



FDA & PROSPECT WRITTEN EVIDENCE TO THE SENIOR SALARIES REVIEW BODY

January 2019

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Written evidence to the Senior Salaries Review Body from the FDA and Prospect

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1. INTRODUCTION

1.1 Since April 2018, there has been improved engagement with the FDA and Prospect at Cabinet Office level around the development of their priorities and strategic thinking by the government and civil service in relation to senior civil service (SCS) pay. However, the Cabinet Office proposals and stated intentions remain as such - to suggest that progress was even glacial would be a positive exaggeration. There have been four main areas that have given opportunities for discussion, but we have not received the data/evidence or written details to enable a transparent and engaged dialogue that the FDA and Prospect would expect.

1.2 The issues for senior civil service are twofold;

- The pace of change
- Funding

1.3 The SSRB has had a pay and workforce strategy as a clear priority at least since 2016. The government has stated its vision and principles for completion by 2020. However, another year has gone by and there is no change for the senior civil service on the fundamental issues and challenges identified in successive SSRB reports and in Government evidence.

1.4 We had hoped last year to see a significant shift that delivered tangible, positive outcomes for staff. The announcement by Liz Truss in 2017 that the cap of 1% on public sector pay increases was to be abandoned was welcomed by many. The SSRB had previously questioned its own ongoing relevance in the context of such a restrictive policy. Any objective observer knew that such a restrictive incomes policy was unsustainable over the longer term- particularly given pay movements in the wider economy. The FDA, Prospect and our members were therefore deeply disappointed that the government chose not to accept and implement in full the recommendations made by the SSRB last year with regard to salary uplifts. We assume that the SSRB share that disappointment. The

government sought to justify its position citing a number of factors, including “coherence”. Coherence is effectively code for pay restraint in this context - the apparent justification being that because the remit guidance restricted pay increases for “delegated grades” to a range of 1-1.5%- that the recommendations of the SSRB needed to be pared back to reflect that range. The facts are that in terms of coherence- both the SCS and the delegated grades in the civil service have been singled out and treated more harshly than other groups of public sector workers. In terms of a more coherent approach to pay, both for the SCS and delegated grades, the FDA and Prospect could have suggested a more elegant solution which would have been welcomed by staff and met the government’s desire for coherence.

1.5 Pay levels and pay increases for civil servants lag significantly behind their comparator roles not only in the private sector but also in the wider public sector. The gulf continues to grow and the gulf increases by grade and specialism. This is not simply the view of the unions - but was reflected in the advice provided to the Minister for the Cabinet Office by the Cabinet Office which was revealed to us as part of our Judicial Review of the remit process. It is also reflected in independent consultancy work commissioned by Civil Service Employee Policy (CSEP) but it has refused to make public. A recent paper by the Institute for Government also starts to articulate the operational and cost impact of such a restrictive incomes policy.

1.6 The impact of this policy has driven a far higher level of internal and external labour market churn. This labour market churn has been masked by a lack of reliable management information. The average tenure of a Senior Civil Servant in post is less than two years. The average tenure of Permanent Secretaries is not much more. Accountability, continuity, corporate memory, service delivery capacity and high-quality policy analysis and advice all suffer in that context. The reality is that pay and reward structures are not aligned with the behaviors, competencies and skills we should want to drive and embed.

1.7 Investment is needed in the pay system (but in addition the SCS - and wider civil service - also needs an HR and career support system fit for the workforce it

requires) which rewards the right mix of specialist skills, policy knowledge and generalist capabilities and rewards staff for staying in post longer, building deeper expertise and supporting project continuity.

Member's comment

“The pace of change to SCS pay arrangements remains glacial. The widely resented 'rank and yank' system, the absence of any pay progression and the blatantly unfair starting salary rules show no sign of changing, despite repeated warnings from the SSRB. It is widely accepted that these policies are discredited - indeed we have recently replaced them for delegated grades in our Department with positive effect. That has merely served to further emphasise the divide between SCS/non-SCS and to underline the need for urgent change.”

1.8 Despite all this, yet again, the remit letter sets out a premise of another year without sufficient resource from government. This resource is necessary to enable tangible change to ensure the senior civil service is able to recruit and retain the skills and commitment required for the civil service to deliver for the public.

1.9 It is essential that the senior civil service pay system and the supporting performance management system should have the confidence of staff. Given the government is still considering only that which fits into a rigid cost envelope for the next few years, reflecting exactly the same approach adopted for most of the last decade. We would urge the SSRB to uncover the costings that sit behind the proposals put forward by the Cabinet Office. It appears it has explored only changes that can be put forward on a cost neutral basis rather than looking at how to address the problems that beset the senior civil service pay framework.

1.10 This is amplified in the government's response to the SSRB 2018 report in that it did not implement the SSRB's recommendation that 1.25% should be allocated and distributed to address pay anomalies. This was on the basis it

‘significantly moves away from coherence between the approach for senior civil service and delegated grades and risks affordability issues.’

1.11 In the SSRB 2019/20 remit letter the Minister sets out that ‘the new pay system marks a significant strategic shift’ - this is clearly overstating the reality of the situation. There is currently no new pay system and whilst we acknowledge that the Cabinet Office is working to develop a pay system this is in the absence of any recognised increases in funding or ways to create the necessary funding.

1.12 The senior civil service continues to work under considerable pressure and our evidence yet again shows the impact across the senior civil service in terms of people’s health, their capacity to do more and their ability to perform to the high standard they aim for.

2. FDA-PROSPECT PRINCIPLES FOR SENIOR CIVIL SERVICE PAY

2.1 In our submission in 2018 the FDA and Prospect set out our principles for senior civil service pay, we have reviewed and updated them below.

2.2 **Additional funding must be allocated to start to resolve the failings of the senior civil service pay framework** - given the problems that exist and the length of time it is taking to resolve them plus the pay restraint that has applied to the senior civil service: longer than any other part of the public sector; we believe it is not appropriate to try to spread the existing payroll a different way and that a business case should be submitted to the Treasury.

2.3 **All members of the senior civil service should have a consolidated pay award** - that recognises the increased cost of living and the real value loss of income suffered in the last seven years.

2.4 **The working hours of the senior civil service need to be addressed** - so a) they do not cause harm to individuals, and b) they are properly recorded and compensated for.

2.5 **A system of progression through a pay grade must be introduced** - to give the pay framework longevity enabling individuals to look to the future and disincentivising movement as the only means of increasing pay.

2.6 **Non-consolidated awards** - should be more widely available and not fixed to a discredited performance management system.

2.7 **The performance management system should immediately be withdrawn** - and departments be allowed to adopt fairer systems that enjoy the confidence of all of those involved in the appraisal process.

2.8 **Removing the gender pay gap should be an explicit objective of the government** - the gender pay gap is a persistent feature of senior civil service pay

(as are other inequities such as the external hires premium). There is need to lay out a plan to reach the removal of the gender pay gap within three years.

2.9 Proper reform to the pay framework should assist the eradication of the two-tier workforce - by paying the rate for the job irrespective of whether the successful candidate is an external hire or an internal appointment.

2.10 Pension scheme flexibility - the SSRB asked the Cabinet Office to consider pension flexibility last year and we maintain this should be looked at with a greater urgency.

3. AFFORDABILITY

3.1 The Government's remit letter to the SSRB dated 19 November 2018 sets out three principles for the SSRB to consider when making its recommendations. One of which includes 'current and future affordability to the taxpayer'.

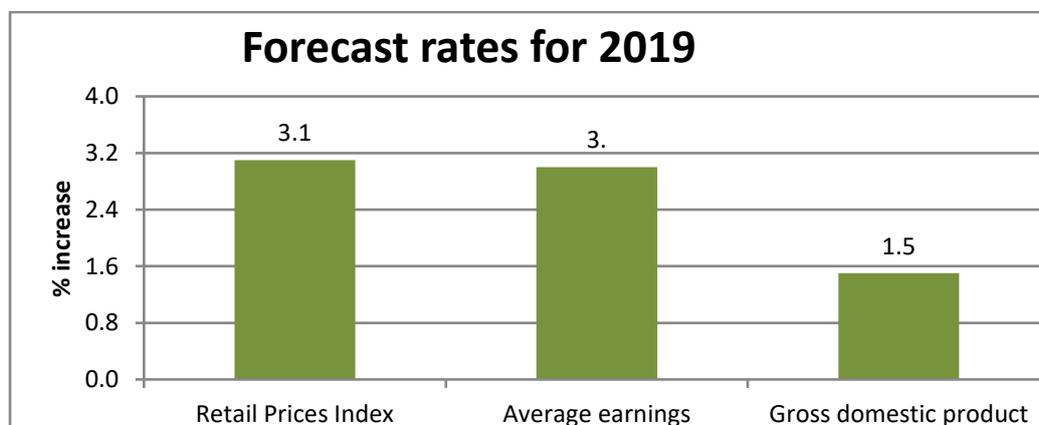
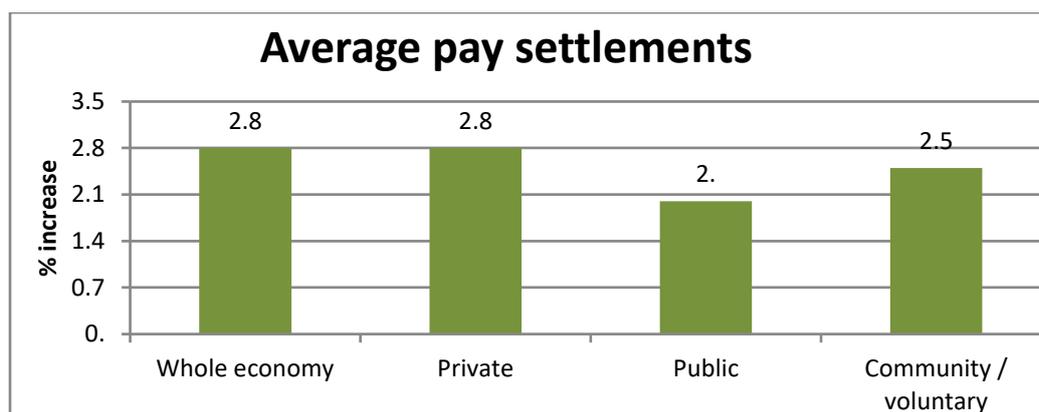
3.2 This principle does nothing to deal with the reality of funding for the senior civil service nor the wider civil service. In the remit letter the Minister sets out that 'the new pay system marks a significant strategic shift' and articulates further plans to achieve this significant strategic shift.

3.3 The Chancellor as a prelude to launching the 2018 budget took great delight in lauding the fact that earnings across the economy were rising at 3.1% - the fastest in real terms in a decade and sought take credit for the fact. It was remarkable that he presented this as a tremendous success whilst at the same time he was capping pay in the civil service at 1.5%. The latest figure show earning increases across the economy now running at 3.3% a gap that is increasingly unsustainable.

3.4 The view of the FDA and Prospects is that a strategic shift of this nature, in our experience, requires both innovation and investment in the system and therefore the SSRB should recommend that the Cabinet Office should be making a business case to the Treasury for the necessary funding to deliver pay system reform for the senior civil service.

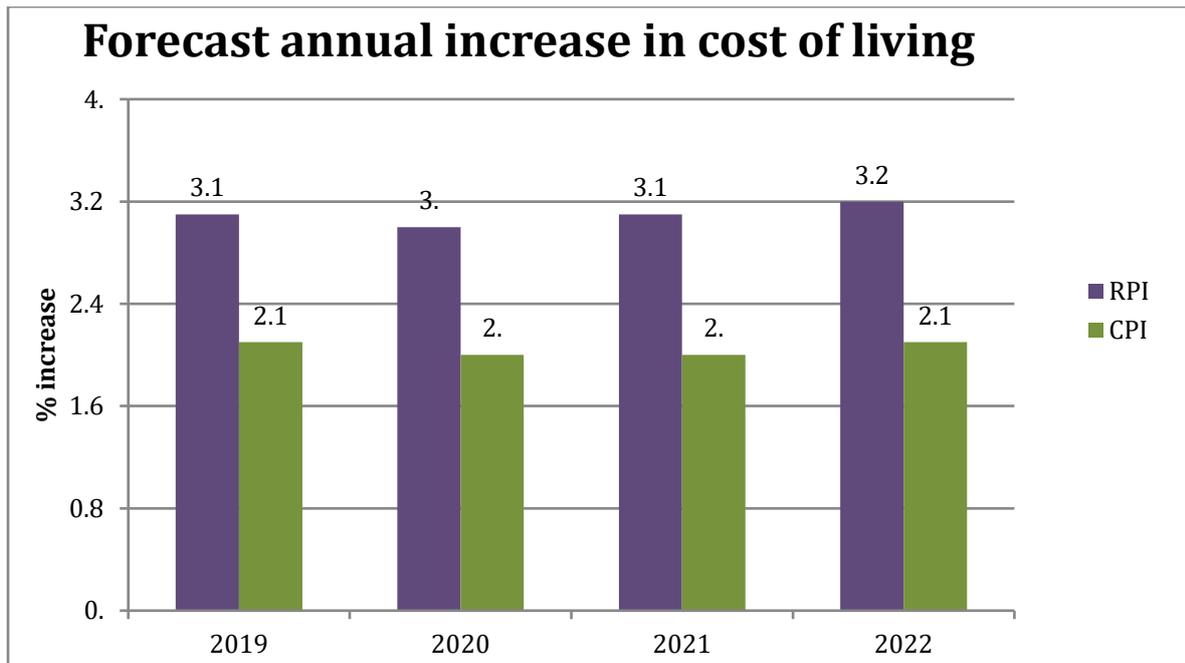
ECONOMIC CONTEXT

3.5 Across the economy, the most recent data from the Annual Survey of Hours and Earnings suggests that the real value of average UK pay packets has fallen by 13% since 2010, with employees losing over £3,000 a year from the value of their pay packet. For the public sector worker who has not benefited from any incremental progression in their pay, the decline has been even sharper.



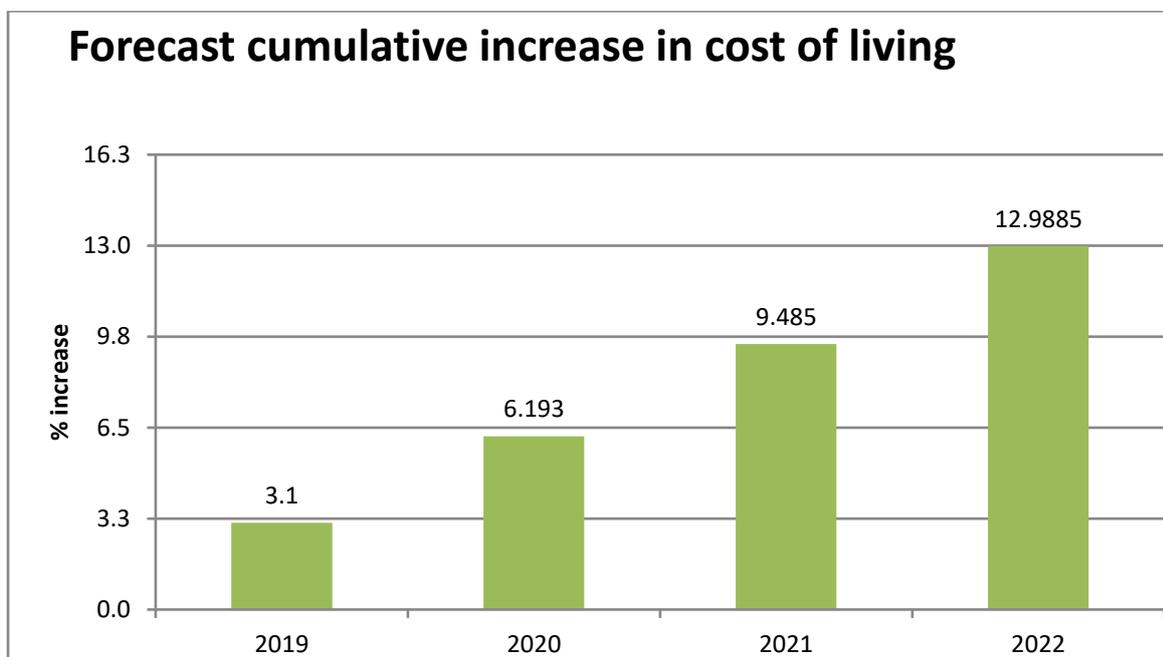
Forecast inflation rates

3.6 The Treasury average of independent forecasts states that RPI inflation will average 3.1% over 2019. It will then remain at 3% or above every year until 2022, following the pattern shown in the graph below. These annual rates show the rate at which pay rises would be needed for wages just to maintain their current value.



Source: HM Treasury Forecasts for the UK Economy, August 2018

3.7 If these rates turn out to be correct, the cost of living employees face will have grown by 13% between 2019 and 2022, following the pattern set out in the graph below.



Pay settlements

3.8 Pay settlements across the economy stand at 2.8%. This is still below the long-run median of between 3% and 3.5% that prevailed for over two decades until the 2008 economic crisis, but nonetheless represents a significant increase on recent years and the highest level since the crisis.

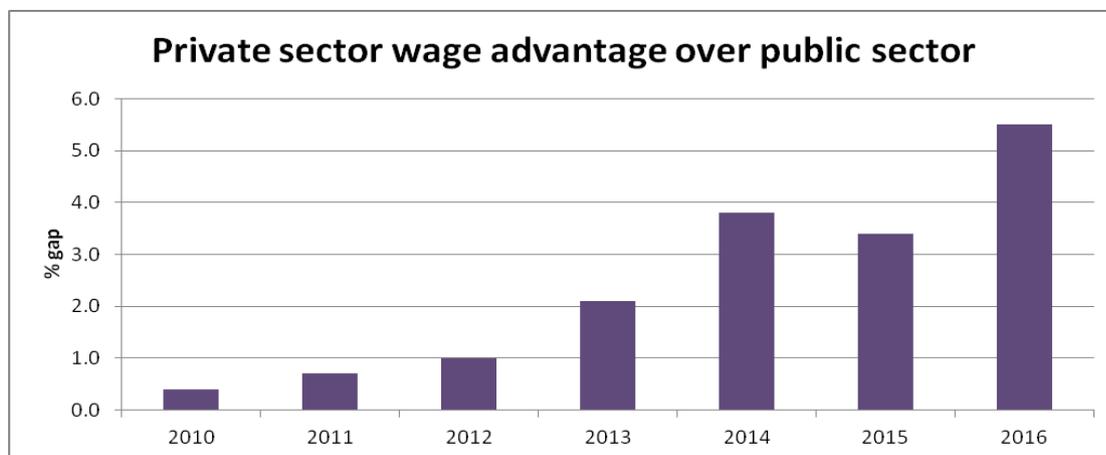
3.9 Pay settlements in the private sector stand at 2.8%, which is almost 1% higher than the rate in the public sector. Private sector settlements have been running far in advance of the public sector since 2010. The table below also shows average settlements.

Sector	Average pay settlements
Across economy	2.8%
Private sector	2.8%
Public sector	2.0%
Not for profit	2.5%
Energy & gas	3.5%
Water & waste management	2.5%
Source: Labour Research Department, settlements year to October 2018	

Comparisons between public and private sector

3.10 The latest study by the Office for National Statistics ensured that the comparison was conducted on a like-for-like basis, taking into account region, occupation, gender and job tenure. It found that the average public sector worker was paid 1% less than a private sector worker in 2016. If organisational size is

taken as a factor in the comparison, the gap grows to 5.5% (the graph below shows how the differential calculated on this basis has favoured the private sector since 2010).



3.11 Before public sector average earnings growth dropped well below the private sector rate in 2013, average earnings growth rates were often used as a basis to argue that the public sector continues to see improvements in pay that are not matched by the private sector, and particularly as a basis for attacking pay progression. However, the use of average earnings growth for comparisons does not simply reflect changes due to pay settlements and pay progression.

3.12 Therefore, average earnings growth does not offer any kind of sound basis for judging actual changes in the pay packet of a worker in the public or private sector. Pay settlement data forms a much sounder basis for comparison, as it eradicates the differences in workforce composition that affects average earnings growth comparisons.

3.13 The evidence provided in the SSRB recommendations table 3.5 shows the stark evidence of this within the civil service, which show for the senior civil service they have had lower than average pay awards than other civil servants over recent years. In no year since 2010 has the senior civil service pay award exceeded the increase in retail prices and projected forward to 2021 the period of reform, this is going to continue. So even when the Government claims to be engaging in

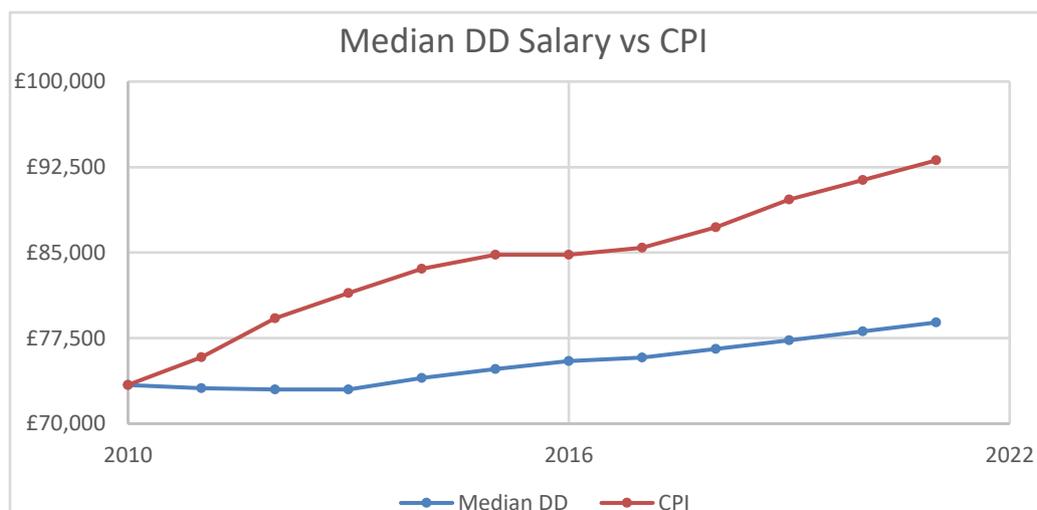
fundamental reform of senior civil service pay, individuals' income will be dropping in real terms.

3.14 Pay awards only tell part of the story; policies on distribution of the 1% award have meant that some individuals have had no rise at all and others have averaged notably less than 1% a year. The cumulative impact of below inflation pay rises is dramatic, even using the lower, CPI, measure of inflation. The median deputy director salary stands at £75,800, had it kept pay with inflation it would stand at around £85,400. If the 1% policy remains, the gap is set to continue and by 2021 the headline difference could be in the region of £15,000, on top of which is the increase in pension costs over the period that have reduced members of the SCS take home pay even further. Projected into the future, the gap continues to grow.

PAY COMPARABILITY

3.15 In its evidence to the SSRB in December 2017, the Government admits that there is growing evidence that the senior civil service is falling behind the market and this trend is set to continue. Whilst they are not seeing this as affecting recruitment and retention, at the moment, it must be an issue of concern. It is even acknowledged by Civil Service Executive that the SCS can get better deals outside but working for the civil service still appeals to the SCS sense of duty and respect for the job/country that keep them in post.

3.16 The FDA and Prospect view is that the particular issue of private sector appointments to the senior civil service is exacerbating the differences in pay of new external recruits versus long-standing senior civil service members.



3.17 The Cabinet Office continues to not share the comparative data with us, so it is impossible to dig deeper into the evidence. It is evident from our survey that members are well aware of how out of sync their salaries and total package value is; the private sector far outweighs public, with benefits such as cars, performance management initiatives/incentives, pensions and bonuses for comparable jobs.

Members' comments

“I am paid £40,000 less in the civil service than two jobs I was offered and £28,000 less than my last public sector job. Secondly, Director jobs are often offered at £100,000 or £110,000 to external candidates but an internal candidate like me would be paid much less (often £88,000): there is no good argument for this”

“We recruit to Grade 6 from the private sector, and they come into the civil service on significantly higher salaries than existing civil servants. On promotion, they then end up even higher up the senior civil service payband.”

4. CABINET OFFICE VISION AND PRINCIPLES

4.1 In the FDA and Prospect submission in January 2018, we broadly welcomed the vision and commented on the overall principles (subject to understanding the detail of them) but added a principle that there should be greater pay equity between internal and external hires and a time specific objective of eradicating the gender pay gap. Our submission also made the point that without additional funding and greater direction from the centre it is hard to see how they can be guaranteed.

4.2 Since April there has been an improved dialogue between the Cabinet Office and the two unions, however, both unions would value more detailed written information on the principles and data on the senior civil service as our engagement has been limited without the full picture and very little documentation.

4.3 The Cabinet Office Principles:

- To move to a set of consistent pay ranges by professional grouping
- To provide greater reward for those who remain in role
- To provide clearer rules and control on how people move through and around the senior civil service pay system

MOVING TO CONSISTENT PAY RANGES

4.4 The FDA and Prospect have discussed with the Cabinet Office how they envisage that consistent pay ranges will be developed. We detailed our initial view to the proposals in our evidence in January 2018, where we urged the SSRB to consider a number of recommendations. We continue to believe that:

- i. The proposed pay ranges for “Group A” and the tiered approach for Directors General require reassessment to ensure they eliminate overlaps with delegated pay and until the SSRB is satisfied that the target band

minima is at a viable level to enable the recruitment and retention of sufficient numbers of qualified staff.

- ii. Until the performance management framework is replaced the SSRB should not endorse the approach to transitioning to new pay ranges.
- iii. The SSRB to recommend that funding is made available to rapidly accelerate the increase in the band minima.
- iv. The range of professions in the civil service that compare unfavourably with the external market is much broader than the government are indicating. The Cabinet Office's own evidence points to the fact that recruitment and retention is proving more challenging for professional and specialist staff in the senior civil service. A deeper analysis needs to be undertaken including those with specialist STEM skills and other professional disciplines.
- v. The FDA and Prospect believe that the pay ranges for all senior civil service and in particular for professions should meet the principles of fairness and scrutiny. The SSRB is invited to make clear to the government that its proposals for pay ranges and other changes proposed should be equality proofed and should clearly state how the proposals will improve (or at least, not worsen) the gender pay gap in the senior civil service.
- vi. There needs to be much greater engagement between unions and the professions.
- vii. It is unclear how the pay ranges framework would operate and importantly how the 3 groupings will interact with each other in relation to pay.

Market facing

4.5 We have inputted into the general principles of 'market facing' roles however we have not received any evidence or details of what market facing means in a senior civil service/civil service context. Nor have we received the data of what roles this band would apply to, so it is difficult to consider the consequences, across the senior civil service framework, of moving to such a banded system. We remain to be convinced that 'Market facing' is the correct language to define specific roles within the civil service.

Specialist pay

4.6 Similarly, in relation to specialist pay, whilst we have seen the data pack supplied with last year's evidence - which shows that 3 in 10 senior civil servants are policy facing roles and that over half senior civil servants work in policy, operational delivery or legal posts - we have not been given any further evidence or detail about what areas/professions or roles this would apply to, how many of the senior civil service this would impact. As with market facing pay ranges, we have raised questions about how the Government will meet its equal pay considerations as our concern is that it will create another barrier to a transparent pay system and framework for the senior civil service.

Member's comment

“The proposed pay scheme, rewarding particular professions risks a return to HMRC's divisive approach of Fully Trained and Non-Fully Trained Inspectors*, rather than value the leadership and operational leadership skills required to effectively manage departments.”

*** (Previously most G7's had gone through Full Training, whilst others had gone through management training who were classed as Non-Fully Trained)**

Civil service wide professions

4.7 The pay ranges proposed will need to be considered fully as we have no data on the pay comparability. We note that In the SSRB recommendations whilst moving the minima to £70,000 by 2020 would reduce the numbers of non-senior civil service paid more than senior civil service pay band 1 to 2,880, that is still a significant number and the bands as proposed do not take account of pay rises for the lower grades and the transition to the new framework will take many years. If the government want to move to consistent pay ranges across professions it must ensure that funding is available to take senior civil service pay up to a realistic baseline which cannot be £70,000 in 2020-1 when £70,000 is so uncompetitive now.

Tiered approach for Directors General

4.8 There have been no further details given to the unions on this proposal. We held one discussion with the Cabinet Office on the proposed tiers but remain unclear how it will operate and reduce pay disparities. The tiers would require clear criteria including how or whether Director Generals(DG) move from one tier to another. Whilst we recognised there are roles of different weight and complexity, we have raised a number of questions with the Cabinet Office (which so far have not been answered): how would the tier level be assessed, how would the Cabinet office consistency check across all Director General posts and appointments, how would the current DG's be assessed and moved into the tiers, how will they ensure fairness in terms of equal pay?

Pay minima and maxima

4.9 The FDA and Prospect welcome the increase to the minima this year, however, we are concerned about the suggestion of reducing the pay maxima as outlined in the Governments evidence December 2017 to the SSRB paragraph 100. It will be necessary to examine the evidence of the need for this measure and it must be considered within the context of senior civil service contractual rights and the framework changes being proposed. One of the key issues for senior civil service members is the inability to progress within the pay ranges but when or if the Cabinet Office resolves that fact, we believe there needs to be a fuller understanding of the pay ranges their purpose and role. Therefore, we would ask the SSRB not to recommend at this stage to a reduction in the maxima from 2019.

GREATER REWARD IN ROLE

4.10 The senior civil service requires a pay system that encourages and enables reward for high performers (fairly measured) and for those who build expertise and capability while remaining in post. This cannot remain solely a 'long-term' aspiration for the Government. This is an urgent priority but is not something that

can be resolved in the current lack of investment in senior civil service pay systems.

Member's comment

“Having been a good performing Deputy Director for 11 years my pay is only a few hundred pounds above the starting salary for the pay band in my department - I have actually had negative progression on the pay scale as my pay has stayed broadly the same but the minimum for the band has increased so it's literally been a race to the bottom! Very unsatisfactory. The Grade 6s in my department get paid more in real terms since they get paid travel time and overtime but in SCS we are just expected to be available 24/7. This needs to change as it's affecting our health (in the last year we have had three deaths in service in SCS in my department).”

4.11 We do not support the Governments suggestion that departments should artificially hold down pay of those, often longer service staff, because they are above an arbitrary pay range that has not been fully discussed, justified or consulted upon.

Member's comment

“After 14 years in my grade, I am still in the bottom quarter of my payscale. As each year passes, and the scale minimum increases at a greater pace than my individual pay rise, I get closer to the bottom of the payscale. This speaks volumes about how little the Cabinet Office values experience and loyalty.”

MOVEMENT AROUND THE SYSTEM

4.12 The implementation of the exceptions process to control movement within the senior civil service is opposed by the FDA and Prospect and we agree with the SSRB's 'doubts'. We believe it will have a negative impact on internal applicants and drive new areas of concern rather than resolving them. We believe that the

large number of pay anomalies in the senior civil service framework should be resolved through a direct process funded over and above the main pay award, rather than implementing another barrier to promotion and discouraging high performers.

Member's comment

“Payband 1 and 2 - having to pay new joiners at top of band which leaves us more longstanding civil servants a bit disgruntled, I am about to move departments and I am caught up in the anomaly of new starters being about to negotiate but level transfers cannot.”

4.13 We supported the proposal to better utilise the funding that has languished under the heading of ‘pivotal-role allowance’ by making more awards available. Again however, these need to be monitored to ensure distribution is not arbitrary.

Pay progression

4.14 There remains an absence of actual proposals for pay progression. The Cabinet Office shared their initial thinking in relation to Capability based pay. They commissioned a piece of research, but when we requested it we were informed we would see it when it is published within the Government’s evidence. The senior civil service needs a pay progression process, which is objective and less susceptible to discrimination or equal pay challenges. Very few organisations that use competency frameworks link these specifically to pay. To move to a new system will require a significant amount of work ahead to identify competencies or capabilities and then devising a structure/system for pay that is based on applying them. It is imperative that this work is undertaken with the unions as a matter of urgency.

4.15 We are concerned that the failure to introduce a simple, fair pay process for all will necessitate a bureaucracy imposed on managers in an attempt to target pay to a smaller group. This has certainly been the experience over decades with SCS performance management systems.

CENTRALISED FRAMEWORK/DELEGATION TO DEPARTMENTS AND THE BALANCE BETWEEN THE TWO

4.16 The FDA and Prospect believe that there should continue to be a centrally established framework for the senior civil service. At the time of writing we have not seen the Governments evidence but would ask for the SSRB to not recommend weakening of the framework process. We believe there is need for greater clarity on what the correct level of ‘flexibility’ is for departments and how the interface with professions will operate within the new framework. We will want to comment further once we see the details from Government.

4.17 Monitoring the implementation of senior civil service framework across departments is vital to ensure consistency, identify trends and ensure good outcomes.

4.18 As part of the framework we hope that the Cabinet Office has considered the differences and issues within the framework approach for the Devolved Nations.

Scotland

4.19 The Scottish Government, since 2011, has differed from the Cabinet office framework. For example, the pay policy for the Scottish Government differs from the UK Government pay policy remit in relation to performance management and doesn’t allow non-consolidated performance awards. The unlocking of the pay cap for delegated grades this year has highlighted the policy differences quite starkly and is leading to increased discontent among our SCS members in Scottish Government.

Member's comment

“The specific issues impacting on SCS in Scotland need to be addressed. We are caught between the competing policies of 2 governments, resulting in over £500k per annum of unused bonus funds. The pension tax issue is a trap which I have emphasized to my potential successors and is likely to have an impact on future recruitment to senior grades. The lack of pay progression, overtime and on call, when contrasted with non SCS grades, is a disincentive for talented people to seek progression.”

Cymru/Wales

4.20 With more powers being devolved to the Welsh Assembly, and the consequent growing divergence between Wales and the rest of the UK in those areas where responsibility is devolved, there is a call for greater flexibility within Wales for the senior civil service pay system to meet devolved nations demands.

4.21 These issues will need to be full considered by the SSRB and Cabinet Office before implementation of the 'new' framework.

EQUALITY/DIVERSITY

4.22 The overall civil service gender pay gap has narrowed from 12.7% in 2017 down to 12.2% 2018. The full data for 2018 gender pay gap is not yet publicly available but in 2017 the gender pay gap for senior civil service was 4.4%.

4.23 The civil service recognises the need to focus on improving the gender balance at all grades and across all departments, agencies, functions and professions. Whilst the proportion of senior civil service who are women is now 42.4% and the percentage of women is increasing in the more senior grades (SEO/HEO, grades 6 and 7, and the senior civil service). Women outnumber men in the most junior grades - AA/AO and EO - but the percentage declines with every step up in grade, with women's representation, especially at grades 6, 7 and in the

senior civil service, still not what it should be. There is still need for urgent action in the senior civil service.

Member's comment

“There is now a toxic interplay between ever-increasing workload, expectation on the hours people will work, and pay stagnation, which will mean that fewer and fewer high performers in pipeline grades will seek promotion to the SCS. I know of several who have opted to move into other sectors on the grounds that if they have to work those hours, they may as well get paid better for it. The civil service still has an unacceptable pay gap between men and women, compounded by the scaling back of opportunities for part-time workers (the majority of whom are, of course, women) and expectation that people are "on" every day. When I went part-time as a Grade 7, I was motivated and encouraged by talented, able and inspiring women working part-time at all levels. Now there are very few. Until a few years ago, I encouraged young women to seek careers in the civil service - I would not do that now, not least as pay has not kept pace with the costs of childcare.”

4.24 It is important that in 2017 women made up half or more of the senior civil service in three departments (DCMS, DfE and DCLG), so there is a need for the Cabinet Office to dig deeper into the 42.4% proportion of senior civil service as this proportion is not replicated across Departments. DCMS and DIT have a higher percentage of women in the senior civil service than in the department as a whole. The Department for Exiting the European Union (33.3%), the Foreign and Commonwealth Office (29.3%) and the Ministry of Defence (26.5%) have the lowest percentage of women in the senior civil service. Despite DWP having the highest proportion of female employees overall (67.3%), only 40% of its senior civil servants are women, the largest gap between these two measures. Although the pipeline of female talent progressing is improving it doesn't always extend to the very top. Only four departments are currently led by female permanent secretaries.

Member's comment

“As one of the few senior civil servants working part-time (not as part of a job share) I am keen not to make an issue of it as I want to inspire other women to achieve. However, I do believe that this has adversely affected me as I have a proportionately higher workload than others and am judged against my delivery compared with theirs. I am committed and believe what I do is important so I put a lot of effort in. This has affected my home life.”

4.25 Data on diversity is also more limited than it might be and the civil service does need to build greater engagement with its staff in order to improve disclosure of information. In 2017, there was no way to know the ethnicity of 23.4% of civil servants or the disability status of 32.8%. Even less data is available for sexual orientation and faith, and no data has been published on the socio-economic background of civil servants (apart from the Fast Stream). Whilst the percentage of civil servants from an ethnic minority continues to increase (to 11.6%), it remains below the UK population as a whole (14% in 2011). At senior civil service level, it is at 4.8%.

4.26 The representation of disabled civil servants at senior level is 3.6% in 2017, its highest since 2011. Across the UK population as a whole, 21% of people are estimated to have a disability (18% of the working-age population).

4.27 According to the 2017 civil service diversity and inclusion strategy, ‘when people from diverse backgrounds are involved in creating the public services, we all rely on, we get better services that work for everyone’. The FDA and Prospect welcomes the strategy which includes diversity champions at a senior level and diversity objectives for permanent secretaries, but there has been relatively little progress on improving the ethnic minority and disabled people presence at senior levels. The ethnic diversity and disability inclusion programmes should help to make the senior civil service more diverse, by setting and monitoring civil service-wide targets from April 2018, but this is slow progress and should be of concern to the Cabinet Office and the SSRB.

5. PERFORMANCE MANAGEMENT

5.1 The FDA and Prospect have maintained in successive submissions that it is imperative that the senior civil service performance management system is reformed as a matter of urgency. However, we are clear that this will not happen this year. We have seen the Cabinet Office vacillate from proposals for departmental performance management pilots, to a centralised framework and then back to examining pilots. We do not believe there will be any confidence in the Government's longer-term objectives for pay reform while immediate changes to a system that is reviled through the civil service continue to be delayed.

5.2 The case has been made that the forced ranking of staff should immediately stop and departments should consult and implement new approaches as soon as is practicable. We know departments are putting themselves forward as pilots, although they remain focused purely on the removal of forced distribution, but we believe those that can move to a new framework should be allowed to do so as early adopters. We are aware of several civil service employers who would be willing and able to introduce a new approach immediately and we believe they should not be forced to retain a system that fails on every conceivable success criterion.

5.3 There is a genuine concern and perception that the particular restriction of only the top 25% being rewarded lends to silo working, competition between leaders and promotes individualism to hold onto the top spot.

5.4 The understandable frustration of SCS members is exacerbated by the fact that they use a reformed performance management framework for their teams in departments - the anger with the retention of the discredited system for them is magnified immeasurably.

Member's comment

“The differential between those who are appraised as being top 25% performers and those immediately below is far too great, given that there are many who are on the cusp of being in the top 25% and by not being assessed as such miss out on a considerable bonus. My line manager informed me that during moderation I was “in and out” of the top box but ended up out, marginally. Bonuses should also be given to those in the next cohort below the top 25% to reduce this differential, even if it means making a reduction in the size of the bonus for top performers. At the moment the performance management system is inequitable.”

5.5 We remain concerned about the equality impact of the current system with the paucity of data provided to counter the anecdotal evidence we have around disadvantages for part time workers, older SCS members and those with a disability.

Member's comment

“I am really fed up of not getting any performance bonus even though I've performed well and worked hard for years. Part-time status does not help with this.”

6. WORKLOAD

6.1 The FDA's 2018 Working Hours survey included responses from more than 170 members of the senior civil service. 89% of respondents work beyond their contracted hours from between 4 hours - 14+ hours. 18% responded saying they work an additional 8-9 hours a week and 22% work in excess of 14 hours a week. 80% of members believe working excessive hours is a problem within their department/agency.

Members' comments

“Working unpaid excessive hours is the only way to keep on top of the unrelenting demands. This has a real impact on family/personal life and leaves me as an individual torn. I am unable to adequately look after my own wellbeing with, for example, little opportunity to keep fit or pursue any personal interests. Not good for the long term.”

“Serious effect on staff morale over time. It undermines my relationship with my team as manager. Colleagues are motivated to give over and above for a short period but it is becoming the norm.”

“It has caused huge pressures in some teams in my department. It greatly impacts work life balance and mental health and is a major cause of stress.”

“The hours are driven by Brexit demands. They are not a requirement by my manager, that's not the issue to be fair, but the hours are self-driven to keep up with nationally critical change and dedication to principles of the civil service.”

“Most in the senior civil service are extremely tired - noticeable at senior civil service events. This affects decision making.”

“Terrifying given the decisions we are making.”

“Stress levels increase if you are getting e-mails late at night (or early in the morning) with the same expected turnaround times as if they were sent in working hours. The working of excessive hours exacerbates this problem and is absolutely part of the culture of the department. My concern is that this leads to poor performance and, in particular, inadequate and sometimes slapdash consideration of difficult issues. It is how serious mistakes end up being made.”

6.2 It is of great concern that 70% of respondents state that departments do not seem to be taking steps to reduce working hours. This is not to say that flexible working is not available, it’s just that they are effectively unavailable to large numbers of the senior civil service.

Member’s comment

“Whilst these policies exist, in practical terms they are not available to people in the senior civil service who are expected to get the job done no matter how many hours it needs. The issue is the absence of any mechanism for the prioritisation of resources, capability development and workforce planning, not the existence of policies. Having work/life policies in place has no impact where the issue is the volume of work and a lack of resource and skills to deliver it.”

6.3 Allied to this are the responses from the survey that showed 49% of senior civil service respondents do not feel able to take their annual leave because of either their workload or because of their team’s workload. Additionally, 82% stated they carried out work whilst on annual or sick leave. It is hardly surprising then that 50% of senior civil service members feel that working excess hours adversely affected their general wellbeing.

Members' comments

"I am often very tired and consequently succumb to colds, etc. This impacts my work life balance as I am too tired to exercise or even talk to my husband sometimes!"

"Fatigue, poor concentration and tension headaches."

"I have experienced a lot of stress and loss of confidence in my ability to do a good job."

"Working stupid hours with huge stress made me very ill and I was diagnosed, for the first and only time in my life, with serious depression. It took 18 months of tablets and some counselling to recover. I never thought that working in the senior civil service would drive me close to suicide. I have now recovered, but have never told my department the truth of what happened."

6.4 This level of workload and the impact on the individual senior civil servant is unsustainable and detrimental to our members and the delivery of services.

7. TALENT STREAM/FEEDER GROUPS

7.1 This year the FDA conducted a survey of our Fast stream members as a key feeder group for the senior civil service. 79% said that they did not believe the current senior civil service reward framework was fit for purpose, but over 80% would recommend the civil service to a friend or relative and only 8% said they would like to leave the civil service as soon as they complete the Fast Stream. However, this is not a matter for complacency, as 41% said they were more inclined to look outside the civil service than they were 12 months ago. Nearly 70% stating they have seriously considered leaving the Fast Stream in the last 12 months, with just over 47% saying they would look to move to the private sector. We received a number of general comments which give some reasoning behind these view points and give serious food for thought.

Members' comments

“Compared to the private sector for similar roles, senior civil service pay is not competitive.”

“Senior civil service pay isn't worth it. I would rather stay at a lower grade and take the better work life balance!”

“The only way a fast streamer would be able to afford a house in London before they're about 35 would be with parental help. The remuneration is so uncompetitive that I simply cannot afford to remain a civil servant for life. I have already had offers to double my salary in the private sector. The civil service talks about being an inclusive employer but until they start paying competitive salaries it (and especially the senior civil service) will continue to be dominated by the upper and middle classes. This is the only segment of society who will inherit/have family wealth to be able to withstand being drastically underpaid.”

“To attract the best talent, we need to pay accordingly and benchmark perks against the private sector. We don't do that. True value for money is having the best talent at all levels, we should be willing to pay for this to get the best value for the taxpayer. Senior civil servants are overworked and expected to work overtime without respite. Senior civil service pay cannot compare to private sector and is hampering talent retention at the top of the civil service.”

“I understand why so many fast streamers look to leave the scheme and try for SEO, Grade 7 or private sector roles early because the salary really does not represent our work and skills. To be ranked number 2 by the Times is fantastic but that also opens up many doors to streamers. I have been approached by private sector companies, because of my place on the fast stream offering me £40,000+ because they see that I have passed the fast stream assessment and believe I am worth that salary. I completely understand this is the public sector and do not expect to be on top salaries for many years, but with the added financial pressures of moving locations, the inflation in living costs and the level of work we do, I struggle to see how a starting salary of less than £35,000 is a fair representation of the scheme. There are EOs working on higher salaries than those on the fast stream. If the fast stream wishes to maintain talent and keep us passionate streamers in the programme, the starting salary should be raised significantly and subsequent pay rises should occur with every 12 months on the scheme. I believe this will maintain retention rates and also help to place more focus on working towards completing the scheme as a whole, rather than run for a promotion purely because the salary we receive at all levels of the fast stream vastly undercuts our skills and workloads. It must be said that I am having a fantastic time on the programme but there is a real thought at the back of my mind of leaving because I know I could double the starting salary after a year or so experience.”

“I think the pay/rewards within the civil service require attention. The expectation of working over and above contracted hours to complete pieces of work received on short notice remains a large issue, and often the promise of flexi time back at some point in the future is inadequate. When comparing to similar jobs in the private sector, it is no wonder that skills, talent and experience appear to be jumping ship, leaving the civil service with a large number of vacancies.”

7.2 Outside the Fast stream, FDA and Prospect members reflect that there are a number of Grade 6 and 7 postholders and those within the senior civil service who want to develop and seek promotion but there are risks around the senior civil service ‘offer’ which need addressing.

Members’ comments

“Excessive working hours Impact on work/life balance of senior civil service. Discouraged some Grade 6/7s from wanting promotion to senior civil service.”

“Excessive working hours is putting C Bands off applying for senior civil service. ‘On call’ requirements from Ministers are leading to ‘standing back’ or ‘opt out’ culture amongst some staff and loss of historical goodwill on which most use to depend. We have an ageing senior civil service cohort anyway and later retirement ages. Health concerns are starting to increase

Senior civil service professional development

7.3 As we reported in our 2018 evidence, union research continues to raise concerns about the talent stream from where the senior civil service should be recruiting. However, we are now seeing increasing dissatisfaction at the opportunities to progress through the senior civil service. In a time that pay is

woefully inadequate then the challenges and opportunities of the work are all that is left and the comfort of a credible career path is even more important.

7.4 We said last year that “given the volume of recruits to the senior civil service that currently come from within the civil service (73%) that [insufficient qualified candidates motivated to seek promotion] should be a major cause for concern”. We added that “this issue is not the lack of capability but the lack of incentive for talented staff to seek promotion”.

7.5 FDA Learn offers members development and training for all grades, principally focussed on career development. Increasingly members of the senior civil service are attending courses we run targeted at a much lower level for the simple reason that senior civil service training is largely perceived to be focussed at doing the ‘day job’ and not at seeking advancement. Indeed, the clear view is that there is no desire to develop (especially) ‘home grown’ senior civil servants as external recruitment (far more expensive) is the preferred option. The constant targeting of career senior civil service by politicians strengthens the perception (that they would prefer external appointments as a matter of policy in place of developing talent).

7.6 We strongly believe that remuneration should make at least some progress to being the ‘rate for the job’. Given that (even in the best of circumstances) may be a slow process we feel that a proper investment in development (and assured respect) should be part of any ‘reward’ package.

8. PENSIONS

8.1 The SSRB will be aware of that the Public Sector pension schemes valuations were announced in September. The Civil Service Pension Scheme (CSPS) has breached the cost cap floor by 5.4%. The Scheme Advisory Board (of which the FDA and Prospect are members) has been working to identify ways of rectifying the breach, the details of this are not concluded at the time of writing. Additionally, the Treasury has notified the TUC of its intention to review the cost cap mechanism.

8.2 The FDA developed a set of pensions questions for our senior civil service survey this year. The overwhelming responses show that the senior civil service are members of the CSPS with less than 10% being in the Partnership scheme.

8.3 A key issue for the senior civil service is the annual and lifetime allowance. The survey results show that 20% had reached their annual allowance threshold in previous years and with 30% using unused annual allowance within the last 3 years to keep them within the tax limit.

8.4 The responses showed a mix of use of voluntary and mandatory scheme pays with nearly 20% paying the tax charge direct to HMRC. The FDA has continued to raise the consideration of the 50/50 option that have been successfully used in the Local Government Pension Scheme to allow higher earners to remain in the defined benefit scheme without incurring annual allowance charges.

Members' comments

“A tax bill of £17,000 for one year’s pension, need I say more?”

“Pension scheme does not compensate for lower pay than in private sector. I also will not be able to get payment until I’m at least 68 years old and have no trust that the Government will honour the commitment to pay out.”

“Had to move to a private pension scheme as part of move to new T&Cs with the Government Commercial Function.”

“Tax implications of continuing to pay into it.”

“Will exceed AA 2018-19 just; already exceed LA; need the 8.05% contributions for current expenditure after 9 years reduction in real take home pay.”

8.5 On a positive note, we asked if any of respondents have considered leaving the CSPS over the last year to which 90% answered no.

9. EXIT PROVISIONS

9.1 The reform to the Civil Service Compensation Scheme continues to be consulted upon but the cap on payments of £95,000 remains in place. The exit payment recovery policy across the public sector is currently being debated as a private Members' bill that would apply to anyone earning over £80,000 and would hit anyone receiving an exit payment and subsequently being employed somewhere else in the public sector. This is regarded as a vindictive policy that Cabinet Office acknowledge would save very little money and has no comparator in the private sector.

10. GOVERNMENT COMMERCIAL ORGANISATION

10.1 The Government Commercial Organisation (GCO) continues not to collectively bargain on pay with the recognised trade unions (FDA and Prospect). The trade unions have sought, repeatedly, to have an employee voice on the remuneration committee but this has been refused. In the absence of formal pay negotiations with the GCO we continue to be reliant on the SSRB to step in and make explicit recommendations on the GCO award.

10.2 There continues to be a lack of consistency and, to an extent, transparency on pay matters. The performance related pay mechanism is reasonably straightforward for those on GCO terms but it results in favour of those on GCO terms. For example, those on GCO terms deemed last year to have achieved the stretched status for senior civil service got the full 20% of their salary as bonus. Those deemed to have achieved the strong status we believe got around 15%. The same applied to the Grade 6s but with slightly less percentages. This was paid without moderation. Whereas, for senior civil service on civil service terms, unless you are moderated into the top 25% you do not get any bonus.

10.3 The other largest concern for the FDA and Prospect within GCO is the differential between internal and external hires. Whilst we recognise that this is one of the pay issues identified across the senior civil service, the impact of the differential within GCO is quite substantial. Additionally, there is no mechanism to test whether the external hires are any more effective when compared to existing civil servants, nor what the impact is of rewarding the external hires with pay which far outweighs the pay of more experienced existing civil servants for the GCO. These aspects undermine the development of an effective organisation and the wider civil service.

11. FDA-PROSPECT SURVEY

(to be submitted as supplementary evidence)

12. NUMERICAL RESULTS OF THE SURVEY

(to be submitted as supplementary evidence)

13. SUMMARY

The SSRB summary in 2018 stated: “In previous years, we have identified a number of weaknesses with the senior civil service pay framework. These have included: An effective freezing of the pay of members of the remit group at a particular point within the pay range, regardless of skills, experience or performance. Significant pay overlaps between the bottom grade of the senior civil service and the non-senior civil service grades immediately below. A lack of confidence in the performance management system, particularly the forced distribution ratings. A resulting disconnect between pay on the one hand and seniority, performance and contribution on the other, which has not represented efficient or effective use of the pay budget. And highlighted: Weaknesses in pay proposals in recent years which have not been designed to support a workforce strategy. There has been too much fixation on limiting basic pay increases across the board and too little attention to maximising outcomes for lowest cost. Tensions between the government having central oversight of the pay system and the delegation of responsibility to departments. The current arrangements are leading to widespread inconsistencies.”

The FDA and Prospect remain frustrated that the pace of change for the SCS is too slow and the fundamental change that is necessary is not being realized:

- We are no further forward on the development of consistent pay ranges
- There are no credible developments in pay progression models
- Performance management and forced distribution remain firmly in place
- Pay overlaps between SCS and non-SCS persist
- Pay disparity between internal and external recruits persists
- SCS pay continues in decline
- Workload is at its highest level, linked with an expectation (and reality) of working long hours
- There has been no significant investment in the SCS to implement a pay framework for the future