

FDA Submission to The Independent Public Service Pensions Commission

Introduction

0.1 The FDA is a trade union and professional association dedicated to representing the interests of senior managers and professionals in public service. Our 18,000-plus members include civil service administrators, policy advisers, tax inspectors, schools inspectors, NHS managers, lawyers, economists, diplomats, senior museum staff and statisticians.

0.2 The FDA fully supports the submissions from the Trades Union Congress (TUC) and the Council of Civil Service Unions (CCSU) and does not seek to repeat their arguments.

Executive Summary

1.1 Pension provision has a significant importance within the civil service, and is at the heart of the 'contract' between civil servants and the Government and State.

1.2 The civil service is currently undergoing a period of rapid and substantial change, and any proposals to worsen pension provision will be seen in the wider context of what are considered to be attacks on the terms and conditions of all civil servants including FDA members.

1.3 A reduction in the value of pension benefits will make it harder for the civil service to recruit externally people of high calibre, and to retain talented internal staff, and the Commission would do a great disservice to the long-term strength and viability of the civil service as an employer.

1.4 Historically pay levels in the civil service have been set at lower levels than for comparable jobs in the private sector which reflects in part the value of pension provision.

1.5 The gap in pay between the civil service and the private sector represents the true level of pension contributions made by FDA members. This gap has increased substantially in recent years with pay rates that are between 21.7% and 97.6% lower than comparable jobs in the private sector.

1.6 There is a substantial disparity between the salaries of internal promotees and external recruits to the Senior Civil Service (SCS).

1.7 Base pay represents a much smaller proportion of total remuneration in the private sector (between 49% and 73%) than it does in the public sector (80% to 83%).

1.8 Although pension provision may be generally inferior in the private sector the value of other benefits more than compensates for the difference.

1.9 The FDA is firmly of the view that public sector pensions are both affordable and sustainable.

1.10 The FDA believes that any consideration of savings and affordability in relation to the cost of civil service pension provision must be undertaken within the context of a review of all aspects of total remuneration.

1.11 When considering any potential savings that can be made, and indeed the long term affordability of pension provision, account must be taken of "*the needs of public service employers in terms of recruitment and retention*" to which the terms of reference require the Commission "*to have regard*".

1.12 The FDA believes that it would be totally unacceptable for there to be any consideration of increased costs being imposed on the union's members in the light of the erosion of the value of the pension, and especially during a pay freeze when there could be no access to any form of offsetting adjustments to base salaries to ease the additional payments.

1.13 The FDA does not believe that it would be fair to introduce a pensions cap or to reduce the current level of the earnings cap in the civil service pension arrangements.

1.14 The FDA believes that the following represent key objectives that should set the framework for any future change to pension provision.

- Accrued rights must be fully protected. We are concerned that this has been significantly undermined by the intention to change the indices used for the uprating of public sector pensions from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI).
- Access to pension provision is open to all and on equal terms.
- Any scheme should be defined benefit, and of high quality.
- Public sector should set a standard for the wider economy of pension provision.
- Pension provision should not be considered in isolation from other elements of total reward.
- Recruitment and retention needs of employers should be a key consideration.
- Any proposals for caps or restrictions must have universal application and not be confined to the public sector.
- Any proposals arising from this review should not prescribe a 'one size fits all' solution but should be capable of application, as appropriate, on a scheme-specific basis. Any proposals for change should be subject to detailed consideration and negotiations with the relevant unions within each of the different public sector pension schemes with a view to finding solutions appropriate for each specific workforce.

1.15 The Commission must also recognise in any proposals for change that pension reform is not susceptible to 'quick fixes', and that it would be unfair to seek to introduce significant changes for those late in their career and with insufficient time to make alternative plans.

The importance of Pensions in the Civil Service

2.1 Before setting out the substance and detail of this submission it is important to understand the importance of pensions within the civil service and to set out the context for consideration of any changes that may arise from the Commissions deliberations.

2.2 In considering the future of public sector pensions the Commission should not lose sight of the importance of pension provision within the civil service, particularly at more senior levels, which is at the heart of the 'contract' between civil servants and their employer, the Government and State. There is no doubt that for many civil servants in the more senior grades that the FDA represents the cumulative impact of the pay freeze, the proposal to index pensions to CPI rather than RPI, the growing insecurity many people feel about the future of their jobs, and the Government's recent announcement of its intention to cap redundancy payments and uncertainty over changes to pension arrangements are having a marked impact upon morale. Any proposed changes to future pension provision will be seen in the wider context of significant attacks on the terms and conditions of our members.

2.3 Those in senior roles (not only in the civil service but wider public sector) also have the added burden of having to manage and implement cuts amongst their staff, which is not only a demanding task in any job but also brings with it increased personal pressure; there is a double challenge of not only having to work with more junior staff and also colleagues whose jobs may be axed but also of attempting to maintain morale and deliver effective services at the same time, and managing conflicting expectations, while their own position may also be under threat.

2.4 The pensions available to those at more senior levels of the civil service have a particular significance within the wider package of terms and conditions as explained below, and are seen as offering some compensation, particularly for those at the most senior levels, for the relatively low comparable salaries, which for career civil servants will have persisted for very many years. Any significant detrimental changes would therefore have a disproportionately negative impact in terms of the perception of the 'contract' between civil servants and their employers.

2.5 Whilst there is a stated, and perfectly proper, wish to protect low paid public servants, as with the wider tax and benefits systems there is a danger of creating perverse disincentives at certain pay thresholds. The Commission should not lose sight of the fact that not only are many civil servants in the grades represented by the FDA not well paid for the level of responsibility they carry compared with counterparts in other parts of the public sector, as this submission will evidence, but also that the creation of further - if unintended - disincentives through a reduction in the value of pension benefits will make it harder for the civil service to recruit externally people of high calibre, and to retain talented internal staff.

2.6 The Labour Government had proposed a reduction in Senior Civil Service budgets of 20% as a minimum, and whilst this has not yet been confirmed as policy by the Coalition Government, there is little doubt that significant numbers of SCS

and other posts will be shed. The civil service cannot simply continue on the basis of restricting pay, as has been historically the approach of successive Governments, but of also reducing the wider reward package of which pensions is a significant part without there being adverse consequences that could impact on the efficiency of the civil service and the delivery of good Government.

2.7 The civil service must always have the potential to attract, recruit and retain the best talent from any sector of the economy. Notwithstanding the misplaced characterisation of 'gold-plated' pensions, the Commission would do a great disservice to the long-term strength and viability of the civil service as an employer if it were to undermine the contribution to the total remuneration package made by public service pensions.

Comparability - The evidence

3.1 Decent pension provision is a fundamental element of the total reward package for civil servants who have traditionally accepted that their pension compensates, in some respects, for pay levels that are lower than those paid for comparable jobs in the private sector. The CCSU submission to the Commission refers to the history of how pay has been set in the civil service to take account of the value to Civil Servants of their pension. The Scott Report (1981) estimated this value at about 7% to 8% of pay compared to the private sector and recommended that pay levels in the civil service should be set at a lower level than comparators to reflect this value. The pay gap between the civil service and the private sector actually represents the true level of pension contributions made by civil servants over and above the stated levels of 1.5% or 3.5% of salary. There is evidence available to demonstrate that the true level of this "contribution" has increased substantially since 1981 in the light of the significant pay gap that currently exists at the more senior levels of the civil service not just with the private sector but also other parts of the public sector. This evidence can be found in the Government's own submission to the Senior Salaries Review Body (SSRB) and in pay comparability data prepared for Cabinet Office by the Hay Group.

3.2 The Hay Group claims to have "*the world's most comprehensive remuneration, benefits and reward management practices databases*". The Cabinet Office commissions Hay Group each year "*to provide an indication at typical Civil Service job levels of external compensation and benefits at market levels*". The information within the report is "*drawn from the Hay Group database which contains, at the appropriate job levels, of around 600,000 records across 600 organisations throughout the UK economy. Where possible within the report we have reported information directly in terms of traditional Civil Service grades. Based on previous experience working across government sectors, Hay Group has built up a picture of the typical Hay Group job evaluation scores for government grades and the read across with JEGS and JESP [job evaluation] scores for these roles*". The report provides the most comprehensive analysis available for comparable jobs within the civil service as a whole, the wider public sector and the private sector.

3.3 The most recent report produced by the Hay Group for the Cabinet Office is dated March 2010. A comparison of the median level of base pay at each civil service Grade represented by FDA (Grade 7 and above) against the comparable

public sector and private sector data provided by the Hay Group is set out in Annex 1. The civil service data is drawn from Cabinet Office Pay Club Data for Grades 6 and 7 and from the Government evidence to the Senior Salaries Review Body (November 2009) on the Pay of the Senior Civil Service for SCS Grades 1, 1a, 2 and 3. The data shows a substantial difference in the median levels of base pay at the higher civil service Grades by comparison with both the rest of the public sector and the private sector, with the civil service median being lower at every level. Civil service base pay is behind that of comparable jobs in the rest of the public sector by a minimum of 12.2% with the gap extending to 31.3%. By comparison with the private sector the pay gap is even greater and the deficit varies from a minimum of 21.7% up to a massive 97.6% at the most senior level of the civil service.

3.4 Further evidence for the disparity in pay between the civil service and external markets can be found within the Government's evidence to the Senior Salaries Review Body (SSRB) November 2009. Annex 2 sets out the median salaries over the five year period 2005 - 2009 for those who have been promoted from within the civil service to an SCS grade compared to external appointees to an SCS grade.

3.5 The Annex shows that in 2009 the median starting salary (base pay) for external joiners was about £19,000 (28 %) higher at pay band 1 than for those being promoted internally an increase from about £14,000 (21%) in the previous year. At every level and for every year the median salary for external joiners is higher than for internal promotees. It is not surprising then that an analysis of the median salaries of all members of the SCS broken down by whether they joined the grade as an internal promotee or from outside the civil service shows that at every level the median for 'externals' is significantly higher. This analysis is set out in Annex 3.

3.6 The Government's evidence to the SSRB also highlighted the fact that *" although external recruits make up only a fifth of all the SCS they constitute over half (56%) of the top decile of earners and just 3% of the bottom decile of earners" . Moreover " The median salary (base pay) of all internal SCS as a proportion of external SCS continues to fall, it now stands at 82% of that of external SCS down from 83% the previous year and 85% in the year before that" .*

3.7 The data set out in Annexes 1 to 3 provides clear evidence of the substantial and growing divide between pay rates in the civil service and those for comparable jobs in external markets. It would appear from this data that the attraction of high quality pension provision in the civil service is clearly not sufficient for external recruits to accept 'normal' civil service pay rates. Conversely this means that longer serving civil servants are paying a substantial price for their pension benefits in terms of significantly lower pay than others within the civil service, let alone by comparison with those in comparable jobs in external markets.

Total Remuneration

3.8 The evidence set out above relates only to base pay and shows a substantial gap between the civil service and that available in other sectors. This, however, is not the full picture because a comparison needs to take account of all elements of the remuneration package including the value of pension provision.

3.9 The Hay Report identifies a number of elements to a Total Reward package including many that are not provided for civil servants, most notably Company Cars and Private Health Care. For civil servants the key elements of total reward are (base) pay and pension and for members of the SCS a (diminishing) discretionary element of non- consolidated pay. To what extent does the provision of a defined benefit pension scheme compensate for the substantial gap in base pay between the civil service and other sectors? Hay has, in their reports for Cabinet Office over the past few years, identified

“an increasing polarisation of provision between high, guaranteed benefits from final salary pension schemes, and lower, more uncertain provision from defined contribution schemes. This variation occurs both within and between companies. Using any widely accepted actuarial assumptions; it is acknowledged that a typical defined benefit scheme today will provide a larger pension than that from a typical defined contribution scheme.

In this context, the defined benefit pension provision for Civil Servants will be competitive at the smaller job sizes. However, the annualised cash value of the pension will be less competitive at higher levels compared with other defined benefit schemes, due to the below market salaries provided. In addition, it is worth noting that defined benefit scheme for more senior roles in the private sector may have a 45th or even 30th accrual rate, where defined benefit is provided.”

3.10 Comparing base pay across different markets is relatively easy because it is based on a comparison of cash values. Making comparisons on total reward is more problematic because it requires that a cash value should be calculated for each element of the total reward package. Hay has developed a methodology for making such calculations but only provide data for the public sector (excluding central government) and the private sector. The analysis undertaken by Hay provides an indication of the proportion of total reward that pension provision represents in the public sector. On the basis that pension provision across the public sector is broadly similar and is defined benefit, rather than the defined contribution provision that is now more prevalent in the private sector, it would be reasonable to assume that civil service base pay would represent a similar proportion of total reward. The data set out in Annex 4 shows that base pay represents between 80% and 83% of total remuneration in the public sector. If one assumes that total reward in the public sector comprises of base pay and pension then the additional 17% to 20% would appear to be the value of pension within the total reward package.

3.11 In the private sector base pay represents between 49% and 73% of the total reward package. Although pension provision may be generally inferior in the private sector the value of other benefits in the reward package more than compensates for the difference.

3.12 The evidence set out above shows clearly that pay levels at the more senior levels of the civil service are substantially lower than those for comparable jobs in external markets. The pay gap represents the substantial cost paid by civil servants for their pension. This evidence should be central to any consideration of

immediate savings that can be made and the long term affordability of pensions in the civil service.

Affordability and Cost Saving

4.1 The FDA is firmly of the view that public sector pensions are both affordable and sustainable. We fully support the arguments set out in the TUC submission on this issue which include reference to the significant changes negotiated with the previous Government. The detail of the changes made to civil service pension arrangements including those relating to Cost Sharing and 'capping' are set out in the CCSU submission. Cost savings will clearly be generated by the 2007 changes negotiated and agreed with the Civil service unions. The closure of all final salary schemes to new entrants and the introduction of one based on career average (Nuvos) is a development of particular significance in terms of delivering cost savings. The membership of Nuvos has grown to 14% of all active members of the Civil Service Pension Schemes within a period of less than 3 years. At this rate of growth more than half of all Civil Servants could be in membership of Nuvos by 2018. The proposed move to using CPI rather RPI for the up rating of pensions will also deliver significant savings. FDA is strongly opposed to this change because it will adversely impact on the accrued and future pensions of all members. It is arguable that members of Nuvos will be most adversely impacted because of the way in which their pension is calculated and up rated on an annual basis.

4.2 The terms of Reference for this review invite the Commission to produce an interim report by the end of September 2010. *" This should consider the case for delivering savings on public service pensions within the spending review period..... to contribute towards the reduction of the structural deficit" .*

4.3 It is possible that a proposal for immediate savings might emerge that would take the form of an increase in pension contributions paid by scheme members, or a levy on the salaries of all staff as public servants have experienced in the Republic of Ireland. The FDA does not believe that a proposal in either form would be reasonable or appropriate for the following reasons

True Level of Contributions

4.4 Civil servants at the levels represented by the FDA are already making substantial contributions to pay for the cost of their pension. These contributions are far in excess of the stated levels and the true level is represented by the substantial pay gap with the private sector and also with other parts of the public sector.

Total Remuneration

4.5 The FDA believes that any consideration of savings and affordability in relation to the cost of civil service pension provision must be undertaken within the context of a review of all aspects of total remuneration.

Recruitment and Retention

4.6 When considering any potential savings that can be made, and indeed the long term affordability of pension provision, account must be taken of "*the needs of public service employers in terms of recruitment and retention*" to which the terms of reference require the Commission "*to have regard*". Any proposals to generate savings by, for example, increasing the level of contributions made by staff, fundamentally changing the basis of pension provision and /or reducing pension benefits could have an impact on the ability of the civil service to recruit and retain high quality staff. The FDA believes that any consideration of savings and affordability in relation to the cost of public sector pension provision cannot, therefore, be undertaken in isolation from a consideration of other aspects of the employment package that allow employers to recruit and retain high quality staff.

Pay Freeze

4.7 The Commission will be aware that the Government has imposed a two year pay freeze on the public sector. The freeze applies to all those earning in excess of a, full time equivalent, salary of £21,000 per annum. The impact of the freeze is particularly draconian in the civil service because unlike some parts of the public sector where incremental pay progression will continue to apply throughout the period of the freeze this is not the case for the civil service. In other words a freeze means no increase in pay at all for two years for those in the civil service earning in excess of £21,000 per annum. For the Senior Civil Service the two year freeze comes on top of an existing one year freeze, making it of three year's duration in total.

4.8 It follows from the above that FDA believes that it would be totally unacceptable for there to be any consideration of increased costs being imposed on the union's members when the value of the pension is to be eroded though the indexation by CPI rather than RPI. Commentators put a loss of value in the pension paid at between 10 and 20%, and increasing as the pensioner ages (depending on the beneficiary's circumstances). Moreover, during a period of pay restraint the potential value of a pension based on salary payable is eroded as the salary fails to keep up with either prices or earnings more generally. In addition, in those circumstances to seek further contribution to costs from scheme members during the course of a pay freeze when members are already taking a significant loss of value in the pension and would have no access to any form of offsetting adjustments to base salaries to ease the additional contributions is particularly unfair.

Fairness

5.1 The Commission's terms of reference require that it has regard to "*the need to ensure that future provision is fair across the workforce*". The FDA wishes to make a number of points on the subject of fairness.

Total Remuneration

5.2 As stated earlier the FDA believes that any consideration of higher contribution rates and or other significant changes to the existing structure of

pension provision could only be fairly considered as part of a wider review of total remuneration.

Pay Freeze

5.3 As stated earlier the FDA does not believe that it would be fair to impose on civil servants increased costs for their pension during the course of a pay freeze.

Access

5.4 The FDA believes that all civil servants should continue to have access to the same pension arrangements. Currently all civil servants - from the Head of the Civil Service, Sir Gus O'Donnell, to the most junior civil servant - are covered by the same pension arrangements. The only determinant of which scheme a civil servant joins is the date of their entry into the civil service. There are, in other words, no special pension arrangements for Senior Civil Servants. This can be contrasted with the position in the private sector. The FDA believes that this is fair and equitable and provides appropriate transparency.

Pensions Cap

5.5 The Conservative Party manifesto proposed that there should be a cap of £50,000 on the pension that can be accrued in the public sector. The FDA has serious concerns about whether this proposal could be implemented without impacting on accrued rights. This would make such a proposal automatically unfair and outside of the terms of reference of the Commission. The FDA welcomes the opposition to this proposal that has come from both the Institute of Fiscal Studies (IFS) and the Public Sector Pensions Commission (PSPC). The IFS believes that a pensions cap would be inequitable because it would impact differently on people in the same job but with different lengths of service. The PSPC has dismissed the proposal for a pensions cap on the basis that it would affect very few people and therefore save very little money.

Earnings Cap

5.6 Whilst dismissing a pension cap the PSPC does consider that an earnings cap would be "*a very different proposition*". They argue that:

"It would clearly save money, since for higher earners a pension would be being accrued on only part of their salary. It could be argued that it would be a "fair" reform, since it would have no impact at all on the pension of anyone whose salary was below the ceiling".

5.7 An earnings cap does already operate within the Civil Service Pensions arrangements. A cap was originally set in 1989 by HMRC and was applied universally to all approved pension schemes in the UK. Since April 2006 HMRC has not required pension schemes to limit benefits by reference to the earnings cap. The rules of the 'final salary' sections of the Civil Service Pension Scheme (Classic, Classic Plus and Premium) have nevertheless continued to restrict benefits in this way. The earnings cap is calculated using the same method as was previously used by HMRC and is currently set at £123,600. Some, such as the PSPC, might argue

that the cap is currently too high and should be lowered to "save money" and because it would be "fair".

5.8 The FDA believes that this contention is wrong on both counts. The size of any savings would, of course, depend on the level at which a cap is set. The Minister for the Cabinet Office recently pointed out that *"Contrary to general belief, large numbers of civil servants are not very well paid – half of them earn £21,000 a year or less"* and around 80% earn less than £30,000. Any credible cap could only be set at a level which would produce negligible savings and affect less than 1 % of civil servants. The FDA does not believe that there is a case on grounds of cost saving or of fairness for reducing the current level of the earnings cap.

5.9 Moreover, introducing a lower earnings cap in the civil service than that which continues to apply generally across the wider economy could have a further impact on recruitment and retention. As the PSPC point out *"we should be careful in putting too much store by this principle of "fairness". The public sector has to compete in the market for all employees - whether senior managers, clerks or catering staff. It is the package of benefits that has to be competitive and to reduce the value of part of that package for a particular group may lead to a need to increase other parts of the benefits package"*.

Objectives that should set the framework for any change

6.1 The FDA believes that the following represent key objectives that should set the framework for any future change to pension provision.

- Accrued rights must be fully protected. The FDA welcomes the commitment set out in the Commission's terms of reference that accrued rights should be protected. We are concerned, however, that this commitment has been significantly undermined by the intention outlined in the recent Budget to change the indices used for the uprating of public sector pensions from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI). The TUC and CCSU submissions outline the impact of this significant change and FDA fully supports the arguments presented in both submissions.
- Access to pension provision is open to all and on equal terms.
- Any scheme should be defined benefit, and of high quality.
- Public sector should set a standard for the wider economy of pension provision.
- Pension provision should not be considered in isolation from other elements of total reward.
- Recruitment and retention needs of employers should be a key consideration.
- Any proposals arising from the Commission to introduce, extend or lower any limits, caps or restrictions must have universal application and not be confined to the public sector.
- Any proposals arising from this review should not prescribe a 'one size fits all' solution but should be capable of application, as appropriate, on a scheme-specific basis. Any proposals for change should be subject to detailed consideration and negotiations with the relevant unions within each of the different public sector

pension schemes with a view to finding solutions appropriate for each specific workforce.

6.2 The FDA also believes strongly that the Commission must recognise in any proposals for change that pension reform is not susceptible to 'quick fixes'. If the Commission were in due course to recommend significant changes then it is important that these are planned and implemented over a period of time that is sufficient to allow individuals to adjust their own personal plans. The Commission must also recognise that it would be unfair to seek to introduce significant changes for those late in their career and with insufficient time to make alternative plans.

Annex 1

Comparisons of Base Pay

Grade	Civil Service	Public Sector (3)	Private Sector (3)
7	48,684 (1)	57,796	61,565
6	60,186 (1)	67,536	73,234
SCS 1 (2)	73,699	83,419	90,953
SCS 1A (2)	85,431	99,016	108,125
SCS 2 (2)	102,005	133,896	170,500
SCS 3 (2)	135,150		267,000

(1) Data calculated using Cabinet Office Pay Club Data - March 2010

(2) Data taken from the Government Evidence to the Senior Salaries Review Body on the pay of the Senior Civil Service - November 2009

(3) Data taken from page 37 Civil Service benchmarking report for the Cabinet Office produced by the Hay Group - March 2010

Annex 2

Median salary for promotees and external joiners, 2005 to 2009*

Payband	Promotion ¹ /	2009		2008		2007		2006		2005	
	External Joiner										
1	Internal Joiner	£67,555	354	£67,327	363	£65,221	284	£62,750	375	£60,180	262
	External Joiner	£86,480	89	£81,600	78	£80,000	98	£81,827	86	£74,073	91
1A	Promotion	£81,043	32	£81,808	29	£79,645	23	£81,179	29	£73,206	31
	External Joiner	-	1	£93,801	7	£95,000	5	£106,025	5	-	4
2	Promotion	£90,000	93	£91,018	107	£87,668	43	£85,050	107	£84,219	88
	External Joiner	£122,460	20	£125,000	30	£121,800	32	£103,000	39	£111,725	27
3	Promotion	£129,413	23	£116,580	23	£115,000	13	£106,770	18	£114,402	17
	External Joiner	£148,798	6	£178,954	9	£121,800	9	£159,500	5	£150,000	11
Total	Promotion	£71,793	502	£71,829	522	£68,783	363	£68,086	529	£66,211	398
	External Joiner	£90,000	116	£91,800	124	£86,428	144	£85,942	135	£76,688	133

* Table E8 (page 48) of the Government Evidence to the Senior Salaries Review Body on the Pay of the Senior Civil Service - November 2009

Annex 3

Median salary by Internal/External and Pay band *

Payband	Internal/External	2009	2008	2007	2006	2005
1	Internal	£72,383	£71,496	£70,671	£69,354	£68,382
	External	£83,068	£80,380	£78,540	£76,220	£74,232
1A	Internal	£83,428	£84,045	£83,643	£81,156	£79,338
	External	£92,844	£90,395	£91,205	£86,225	£85,427
2	Internal	£96,354	£95,697	£95,610	£93,600	£92,001
	External	£119,300	£116,846	£108,223	£105,354	£102,500
3	Internal	£130,653	£129,012	£127,345	£121,992	£120,271
	External	£167,575	£165,000	£155,270	£135,202	£140,728
Total	Internal	£75,566	£74,543	£73,966	£72,612	£71,778
	External	£92,208	£89,848	£86,892	£82,980	£78,795

* Table E7 (page 48) of the Government Evidence to the Senior Salaries Review Body on the Pay of the Senior Civil Service - November 2009

Annex 4

Comparison of Total Remuneration *

Grade	Public Sector		Private Sector	
	Base Pay	Total Remuneration	Base Pay	Total Remuneration
7	57,796	70,755	61,565	83,801
6	67,536	81,924	73,234	103,653
SCS 1	83,419	100,834	90,953	136,897
SCS 1A	99,016	120,831	108,125	170,248
SCS 2	133,896	166,690	170,500	275,748
SCS 3	–	–	267,000	547,150

* Data taken from page 37 of the Civil Service benchmarking report by the Hay Group - March 2010