25

I would first like to acknowledge the NCA Remuneration Review Body's (NCARRB) excellent work and express my gratitude for your continued engagement in resolving the 2023/24 pay round. I am grateful for and value the independent and expert advice that the Review Body provides and look forward to receiving the NCARRB's ninth report.

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 am now writing formally to ask that you commence the 2024/25 pay round. The NCA continues to develop its 'One NCA' policy and regards it of utmost importance that all its staff are compensated equitably. I would, therefore, ask that the NCARRB annual review process of the NCA workforce takes account of both those with and without operational powers, and makes recommendations to the government on the proposed NCA pay award, giving reasonable consideration to the Civil Service Pay Remit Guidance.

It is imperative that pay awards strike a careful balance in recognising the vital importance of public sector workers, whilst ensuring affordability and delivering value for the taxpayer. Whilst we await the outcome of the 2023-24 pay round for the NCA, in general PRBs recommended historically high pay awards for their respective workforces in light of the extraordinary macroeconomic context. Accepting these recommendations, whilst not increasing borrowing, required tough decisions. It is vital that PRBs consider the Government's affordability position that will be set out further in written evidence, and in the case of the NCA, the final outcome of the 2023-24 pay round when known will also need to be considered.

The affordability of the pay award must be carefully considered and taken into consideration so that the NCA remains able to retain its workforce and meet the evolving threat posed by serious and organised crime in this country.

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

- 1. The Proposals for pay reform as set out in the NCA's workforce strategy.
- 2. the Government's inflation target.
- 3. the Civil Service remit guidance which will be published in due course.
- 4. Improvements made within the last year, to the Agency's productivity and workforce efficiencies.

Over the coming months, my officials will continue to support the NCA and work closely with the Office of Manpower Economics, HMT and the Cabinet Office to provide the Agency's written evidence and thereafter oral evidence sessions for your consideration. As part of its evidence, the NCA will set out the operational context, the Agency's updated pay strategy and long-term plans for its workforce.

To further break the present cycle of delays with regards to the NCA's pay awards, I would be grateful if you could submit your report for the 2024/25 pay round by June 2024.

Yours sincerely,

Rt Hon James Cleverly 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

HM Treasury https://www.gov.uk/hm-treasury

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

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

The economic context

- D.2 We set out below the latest economic and labour market indicators (summarised in Table D.1) as at 31 May 2024, available to us when finalising our recommendations:
 - Inflation. Inflation has been falling over the past year. The Consumer Prices Index (CPI) increased by 6.7% in the year to August 2023 (when the 2023 NCA pay award was due), and the CPI including owner occupiers' housing costs (CPIH) increased by 6.3% over the same period. In the year to April 2024 the CPI increased by 2.3%, and the CPIH increased by 3.0%.
 - Core CPI (which excludes the effects of price changes in energy, food and alcohol) was higher at 3.9% in the year to April 2024, while core CPIH was 4.4%.
 - The Bank of England base interest rate has increased from 0.1% at the start of December 2021 to 5.25% since August 2023 to try to slow rising prices. Rising interest rates have a knock-on effect on mortgage payments over a long period.
 - In its March 2024 Economic and Fiscal Outlook⁶, the Office for Budget Responsibility (OBR) expected CPI inflation to reach the 2% target in the second quarter of 2024 and to fall to 1.4% in the fourth quarter of 2024.
 - In its May 2024 Monetary Policy Report⁷, the Bank of England's median projection expected CPI inflation to fall temporarily to 2.1% in the second quarter of 2024, as energy prices fell, before increasing again to 2.4% in the third quarter and 2.8% in the fourth quarter, due to the persistence of domestic inflationary pressures.
 - Economic growth. UK gross domestic product (GDP) figures showed that the UK economy grew by 0.1% over 2023 as a whole, but shrank in the last two quarters of 2023 (by 0.1% in the third quarter and 0.3% in the fourth quarter), thereby meeting the technical definition of a recession. The first quarterly estimate of GDP for 2024 showed that this recession had ended, with GDP in the first quarter of 2024 estimated to be 0.6% higher than the previous quarter and 0.2% higher than a year earlier.

⁶ OBR (March 2024), Economic and Fiscal Outlook. Available at: https://obr.uk/efo/economic-and-fiscal-outlook-march-2024/ [Accessed on 18 June 2024]

⁷ Bank of England (May 2024), Monetary Policy Report. Available at: https://www.bankofengland.co.uk/ monetary-policy-report/2024/may-2024 [Accessed on 18 June 2024]

- In March 2024, the OBR estimated that annual GDP growth would pick up slightly to 0.8% in 2024. It considered that lower than expected inflation strengthened near-term growth prospects but the medium-term economic outlook remained challenging, in particular higher and rising levels of economic inactivity.
- Labour market. Pay As You Earn (PAYE) Real Time Information (RTI) data indicate that the number of employees on payrolls in April 2024 was 30.2 million, 0.4% higher than a year earlier but 0.3% lower than January 2024. Estimates from the Labour Force Survey8 (LFS) put total employment at 33.0 million in the three months to March 2024, 204,000 (0.6%) lower than a year earlier, with falls in both the number of employees (down 0.1%) and self-employment (down 2.6%). The LFS unemployment rate (for those aged 16 and over) was 4.3% in the three months to March 2024, 0.3 percentage points higher than a year earlier. However, the Claimant Count rate in April 2024 was 4.1%, the same as a year earlier. The Office for National Statistics (ONS) recorded 898,000 job vacancies in the three months to April 2024, 17.3% lower than a year earlier.
- Average earnings. In the three months to March 2024, Average Weekly Earnings (AWE) annual growth for the whole economy was 5.7% for total pay and 6.0% for regular pay (excluding bonuses).
- AWE annual growth in the three months to March 2024 was 6.2% in the public sector (6.3% excluding bonuses) and 5.9% in the private sector (both including and excluding bonuses).
- Pay settlements. The latest estimates for median pay settlements in the three months to April 2024 were around 5.0%. Our analysis of Brightmine (formerly XpertHR) data indicates that just under half (49%) of pay awards so far in 2024 have been worth less than 5%, compared with less than one quarter (23%) in 2023 and three-fifths (60%) in 2022.

⁸ The ONS advises that increased volatility of LFS estimates, resulting from smaller achieved sample sizes, means they should be treated with additional caution, and it recommends using them as part of a suite of labour market indicators.

Table D.1: Latest economic and labour market indicators, as at 31 May 2024

	Figure
Inflation indicators	
Annual CPI inflation	2.3%
Annual CPIH inflation	3.0%
Annual Retail Prices Index inflation	3.3%
Pay and earnings indicators	
Brightmine (formerly XpertHR) median pay settlements	4.9%
Incomes Data Research (IDR) median pay settlements	5.0%
Labour Research Department (LRD) median pay settlements	5.0%
LRD lowest basic rates median pay settlements	5.0%
Annual growth in AWE – whole economy	5.7%
Annual growth in AWE – private sector	5.9%
Annual growth in AWE – private sector excluding bonuses	5.9%
Annual growth in AWE – whole economy excluding bonuses	6.0%
PAYE median annual change in pay	6.1%
Annual growth in AWE – public sector	6.2%
Annual growth in AWE – public sector excluding bonuses	6.3%
PAYE annual change in median pay	6.9%
Labour market indicators	
LFS annual employment growth	-0.6%
PAYE employees on payroll annual growth	0.4%
Claimant count rate	4.1%
LFS unemployment rate (aged 16 and over)	4.3%
LFS employment rate (aged 16 to 64)	74.5%

Source: ONS - Labour Market Overview⁹, Consumer Price Inflation¹⁰, Claimant Count (Experimental Statistics)¹¹, and Earnings and Employment from PAYE RTI (Experimental Statistics)¹²; Brightmine¹³; IDR¹⁴; and LRD¹⁵.

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.

D.3 We observe that inflation levels have been particularly high over the last three years but have been falling over the past year. However, we emphasise that this only represents a slowing in the rate of overall price increases and not a fall in prices.

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⁹ https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/may2024 [Accessed on 18 June 2024]

¹⁰ https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/april2024 [Accessed on 18 June 2024]

¹¹ https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/outofworkbenefits/datasets/claimantcountcla01/current [Accessed on 18 June 2024]

¹² https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/realtimeinformationstatisticsreferencetableseasonallyadjusted/current [Accessed on 18 June 2024]

¹³ https://www.brightmine.com/uk/products/hr-compliance-centre/ [Accessed on 18 June 2024]

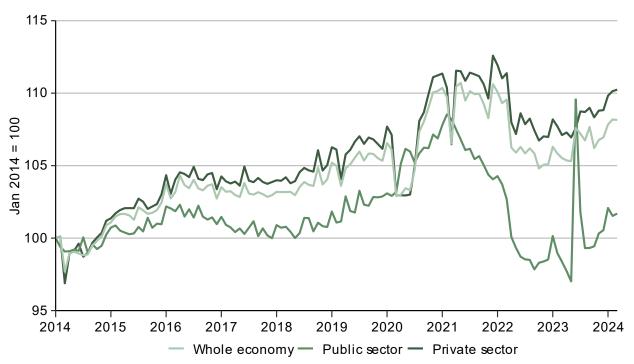
¹⁴ https://www.incomesdataresearch.co.uk [Accessed on 18 June 2024]

¹⁵ http://www.lrd.org.uk/index.php?pagid=29 [Accessed on 18 June 2024]

Therefore, the effect of the recent high inflation will continue to be felt by officers in our remit group. The Bank of England also expects inflation to increase again in the second half of the year.

D.4 We also observe that measures of average earnings growth and median pay settlements have not fallen as quickly as inflation. Furthermore, there has been a significant increase in the gap between private and public sector pay over recent years, with Average Weekly Earnings in the private sector having grown by 10.2% in real terms since 2014, compared with an increase of just 1.7% in the public sector (Chart D.1). Last year we gave particular weight to developments in private sector pay in considering our recommendations, and they continue to play an important role this year.

Chart D.1: Real Average Weekly Earnings (January 2014 prices), by sector, 2014 – 2024



Source: OME analysis of Average Weekly Earnings and Consumer Prices Index, ONS.

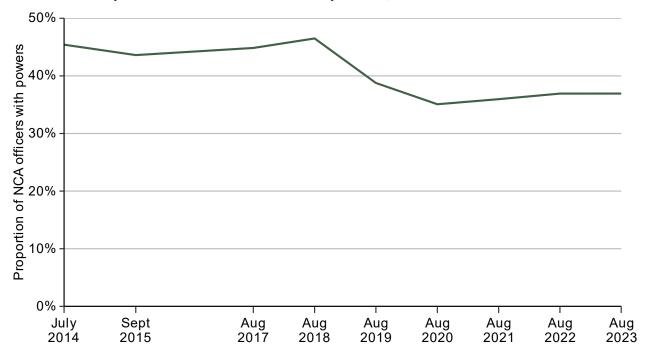
NCA workforce, recruitment and retention

D.5 The NCA provided workforce data as at August 2023 in the Annex to its evidence submission. In this section we present our analysis of some of the key points from this dataset and those provided in previous years.

NCA workforce overview

- D.6 The NCA reported that on 31 August 2023 it had 5,973 officers (on a headcount basis) in Grades 1–6¹⁶. This was 1.3% higher than a year earlier when there were 5,898 officers.
- D.7 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.2), unchanged from a year earlier.

Chart D.2: Proportion of NCA officers with powers, 2014 - 2023



Source: NCA evidence submissions 2015–2023. Note: NCA did not provide 2016 data to the NCARRB.

D.8 Grade 5 contained 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.3). Grades 3-5 contained 93% of all officers with powers.

¹⁶ Throughout this analysis 'workforce' relates to Grades 1 to 6 and excludes senior civil servants (who are covered by the Senior Salaries Review Body).

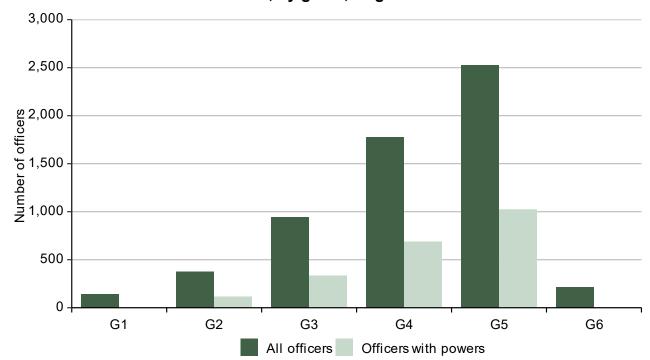


Chart D.3: Number of NCA officers, by grade, August 2023

Source: NCA evidence submission.

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

D.9 Part-time workers accounted for 10% of the overall workforce. However, among officers with powers this proportion was lower, at 7.1%.

Diversity

- D.10 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.11 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, bisexual or transgender. 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.12 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.13 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.14 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.15 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.16 The data provided by the NCA on recruitment only cover the number of applicants and the number of offers made, without giving any indication of whether the offers were accepted. The NCA made 1,439 offers in 2023, 352 (32%) more than in 2022.
- D.17 Data on the sectors which candidates are coming from show that the main sources of candidates were the private sector (30.4%), and the civil service (30.3%) and the police (29.3%). For operational commands, 37.2% of candidates were from the police, 27.9% from the private sector and 24.4% from the civil service.

Retention

D.18 The NCA attrition rate rose year-on-year from 6.2% in 2016/17 to 9.0% in 2019/20. However, there was a significant reduction in leavers from the Agency as a result of the coronavirus pandemic: the attrition rate for 2020/21 was 7.5% and in 2021/22 this fell slightly further to 7.4%. However, in 2022/23 it increased again to 8.8%.

D.19 Exit interviews conducted in the year to the end of June 2023 (Table D:2) showed that retirement and promotion were given as the most common primary reasons for leaving. Pay and benefits was given as the fifth most common primary reason for leaving. In a separate question, however, pay featured as the 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 July 2022 and June 2023

Primary reason for leaving	Proportion of officers
Retirement	25.0%
Promotion	22.7%
Workplace conflict (bullying, harassment, discrimination, line management issue)	9.9%
To seek different working conditions	9.1%
Pay and benefits	7.6%
To gain new opportunities	6.8%
Location (leaving area, work nearer home)	6.1%
Personal circumstances (ill health/family reasons/caring responsibilities)	4.6%
End of planned contract/secondment/contract	4.6%
Work-life balance/Workload	3.8%

Source: NCA evidence submission.

Table D.3: Reason for choosing new employer as given in exit interviews between July 2022 and June 2023

Reason for choosing new employer	Number of officers	
Pay	20.3%	
Type of role	18.7%	
Promotion	17.9%	
Location	11.4%	
Flexible working	11.4%	
Learning & Development	7.3%	
Organisational values	4.9%	
Culture	4.9%	
Opportunity	1.6%	
Wellbeing	0.8%	
Facilities	0.8%	

Source: NCA evidence submission.

Motivation and morale

- D.20 The 2023 Civil Service People Survey¹⁷ took place in September and October 2023. In this section we provide our analysis of some of the NCA results.
- D.21 The overall NCA engagement index of 57% in 2023 was 2 percentage points lower than in 2022. The NCA engagement index was 7 percentage points below the civil service benchmark of 64%. The civil service benchmark was 1 percentage point lower than in 2022.
- D.22 The survey is split into various themes, all of which saw NCA results that were similar to 2022 but remained below the civil service benchmark. The pay and benefits theme remained the theme with the lowest proportion of positive answers in 2023. Compared with a year earlier, the three questions within the theme each showed similar proportions of positive answers for the NCA. However, the NCA results fell further behind the civil service benchmark figures. These three questions were among the top five most negatively answered questions by the NCA.
- D.23 The results on officers' intentions to stay in the NCA were similar to the previous year:
 - 44% of respondents said they wanted to stay working in the NCA for at least the next three years;
 - around a third of respondents wanting to stay working for the NCA for at least the next year;
 - around a quarter of respondents wanted to leave the NCA either as soon as possible or within the next twelve months; and
 - the most common reasons respondents cited for their intention to leave the NCA were: better pay; poor leadership; and organisational culture.

¹⁷ Cabinet Office (February 2024), *Civil Service People Survey: 2023 results*. Available at: https://www.gov.uk/government/publications/civil-service-people-survey-2023-results [Accessed on 18 June 2024]

¹⁸ Defined as the median across all participating civil service organisations where data were not suppressed.

Appendix E – 2024/25 Evidence from Parties

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 said that criminal networks were increasingly sophisticated, often concealed, and made full use of modern technology. It explained that the Government had taken significant action to strengthen the NCA (the lead law enforcement agency in the UK for SOC) and other law enforcement agencies, but that the threats it faced had continued to evolve. It also highlighted that most SOC which directly affected the UK had an international element.
- E.4 The Home Office reported that the Government had published its updated Serious and Organised Crime Strategy: No Place to Hide, in December 2023. It said that the strategy had set out the critical role that the NCA must play in setting a clear strategic and operational direction and developing 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 the Government's vision for the NCA was as the elite law enforcement agency with a lead role for reducing crime and protecting the UK against SOC. The NCA said that SOC was increasing in scale in response to drivers including geopolitical instability, economic challenges and advances in technology, and that the Agency needed to constantly adapt to the ever-changing threat posed by the most harmful offending. The NCA highlighted that: almost all SOC threats 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 had an integral role within 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 highlighted 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 Evidence received from **HM Treasury** stressed that, although public sector borrowing and debt were forecast to fall, they were historically high, and discipline with the public finances was central to continuing to get borrowing down to levels where debt could sustainably fall. It added that further significant borrowing would add to existing inflationary pressure.
- E.9 HM Treasury said that Government departments were facing their tightest year of the Spending Review period in the 2024/25 financial year, with significant pressures arising from inflation, previous pay awards and department-specific pressures. It stated that departments were therefore having to reprioritise and continue to identify efficiency savings to enable funding to be available for this year's pay awards. In oral evidence HM Treasury advised that 2% had been assumed for 2024/25 pay awards in the 2021 Spending Review.
- E.10 The **Home Office** explained that since 2019, it had increased the NCA's budget by more than 44% to around £870 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. The Home Office expected the NCA's budget to remain around £870 million in 2024/25.
- E.11 The Home Office told us that despite the increase in budget, the NCA was still managing several significant budget pressures, and urged that the consideration of the affordability of any recommendations should be done in the context of the pressures on the NCA budget. The Home Office also explained that its own budgets had come under pressure from the costs of asylum and police pay which had required the department to carry out difficult reprioritisations over the past two years. Therefore, the Home Office advised that the 2024/25 NCA pay award would need to be fully funded from the Agency's budget.
- E.12 The **NCA** said that the financial landscape had changed since the 2021 Spending Review, with substantially higher inflation than anticipated. It explained that this had created pressures that had led to re-prioritisation of budgets and challenging efficiency and cashable savings targets. The NCA asked that the pay award be considered in this context and warned that if further reprioritisation was required it would impact the NCA priorities set by Government.
- E.13 In oral evidence, the NCA advised that its business planning for 2024/25 had allowed for a 5% pay award in 2024/25 but funding agreed in the last Spending Round in 2021 had been for 2% each year. It stressed that this gap between funding

- and pay award would lead to difficult choices needing to be made to resource such an award.
- E.14 The **NCOA** considered that the absence of a pay remit from Government for public sector employees would be interpreted as a further period of pay austerity for many public and civil servants, including those in the NCA.
- E.15 The **FDA** said that higher-than-forecast inflation had eroded the real value of the budget allocations made in the 2021 Spending Review. However, the FDA highlighted that it had also significantly boosted the Government's tax revenues.

The economy and labour market

- E.16 **HM Treasury** highlighted that the economy had faced an unprecedented series of shocks in recent years, which had driven up inflation. It said the Bank of England had taken necessary action to bring inflation back to target, which was working, but had led to slower growth over the past 18 months. HM Treasury reported that, in light of these shocks, the economy had performed better than first expected and while inflation was now on a downward trend, it remained elevated and returning inflation to target remained a top priority for Government. HM Treasury also advised that:
 - wage growth had started to ease back from the historically high levels reached last year, and was expected to fall to below 4% this year and further to around 2% next year as the labour market loosened;
 - vacancies across the economy remained on a downward trend and there had been notable improvements in the recruitment and retention status of key public sector workforces over the last year, although pinch-points remained; and
 - the Office for Budget Responsibility (OBR) expected unemployment to rise slightly over the coming year as a result of slower gross domestic product (GDP) growth and higher interest rates weighing on labour demand.
- E.17 The **NCOA** said that while inflation had reduced, the cost-of-living pressures on its members had not. It reported that rental and mortgage rates remained high and while energy prices had dropped modestly, other costs, including water, telephones, travel, council tax and insurances continued to increase.
- E.18 The **FDA** considered that the 'extraordinary macroeconomic context' acknowledged in the Government's remit letter was still with us. The FDA highlighted that the OBR's November expectation for 2024 was for inflation to remain at elevated levels, with the Retail Prices Index at 5.1% and the Consumer Price Index (CPI) at 3.6%, and that CPI inflation had unexpectedly risen to 4% at the end of 2023.
- E.19 The FDA said that at the 2021 Spending Review, the then Chancellor had announced that public sector pay growth over the three years to 2024/25 should retain broad parity with the private sector. The FDA advised that movements in

- public and private sector earnings growth had been cited by the Government to justify a pay pause across the civil service and public sector in 2021. However, the FDA argued that those same data series now showed that a long-term trend of public sector pay falling behind the private sector had reasserted itself.
- E.20 The FDA cited OBR figures showing whole economy earnings growth had been 6.0% in 2022 and 6.8% in 2023, and were forecast to be 3.7% in 2024. The FDA also pointed out that in November 2023 the National Institute for Economic and Social Research had forecast that 2024 earnings growth would be 7.1%.
- E.21 The FDA also highlighted that Brightmine (formerly XpertHR) data had put median pay awards in 2023 at 6%, and its surveys of pay expectations suggested that pay awards in 2024 would be a little lower than in 2023, but remain high by historical standards. IDR data had shown median pay awards of 5.5% in 2023, and suggested that although the average award was likely to be lower in 2024, almost half of employers expected to offer 2024 pay rises that were equivalent to or higher than those in 2023.
- E.22 The FDA reported that the Institute for Fiscal Studies had calculated that the public-private pay differential was now less favourable to the public sector than at any point in the past thirty years. The FDA also cited analysis of market data conducted by IDR in 2021 that had found that civil service pay for staff in skilled roles was between 7% and 24% behind comparable public sector roles in the NHS and local government, and between a third and three-fifths behind comparable roles in the private sector.

NCA earnings and pay comparators

- E.23 The **NCA** advised us that it was a complex organisation and required a wide range of skillsets and specialisms to fulfil its mission, and therefore needed to attract candidates from a more diverse set of labour markets than other organisations. It explained that its skillsets had comparators in policing, the UK Intelligence Community, the private sector and local government.
- E.24 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 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.25 The NCA said that its underlying reward strategy did not seek to replicate police pay but it needed to enable the Agency to match pay for those doing comparable roles in order to support retention of its most specialist and talented officers and minimise the risk of NCA officers leaving to join the police. The NCA recognised that critical differences existed between the police and the NCA by virtue of NCA officers' civil servant status and police officers being covered by police regulations.

- E.26 The NCA highlighted that annual progression within police pay ranges, in addition to headline pay awards, meant the Agency's pay scales were now misaligned to the police comparators with which they were originally set up to maintain pace. It added that the gap was widening year on year as the NCA fell further behind.
- E.27 The NCA explained that the introduction of spot rates had been as a result of difficulties attracting and retaining capable resource from the police. However, as the spot rate levels were fixed below the NCA's pay range maxima and significantly below police maxima, the spot rate arrangements were not attractive enough to recruit serving police officers.
- E.28 The NCA reported that the price of labour was much higher for most roles above Grade 4 in the private sector and police than in the civil service, and consequently it was more difficult for the Agency to recruit from these sectors. The NCA added that, although its pay scales were often higher than other civil service departments, it was at considerable risk of losing officers in enabling capabilities roles to civil service departments which offered roles graded higher than the NCA equivalent.
- E.29 The **NCOA** highlighted that data in the NCA evidence showed that the majority of NCA officers remained on the standard pay range and predominantly at grade minimum. It also pointed out that some officers at the grade minima would have been leapfrogged by more recent joiners.
- E.30 The NCOA said that there was a strong case that the most appropriate pay comparators for NCA officers were police officers, and that for many roles this was true regardless of whether NCA officers had powers. The NCOA considered that the continued under-investment in developing the NCA pay ranges meant that pay parity between the NCA and policing equivalents continued to grow further apart year-on-year in real terms. The NCOA said that this situation, when coupled with the lack of pay progression, meant that mid-career police officers would invariably end up being paid less and with reduced ability to improve, should they choose to join the NCA at the grade which was equivalent to their current rank.
- E.31 The NCOA also told us that even in roles designated as eligible for spot rates, NCA officers were unable to progress to the maximum of the pay range. It said that spot rates remained the only mechanism by which some NCA officers could move up a pay scale, but that the extension of spot rate roles had stalled.
- E.32 The **PCS** noted that the police service was the Agency's main competitor for staff, and that it paid more and offered a shorter working week and contractual pay progression. It highlighted that matching pay awards with the police meant the pay gap got wider in cash terms.

- E.33 The PCS cited various reports that had shown the erosion of civil service pay over many years and the problems caused:
 - An independent review of pay trends in the civil service that the PCS had commissioned had shown that civil service wages had been eroded in real terms due to persistent below-inflation pay rises. Since 2010, median annual civil service pay had fallen between 15% and 38% in real terms, depending on the grade and inflation indicator. Around half of the erosion in pay since 2010 occurred in the period of high inflation since the pandemic.
 - A recent National Audit Office report had shown all civil service grades apart from the most junior one (for which there was no equivalent in the NCA) had seen real-terms salaries reduce between 2013 and 2023.
 - Sir Alex Chisholm, the civil service Chief Operating Officer and Permanent Secretary for the Cabinet Office, had told the Public Accounts Committee that pay was a 'chronic' issue for the civil service. He had also said that pay was the most common reason for departments being unable to find suitable candidates for specific roles, particularly 'competitive' digital, data and technology jobs.
 - A report by the Joint Committee on the National Security Strategy had stated: "The NCA's resourcing challenges are exacerbated by the Government's failure to allow them to offer salaries that might attract those with specialist skills. It will always be difficult for the NCA to compete with the private sector, particularly for roles requiring high-level cyber skills, but it is unacceptable that NCA officers are paid less than their policing counterparts. As the elite national squad for serious and organised crime, the public would rightly expect the NCA to offer a competitive pay package, in recognition of the more specialist skills required for defending the UK against serious organised crime. The Home Office and Treasury should urgently revisit the funding available for NCA pay and progression, which has been an obstacle to achieving pay parity between police forces and NCA officers."
- E.34 The **FDA** said that the NCA delivered a prominent role in combatting the challenge posed by SOC 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 work in teams with police staff.
- E.35 The FDA stated that pay in the Agency remained significantly behind police pay and was becoming increasingly less competitive for senior staff in the wider civil service. The FDA recognised the constraints that had dictated the NCA's approach to pay but said it could not afford to fall further behind.
- E.36 The FDA said that although the NCA pay ranges were superficially higher than in other departments, it was of little benefit to NCA employees as a lack of progression meant they were unable to progress to the higher pay points in the pay ranges.

Workforce, recruitment and retention

- E.37 The **Home Office** told us that staffing and recruitment remained critical to the future success of the NCA. It also informed us of the Government policy to cap the number of civil servants, which had been announced in October 2023. The Home Office said that the Agency was working with partners across Government to better understand what this meant for its headcount targets, but that it was likely that previously planned growth would need to be curtailed to some extent.
- E.38 The **NCA** informed us that the specialist skills it required in its workforce were not unique to the NCA. However, the Agency said that what made it unique was the breadth and diversity of skills it drew from across the three primary market sectors (civil service, police and private sector) that enabled it to deliver its end-to-end mission and system leadership role. The NCA stressed the importance of being able to attract, retain and develop its highly skilled workforce.
- E.39 The NCA said that its workforce strategy relied on a high degree of movement between roles, and supported officers' career development by enabling movement between operational and enabling capabilities. It said this enabled the Agency to develop a multi-skilled workforce which could respond to emerging threats in an agile manner. The NCA considered its workforce model to be essential for the efficient and effective delivery of the Agency's strategic and operational priorities.
- E.40 The NCA reported that its overall turnover was 9% which was similar to the rates for policing and the civil service. However, the NCA advised that turnover was not uniformly distributed across the Agency; in some teams within enabling capabilities it was up to 41%. The NCA said it was facing significant retention issues within the enabling capabilities commands, particularly in Corporate Business Services, Legal and Digital, Data and Technology, which had strong civil service connections.
- E.41 The NCA told us that the Agency as a whole had 9% of posts unfilled due to difficulties attracting and retaining the skilled workforce it needed to conduct its operations. The NCA highlighted that unfilled vacancies disrupted ongoing investigations, delayed key enabling projects and intelligence assessments for critical operations, and necessitated the use of contingent labour or outsourcing services. The NCA explained that its unfilled vacancies were due to: the absence of appointable candidates; candidates declining job offers; candidates failing preemployment checks; and candidates withdrawing during the long vetting and recruitment process. It said that it was working to transform its recruitment and vetting processes, but that the factors listed were exacerbated by the lower salaries offered by the NCA.
- E.42 The NCA explained that it had made improvements to reduce recruitment timeframes. However, its rigorous vetting requirements meant it still took considerably longer than most organisations to appoint staff. The NCA said it must

- continue to attract staff who had the right skills and could pass the highest vetting standards in the UK.
- E.43 The NCA said it required a blend of home-developed and police-developed experience. There was currently a clear capability gap between 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 fill the vacancies in operational roles, where turnover was higher than the level in policing.
- E.44 The NCA said it had been focussing on improving internal training and development programmes that would enable officers to join at a more junior grade and progress through the NCA. It stated that this would mitigate some of the impact caused by retirement and recruitment delays.
- E.45 The NCA informed us that work was planned to develop and introduce stay interviews. These would be aimed at officers who may be thinking about leaving the NCA or were in highly skilled and/or critical roles.
- E.46 The **FDA** cited various reports that highlighted recruitment and retention difficulties in the civil service. It said that there was 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.
- E.47 The FDA argued that significant recruitment and retention problems experienced by the NCA in recent years had been caused by inadequate government funding to allow the Agency to improve its attraction and reward package. The FDA highlighted that poor retention and the consistent need to induct new staff had a detrimental impact on the Agency's productivity.
- E.48 The FDA reported that 22% of leavers from the NCA in the previous year, had left to gain promotion.
- E.49 The **NCOA** reported that the role of Grade 6 officers remained in a state of flux because of continual attrition of staff through resignation and internal promotions.

Motivation and morale

E.50 The **NCA** told us that its 2023 People Survey results showed a further drop for pay and benefits to 21%, 13 percentage points below the 2021 data and 11 percentage points below the civil service average. It reported that in 2022, the NCA People Survey had been 12 percentage points below the 2021 data and 6 percentage points lower than the civil service average of 28%. The NCA highlighted that these scores were the lowest for pay and benefits since the inception of the Agency.

- E.51 The **PCS** said that it was of particular concern that in 2023 only 21% of NCA officers felt their pay package was satisfactory, and only 17% felt their pay was commensurate with similar roles in other organisations. The PCS highlighted that these results were below the civil service average, and that obtaining better pay was the highest reason quoted for intended reason for leaving the NCA.
- E.52 The **NCOA** said that the results of the 2023 Civil Service People Survey demonstrated the on-going dissatisfaction that NCA officers felt regarding their pay and benefits. It also highlighted that the NCA results were contrary to an improving trend elsewhere in the civil service.
- E.53 The NCOA reported that the high levels of dissatisfaction among its members because of the turmoil caused by continual delays to their pay awards had resulted in the NCOA entering formal dispute with the Agency in 2023 and the withdrawal of goodwill by NCOA members. It said that while the dispute had concluded, the level of dissatisfaction had not and there were an unprecedented number of unresolved pay grievances lodged by NCOA members against the Agency.

Relevant legal obligations on the NCA

- E.54 The **NCA** reported that initial analysis of the Gender Pay Gap for 2022/23 indicated a reduction in the mean gender pay gap by 2.7 percentage points and median gender pay gap by 4.0 percentage points, and with more females being promoted than males in this period.
- E.55 The **NCOA** said that the previous capping of NCA pay range maxima had no impact on reducing the gender pay gap, as proportionally more females than males remained at grade minimum.

Appendix F – NCA Pay Ranges, Spot Rates and Allowances for the 2023/24 Pay Year

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

Standard pay ranges

Grade	Minimum	Maximum
G1	£75,092	£91,794
G2	£61,675	£75,332
G3	£50,697	£62,065
G4	£41,347	£50,089
G5	£32,892	£42,424
G6	£24,557	£30,928

Spot rates

Grade	SR1	SR2	SR3	SR4
G1	£77,559	£83,683	_	_
G2	£67,293	£72,584	_	_
G3	£50,697	£54,442	_	_
G4	£45,057	£48,798	£50,746	_
G5	£37,100	£38,560	£40,996	£42,620

Allowances

Allowance	Rate
London Weighting Allowance	£3,847 per annum
South East Allowance	£3,077 per annum
Overtime ¹⁹	
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 ²⁰	£25.28 per period

¹⁹ 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.

²⁰ On-call Allowance is only payable to Grades 3-6.

Appendix G – NCA Pay Ranges, Spot Rates and Allowances for the 2024/25 Pay Year

The recommended pay ranges, spot rates, and allowances for the 2024/25 pay year that are within our remit are set out below:

Standard pay ranges

Grade	Minimum	Maximum
G1	£78,847	£96,384
G2	£64,759	£79,099
G3	£53,232	£65,169
G4	£43,415	£52,594
G5	£34,537	£44,546
G6	£25,785	£32,475

Spot rates

Grade	SR1	SR2	SR3	SR4
G1	£81,437	£87,868	_	_
G2	£70,658	£76,214	_	_
G3	£53,232	£57,165	_	_
G4	£47,310	£51,238	£53,284	_
G5	£38,955	£40,488	£43,046	£44,751

Allowances

Allowance	Rate
London Weighting Allowance	£4,040 per annum
South East Allowance	£3,231 per annum
Overtime ²¹	
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 ²²	£25.28 per period

²¹ 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.

²² On-call Allowance is only payable to Grades 3-6.