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A review body for the civil service?

A report for Prospect and the FDA



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Pay Data | Intelligent Decisions

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Contents

Introduction.....	1
Executive summary	3
1. Main findings.....	10
1.1. Review of current mechanisms and outcomes.....	10
1.2. Issues for consideration.....	20
2. Review of PRB mechanisms and outcomes.....	33
2.1. Current PRBs and their respective employee remit groups.....	33
2.2. What review body remits include/exclude	37
2.3. PRB processes: remit, evidence, recommendations and response	45
2.4. The legal status of PRB recommendations.....	46
2.5. Extent of separate collective bargaining	46
2.6. PRB recommendations and actual outcomes.....	52
2.7. Comparison of pay outcomes with those elsewhere	61
2.8. Why do governments amend or reject recommendations?	68
2.9. Composition of PRBs (member backgrounds).....	76
2.10. How appointments are made	79
3. Interviews	84
3.1. Interviews with informants with experience of PRB system	85
3.2. Interviews with civil service informants	101
Appendix 1 Semi-structured interview questionnaires	125

Figures

Figure 1 Median of all PRB outcomes against those in the whole economy, private sector and public sector (all) versus inflation, 2003 to 2023.....	63
Figure 2 Median of all PRB outcomes against those in the public sector (all) versus inflation, 2003 to 2023.....	64
Figure 3 Median of all PRB outcomes against those in the public sector (excluding PRBs, including Scotland) versus inflation, 2003 to 2023.....	65
Figure 4 Median of all PRB outcomes against those in the public sector (excluding PRBs and Scotland) versus inflation, 2003 to 2023.....	66
Figure 5 Median of all PRB outcomes against those in the whole economy versus inflation, 2003 to 2023.....	67

Figure 6 Median of all PRB outcomes against those in the private sector versus inflation, 2003 to 2023.....	68
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Tables

Table 1 Civil service pay guidance compared with public sector and whole economy median, 2004 to 2023	11
Table 2 Civil service pay guidance compared with SSRB outcomes, 2004 to 2023	13
Table 3 Summary of pay review bodies and their remits.....	35
Table 4 Summary of topics covered by review body remits	43
Table 5 Extent of separate collective bargaining	50
Table 6 AFPRB recommendations and outcomes on basic pay, 2003 to 2023	52
Table 7 DDRB recommendations and outcomes on basic pay, 2003 to 2022*	53
Table 8 NCPRB recommendations and outcomes on basic pay, 2014 to 2022*	54
Table 9 NHSPRB recommendations and outcomes on basic pay, 2006 to 2022*	55
Table 10 PRRB recommendations and outcomes on basic pay for police officers, 2015 to 2023*	56
Table 11 PSPRB recommendations and outcomes on basic pay, 2003 to 2023	57
Table 12 STRB recommendations and outcomes on basic pay, 2003 to 2023	58
Table 13 SSRB recommendations and outcomes on basic pay, 2003 to 2023	59
Table 14 Summary statistics showing median pay trends for pay review bodies compared to the economy	62
Table 15 Summary of amendments to PRB recommendations.....	69
Table 16 Composition of pay review bodies.....	76

Introduction

This report is designed to help the FDA and Prospect frame a proposal for a new Pay Review Body or Bodies (PRB/s) for those civil service and related public sector grades that are not already covered by such an approach and are currently covered by the Cabinet Office Pay Remit Guidance process.¹ That is, grades below the level of the senior civil service (SCS), whose pay is already determined by the Senior Salaries Review Body (SSRB).

The research for the report comprised two strands, which ran concurrently. The first involved **desk research** by IDR staff, concentrating on 1. pay outcomes for public sector staff, chiefly those covered by Pay Review Bodies (PRB) but also those covered by the existing system of pay determination for civil service (non-Senior Civil Service grades) and related staff; 2. an outline of this system of pay determination; and 3. the relevant features of the PRB system as follows:

- their number and coverage
- what is included and excluded from remits
- the PRB process itself and how it works
- the appointments process and composition of PRBs in terms of their personnel
- what is included and excluded from their remits
- the legal status of PRB recommendations
- how and why governments respond
- the extent to which issues other than pay uplifts, including pay progression, are dealt with by PRBs.

The second strand involved **interviews** with two groups: those with current or previous experience of the PRB process on the one hand, and those with current or previous experience of the civil service pay setting process on the other hand. We developed two sets of questions, in consultation with the FDA and Prospect – one aimed at the former group and the other at the latter – and these are reproduced in the appendix. We conducted five

¹The Civil Service Pay Remit Guidance process also applies in several areas of state activity where staff are not civil servants. The trade unions regard this as inappropriate and strongly feel that alternative arrangements should apply in these cases.

interviews with informants in the first (PRB) category, and five with people who have current or previous experience of the current system of pay determination for central government.

The main findings below reflect this methodological approach, with the first set of findings detailing the results of the desk research carried out by IDR staff. The second set of findings comprises issues for consideration by Prospect and the FDA, and combine the knowledge acquired via the desk research portion with the issues raised by the interviewees, in response to our questions. We are sure the informants will agree that we have represented their responses as fully and truthfully as possible, and that our assessment of the issues is an objective one. But the presentation here to some extent also reflects our own views. On this, we were greatly aided by the proceedings of a recent seminar hosted by the Centre for Research on Employment and Work (CREW) at the University of Greenwich in which one of the authors of this report, Ken Mulkearn, took part.²

²For details see this link: [CREW Seminar: The public sector pay crisis 2022/23 - Buira](#)

Executive summary

In the first part of this project, we carried out desk research on the civil service pay-setting process and outcomes under it, and on Pay Review Body (PRB) processes and outcomes. Our main findings are as follows:

The civil service pay-setting process

- Pay setting across the civil service is supposed to take place according to a system of ‘delegated bargaining’, which replaced an earlier centralised approach in 1996
- But this ‘bargaining’, such as it is, is severely constrained by an additional element of the process, which has grown in importance since the early 2000s – the pay remit guidance process, originally promulgated by the Treasury and more recently by the Cabinet Office
- These constraints have increased over time, as strictures on public spending have themselves increased
- In particular, the pay remit guidance process now prescribes a maximum pay bill rise for departments and agencies, in many ways obviating the requirement for genuine negotiations over pay³
- The process that produces this is largely opaque and it is not clear what input individual departments or agencies have in arriving at the prescribed figure or figures
- In terms of outcomes, the main effect of this increased constraint is that pay rises for civil servants are nearly always lower than those across the economy as a whole, and mostly lower than those for the rest of the public sector
- In addition, pay progression has generally been removed for civil servants in England or working for UK departments, in contrast to other parts of the public sector such as the NHS, police and schools, and also in contrast to civil service pay arrangements operating under the Scottish and Welsh Governments
- Pay rises for the civil servants subject to delegated bargaining under the pay remit guidance have generally been lower than those for senior civil servants under the Senior Salaries Review Body (SSRB) process. This is in spite of the Government’s consistent position, as stated in its annual evidence to the SSRB, that ‘in general the headline figure

³Negotiations can and do take place over the allocation of the figure(s) prescribed by the Cabinet Office but no negotiations take place over the quantum of the increase, or ‘the size of the pot’.

for the SCS should be no higher, on average, than that for delegated grades through the annual pay remit guidance’

- In 2023, the total consolidated increase permitted for non-SCS grades, in the absence of a business case for additional flexibility (see below), was 4.5% (with an additional 0.5% allowed for targeting at lower pay bands, although the Government also awarded a one-off payment of £1,500 to civil servants on delegated grades in light of the situation in respect of the rising cost of living and a backdrop that included industrial action), compared to a total outcome of 6.5% under the SSRB process
- As well as a lack of transparency, the governing pay remit guidance process does not appear to include any detailed consideration of issues relating to recruitment and retention, or indeed staff motivation or morale. As such, pay comparability is almost never referenced
- Recently, its coverage has been extended to areas that, although nominally part of the public sector, are distant from the centre and operate in very different labour markets
- But rather than considerations relating to recruitment and retention, or motivation, the main imperative appears to be cost control
- As such, there is no provision for departments to be allowed to use ‘recyclables’ of various sorts, including the money made available by longer-serving, higher-paid staff retiring or leaving and being replaced by less experienced staff on lower pay to increase pay beyond the prescribed maximum without a business case
- Neither does the process make provision for the funding of pay progression arrangements which are a feature of most other public sector pay systems
- In addition, positive benefits like maternity pay are regarded by the centre as hard costs
- Partly in recognition of this, there is provision for some flexibility as long as departments submit business cases in support of any increase they wish to award that is higher than the prescribed figure
- But this process is opaque, bureaucratic and over-lengthy and there are instances of the centre intervening to reduce proposed pay increases for reasons which are not always clear and, in some cases, may be political
- All of this underlies issues around recruitment, retention and morale, as well as skills and workforce planning, as identified by other bodies, such as the Institute for Government.

Pay Review Body processes

- All nine PRB remits contain reference to affordability (though this is rarely defined) on the one hand, and staff recruitment, retention and motivation on the other
- Assessment of evidence on these aspects of their remit is a key part of the process
- Pay comparability is only an explicit part of the remits of four PRBs – Armed Forces, Prisons, National Crime Agency, and Senior Salaries, which covers senior civil servants, among others
- The PRB process begins and ends with the government, which both oversees it and sets its parameters, and also intervenes at a number of important points
- PRB recommendations are non-binding and therefore the government can amend or even reject recommendations
- Amendments have occurred on 19 occasions over the past 20 years, most often in the case of the Senior Salaries Review Body (SSRB), with governments intervening to reduce the proposed awards for the SCS to bring them into line with the increases prescribed by the Cabinet Office Pay Remit Guidance for non-SCS grades
- Reasons for such amendments are mostly absent from the record
- The most recent (2023) pay outcomes for staff covered by the PRBs were higher at the median than those for both the private and public sectors, as were those in 2022
- But these recent comparative outcomes appear to be anomalies, since across the 20-year period examined, PRB outcomes are usually lower than those for both the private and public sectors
- Most PRBs deal only with uplifts to basic pay
- But while they are not generally responsible for the structure of pay, some do make recommendations in relation to it, usually concerning pay progression
- Separate negotiations over other terms (including the structure of pay) can only take place in the case of two PRBs, for the NHS and Prisons. In the case of the former, this is formalised via a Staff Council
- Their being ‘set aside’ in favour of negotiations is rare and has only happened in the case of the NHSPRB (most often) and the Doctors and Dentists Review Body (less often)

- Governments control the appointments process, and as a result this is less transparent than might otherwise be the case
- Of 53 PRB members, just three currently have formal trade union backgrounds, although a further other member worked for a trade union before taking up their current management role.

In the second part of this project, running concurrently with the first, we conducted interviews with informants in two categories: those with experience of the civil service pay-setting process and those with experience of the PRB process. Set alongside the findings from the desk research, these informed a number of important issues for consideration as follows:

Civil service pay setting – issues for consideration

- The outputs of the pay remit guidance process are at least clear, but most interviewees were negative about the process involved, particularly the lack of transparency in respect of how the prescribed figure is reached
- Others highlighted the absence of detail with respect to recruitment, retention and staff morale (indeed one HR interviewee described its impact on recruitment and retention as ‘disastrous’)
- Some felt there needs to be greater input from departments into the process, with increased sharing of information between the centre and HR/reward principals, which for one informant might lead to an agreed statement of the issues
- In particular, the figure contained in the guidance is usually below-inflation, leading to year-on-year real terms pay cuts for staff, or as one informant (who was more positive) put it, ‘there’s not enough money in it’
- This focus on cost control in effect undermines the system of delegated bargaining so that apart from special cases for flexibility, which win approval and result in negotiations, there is no real sense in which ‘bargaining’ is taking place
- All felt that the current pay-setting process does not support a strategic approach to pay and reward, with one arguing that the constraints on pay may prevent departments and agencies from dealing with a range of issues including equal pay and the absence of pay progression

- In respect of the concentration on limiting costs, one interviewee used the analogy of squeezing a balloon – with the process allows for the tackling of an issue in one place, but it fails to prevent other issues arising elsewhere, and in fact it might even lead to them
- The lack of progression is a key issue for many interviewees, compounding issues associated with external comparability, in relation to both the private sector and the rest of the public sector, and leading to issues with retention and morale
- Most were aware of the prospect of some sort of competency-related progression but not all welcomed it
- Lack of progression means that movement through pay ranges takes far longer (if at all) than if employees could avail of budgets for progression in addition to general pay awards
- In fact, the lack of progression may even mean that pay ranges no longer serve their original purpose. In the future, could pay scales make a return, albeit with some sort of contingent criterion for movement up them?
- The inadmissibility of the concept of recyclables means that the process fails to take account of savings as well as spending
- The process fails to take sufficient account of the reward requirements for different job families and professional groups
- Targeting is permissible, but due to a focus on cost control, this uses up money that could otherwise be spent on the uplift for the main staff body
- The costing of business cases to overcome the lack of flexibility with the main process is overly bureaucratic – as one informant put it, ‘we’ve got three processes where we probably only need one’.

A new PRB for the civil service? – issues for consideration

- Dissatisfaction with the current system of pay setting for the civil service means there is a clear rationale for replacing it with a new approach
- PRB processes involve assessment of evidence, especially on recruitment and retention, and reporting on this, and this could well be preferable to the current opacity associated with the pay remit guidance process
- Indeed, robust evidence on recruitment and retention can be a basis for positive or higher-than-usual recommendations, as in the latest year, though other factors were present too

- One interviewee thought that a PRB/PRBs would work best if based on specific functions or operations
- Some felt that PRBs put pay decisions ‘at arm’s length from the political process’
- To some extent, PRBs represent a non-adversarial approach to pay-setting – they preclude leverage and may reduce the costs of conflict, but strikes are still possible and therefore they may merely hide the extent of disagreements between employers and employees
- However, in recommending rather than deciding, PRBs are subject to political processes
- Members are independent – they try to be objective and reach their own conclusions in the context in which they have been placed
- But the bodies’ overall independence is severely curtailed by government involvement at key stages, and this is not ‘interference’ but a deliberate, planned part of the process
- One aspect of the constraints they work under, though not the only one, is the constant delays to the onset and ending of each year’s round, usually produced by the government
- Some interviewees thought that a PRB/s would make little difference to the centre’s desire and capacity to control costs
- Most PRB remits include affordability but not comparability, however the latter is key for specialist roles and the terms of reference of any new PRB/s for the civil service would need to include both
- Indeed, including comparability would be a signal to members that they could make recommendations that they felt were appropriate in the light of it; it would also ensure they examined evidence on this key aspect of reward decision-making
- Why not include the cost of living in remits? It seems odd that some make reference to inflation as a target for macroeconomic management but not to the effect of inflation on public sector workers’ pay⁴
- Amending of recommendations has affected the credibility of PRB processes – making them binding would overcome this problem

⁴On this, we note that the recent pay offer to NHS consultants involves the removal of any reference to inflation targets in the remit of the DDRB, which normally recommends pay rises for consultants. The DDRB’s terms of reference will also be changed to include developments in earnings over time in the context of long-term trends in the wider labour market, comparator professions, and relevant international comparators.

- The latest outcomes for most of the existing PRBs are likely to have overcome to some extent employee dissatisfaction with the system but the problem of a lack of employee voice remains
- In practice, it is difficult for PRBs to deal in detail with the structure of pay. One solution would be to deal with this via collective bargaining, as in the case of the NHS Staff Council
- This relates to issues surrounding equality and equal pay. To the extent that a new PRB also dealt with the structure of pay (as distinct from simply making recommendations on an annual uplift), or if a mechanism for dealing with this issue was also established alongside any new PRB, then it would be much easier to address issues in respect of equality and equal pay
- There are far too few members with a trade union background – a requirement for more balance (like the Low Pay Commission?) would address this and add more transparency to the appointment process⁵
- Regarding coverage, a single PRB for all civil servants (replacing both the SSRB and the combined delegated bargaining-pay remit guidance approach for non-SCS grades) might be preferable, to avoid copper-fastening existing hierarchical divisions, but in any case, a careful process of gaining acceptance among all stakeholders, including all trade unions involved, would be necessary
- Another consideration, however, is whether the various central government departments are too varied for a one-size fits all PRB. In this case, then attention might have to be given to the possibility of a number of different PRBs
- For any new PRB/s to be established, the staff subject to them would have to regard them as a credible and viable way of addressing the problems around reward that currently beset the civil service
- Perhaps the establishment of a new PRB/s could represent an opportunity to reform those aspects of the current process referred to above, in a way that has been hinted at by, but goes beyond, the changes to the DDRB agreed as part of the recent consultants' pay offer.

⁵Again, we note that the recent offer put to consultants involves changes to the way the DDRB appoints members.

1. Main findings

1.1. Review of current mechanisms and outcomes

Civil service pay determination and outcomes

Staff in the civil service are represented by trade unions when it comes to discussions with their employer over issues related to terms and conditions. Pay setting in the civil service is supposed to take place according to collective bargaining at departmental level – sometimes referred to as ‘delegated bargaining’ to reflect the fact that it replaced an earlier system of centralised bargaining in 1996.

We say ‘supposed’ because when delegated or devolved bargaining was first introduced, this is more or less what happened, with talks taking place at departmental level between management (usually the HR department) and trade union officials and little or no involvement from the centre. The main constraint on this process, almost from the start, was that departments had to clear pay remits with the Treasury before pay offers could be made to union negotiators. Nevertheless, outcomes did vary.

But over time, the central constraints have increased. Initially, the guidance provided by the Treasury (starting in 2000) to departments avoided specifying a figure or figures for pay increases. However, after 2003, public sector pay began to be curtailed by a much tougher policy from the centre, initially the Treasury and much later the Cabinet Office. This led to a greater level of prescription about outcomes, with these initially specified in terms of their effect on average earnings growth, and later as headline awards. (Overall average earnings growth became less relevant as a metric once pay progression was ended for the bulk of civil servants after 2010.) A further issue with the annual pay remit guidance is the question of transparency, and who has and does not have input into it.

The effects of the combination of increasing constraints and prescription can be seen in the following table, which provides a summary of the figures for pay increases under the civil service pay guidance issued between 2004 and 2023. This is then compared with the median pay award across the whole economy and separately with the median pay outcome across the public sector over the same period.

It shows that the pay outcomes for civil servants were nearly always lower than those for the economy as a whole (where the main influence is the private sector) and mostly lower than the rest of the public sector. Given that these outcomes are the result of a prescribed process, the assumption must be that, for government – the party that controls the process – the outcomes are the preferred ones. But whether this is the case for those subject to it is another matter.

Table 1 Civil service pay guidance compared with public sector and whole economy median, 2004 to 2023

Year	Headline civil service increase under pay remit guidance %	Whole economy median increase %	Public sector median increase %
2004	3.5% (earnings growth threshold)*	3.0%	3.0%
2005	3.5% (earnings growth threshold)*	3.2%	3.2%
2006 ⁶	2.0% to 3.5% ('higher-paying' departments) 3.5% to 4.5% ('lower-paying' departments)	3.0%	3.0%
2007	2.0%	3.5%	3.0%
2008	No more than 2.0%	3.5%	3.0%
2009	1.5% average (range 1.0% to 4.0%)	2.0%	2.2%
2010	0.0%	2.0%	0.0%
2011	0.0%	2.5%	0.0%
2012	1.0%	2.5%	0.0%
2013	1.0% average	2.5%	1.0%
2014	Up to 1.0% (average)	2.5%	1.0%
2015	Up to 1.0% (average)	2.2%	1.5%
2016	Up to 1.0% (average)	2.0%	1.0%
2017	Up to 1.0% (average)	2.0%	1.2%
2018	Average between 1.0% and 1.5%	2.5%	2.0%
2019	1.0% average	2.5%	2.4%
2020	2.1% average (range 1.5% to 2.5%)	2.3%	2.5%
2021	0.0%	2.0%	0.5%
2022	Average pay awards up to 2.0%	4.0%	4.3%
2023	Pay awards up to 4.5% (plus additional 0.5% for targeting at lower pay bands)	5.5%	5.0%

⁶The Treasury's pay guidance for 2006/07 contains some important changes to the civil service pay remit process. For the first time the guidance set an expected range for pay increases. In previous years the Treasury set a single figure for earnings growth thresholds.

*These metrics are unusual in that they include the effect of progression, in addition to that from basic awards. Our methodology for comparing pay settlements excludes the effects of progression, such that all other figures in the table refer only to headline or general basic pay increases. The inclusion of progression in the civil service guidance metrics in the years before 2006 is the main reason why these years are the only ones in which the guidance metrics are higher than the outcomes for the public sector or the whole economy.

Table 2 compares outcomes under delegated bargaining ('headline civil service increase %') with outcomes for senior civil servants as a result of the Senior Salaries Review Body (SSRB) process. It shows that the two sets of outcomes were equal on the greatest number of occasions but after that, delegated outcomes were more often lower than SSRB ones, particularly in the last two years. (Note: 'amended' in the table refers to those instances where governments changed SSRB recommendations in implementing them.)

As with the comparisons with the rest of the public sector and the wider economy, once again a constrained/prescribed process appears to have produced outcomes that may be preferable to the party that has designed this process but may be less optimal for the staff whose pay it determines.

Table 2 Civil service pay guidance compared with SSRB outcomes, 2004 to 2023

Year	Headline civil service increase under pay remit guidance %	SSRB outcomes (% increase)
2004	3.5% (earnings growth threshold)*	2.0%
2005	3.5% (earnings growth threshold)*	4.2%
2006 ⁷	2.0% to 3.5% ('higher-paying' departments) 3.5% to 4.5% ('lower-paying' departments)	3.25% staged (1.0% April; 2.5% Nov)
2007	2.0%	2.6% average
2008	No more than 2.0%	2.5%
2009	1.5% average (range 1.0% to 4.0%)	1.5% (amended)
2010	0.0%	0.0%
2011	0.0%	0.0%
2012	1.0%	0.0%
2013	1.0% average	0.0%
2014	Up to 1.0% (average)	1.0%
2015	Up to 1.0% (average)	0.93%
2016	Up to 1.0% (average)	0.94% (amended)
2017	Up to 1.0% (average)	1.0%
2018	Average between 1.0% and 1.5%	1.5% (amended)
2019	1.0% average	2.0% (amended)
2020	2.1% average (range 1.5% to 2.5%)	2.0%
2021	0.0%	0.0%
2022	Average pay awards up to 2.0%	2.0% plus further 1.0% for anomalies (amended)
2023	Pay awards up to 4.5% (plus additional 0.5% for targeting at lower pay bands)	6.5% total (5.5% general plus 1.0% for progression)
<p>* These metrics are unusual in that they include the effect of progression, in addition to that from basic awards. Our methodology for comparing pay settlements excludes the effects of progression, such that all other figures in the table refer only to headline or general basic pay increases. The inclusion of progression in the civil service guidance metrics in the years before 2006 is the main reason why these years are the only ones in which the guidance metrics are higher than the outcomes for the public sector or the whole economy.</p>		

⁷The Treasury's pay guidance for 2006/07 contains some important changes to the civil service pay remit process. For the first time the guidance set an expected range for pay increases. In previous years the Treasury set a single figure for earnings growth thresholds.

This finding, that pay outcomes for civil servants under the current system of pay determination for non-SCS grades, which combines delegated bargaining with pay remit guidance from the Cabinet Office (and previously the Treasury), have been consistently lower than those for other groups, supports one of the key rationales behind this project.

In particular, the latest year saw a discrepancy between the outcomes for senior civil servants, who are covered by recommendations of the SSRB (which also covers the judiciary, senior military and very senior NHS managers) on the one hand, and outcomes for the great majority of civil servants and those in other organisations that are also covered by the same system of pay setting, which includes agencies and arm's-length bodies (and even the nuclear estate, which employs some staff that do not receive the same benefits as directly-employed public servants).

The discrepancy arose in respect of 2023 pay rises, which for SCS grades were worth a total of 6.5%, comprising a general uplift of 5.5% plus a further 1.0% of the paybill to be directed at progression increases for those lower in the pay ranges 'who are delivering in role and demonstrating expertise' (almost all staff lower down pay ranges).

Meanwhile for non-SCS grades, the increase received by the great majority under the Cabinet Office's pay remit guidance (PRG) was 4.5%, with those in lower pay bands eligible for a further 0.5%. In other words, this amounted to a potential total of 5%, compared with 6.5% for senior civil servants covered by the PRB process (though the Government also awarded a one-off payment of £1,500 to civil servants on delegated grades in light of the situation in respect of the rising cost of living and a backdrop that included industrial action).

These outcomes arise as a result of the system of pay-setting for the civil service and related areas, and the ways in which this differs from systems covering the rest of the public sector. The extent of government control over outcomes is much greater than elsewhere, in the main because the pay remit guidance involves the prescribing of a percentage figure for pay rises, something that is often absent from other types of pay-setting process (though not always, as in the case of remits for pay review bodies in some years).

But unlike other approaches, those subject to it – and by this we mean employees, union negotiators and reward and HR managers in the departments, agencies and public bodies concerned – have little or no input into it, and it does not appear to involve any consideration of evidence on the recruitment, retention or motivation of staff. Or at least, if it does, then it is not at all clear how this happens, or how it informs the conclusions reached and the percentage figure prescribed. This is because the process by which the guidance is produced is almost completely opaque, apart from the final document which, since it is published, might be regarded as ‘transparent’ in one way, but the process by which its conclusions are arrived at is anything but transparent.

Some specific issues relating to the process and its output (the pay remit guidance document) include the fact that its coverage has been extended to areas that are more remote from the centre and whose activities – because they are not normal ‘core’ civil service ones but involve other aspects of service provision that may rely on skilled specialisms where the labour market is shared with the private sector or is international – differ from those carried out by policy departments or even those whose operation is crucial to the state, eg DWP or HMRC.

Also, because it appears to be mainly aimed at controlling costs in that area of the public services which is closest to central government, the main process could be characterised as rigid and less flexible than it might be with regard to items such as ‘recyclables’ (for example the money that could be made available by longer-serving staff, by definition on higher pay, leaving or retiring and being replaced by less experienced staff on lower pay), and the way it tends to treat positive benefits such as maternity pay as hard costs.

Partial recognition of the problems with the process lies in the fact that there is provision for a certain amount of flexibility for individual departments and bodies, but only on the basis of the submission of business cases for additional flexibility in pay that departs from the prescribed figure. But in practice, this has proven to be less useful – in terms of dealing with issues relating to recruitment, retention and motivation of staff – than might otherwise be the case. This is for two main reasons. One is the bureaucratic nature of this part of the process and the often lengthy time periods taken by the centre in considering cases. The

other is the way in which the centre influences outcomes resulting from this process of additional flexibility, in some cases refusing to sanction the pay rises requested (and costed) and only assenting to lower percentage figures than those proposed by the bodies concerned. Again, cost control appears to be the pre-eminent motivation here. From a governmental point of view this is understandable, but the government also needs to have regard to the consequences in respect of recruitment, retention and morale.

On the question of recruitment and retention, the Institute for Government's recent Whitehall Monitor report has highlighted how, although turnover has fallen, it remains high.⁸ The latest figure is 11.9%, which, although down from its post-pandemic peak of 13.6%, is higher than at any point since 2010/11. The Institute also emphasises that the figure excludes inter-departmental moves (something that emerged strongly in our interviews with informants) and is therefore an underestimate.

The report also reveals that the proportion of staff that left the civil service entirely during the most recent analysis year was 8.9% and that this is the highest since 2015/16. Commenting on this, the Institute says: 'This is a particular concern, given declining morale among civil servants, addressed in detail below. Demotivated civil servants are more likely to be open to new and often higher-paid employment options outside the service – something that should be seen as a red flag for civil service leaders aiming to retain top talent.' Both these issues – inter-departmental moves and staff leaving the service altogether – tend to make achievement of organisational objectives more difficult. And the greater the issues, the more serious the impact.

The Pay Review Body (PRB) system

The nine PRBs set pay rises for some 3 million public sector staff, a little over half of the total (5.87 million), with the remainder covered by collective bargaining or the system mentioned above. The coverage of five of the nine PRBs is UK-wide, with the remainder covering either England, Wales and NI only, or England alone and Wales alone (the two PRBs for school teachers).

⁸[Whitehall Monitor 2024: Part 1 | Institute for Government](#)

The standing remits or terms of reference for all nine PRBs contain reference to ‘affordability’ (though this is not defined) on the one hand, and recruitment, retention and motivation of staff on the other. The latter is generally felt to include morale, though this is not explicitly stated. Importantly, pay comparability is only an explicit part of the remits of four of the PRBs: those for the Armed Forces, the Prison Service, the National Crime Agency, and that for ‘Senior Salaries’ (which includes the senior civil service). The current position is partly the result of a cumulative process of modification of remits by different administrations over the years following their setting-up.

The PRBs set the pay of their remit groups via a seven-stage process, the most important of which from their point of view and that of those subject to the process are: evidence-gathering; assessment of evidence; and drafting of reports and recommendations.

Importantly, however, the process begins and ends with the Government, which both oversees the system and sets the parameters to it. It also intervenes in at least three ways: 1. through its initial remit letters; 2. by providing evidence; and 3. in responding and implementing the outcomes for staff.

PRB recommendations are non-binding and as a result governments can amend (or reject) recommendations. This has happened on 19 occasions over the past 20 years, in most cases to amend recommendations so as to reduce the value of the awards. It has happened most in the case of the SSRB and least in the case of the NCAPRB with zero instances (though this was only established in 2014). It has only happened once in the case of the AFPRB, and once for the police, while for the other PRBs, amending has taken place on two or three occasions in each case.

The year in which amending of recommendations was most common was 2007, when four separate sets of recommendations were staged so as to reduce their annual value. This also highlights that such interventions are not confined to administrations of one stripe only.

The main reason why governments amend recommendations is, apparently, affordability, though explanations for particular responses are mostly absent from the record (see ‘issues for consideration’ below).

In the latest year (2023), pay outcomes for staff under the PRBs were higher at the median than for other public sector employees, and employees in the private sector. This was also the case in 2022. But these latest outcomes appear as anomalies across the 20-year period we have examined, during most of which PRB outcomes were, at the aggregate level, either lower than those in both the private and public sectors (in ten of the years examined, from 2003 to 2009 inclusive, and again in each of 2015, 2017 and 2021) or lower than the private sector median but equal to that in the public sector (in six of the years examined, from 2011 to 2014 inclusive and then again in each of 2016 and 2018). In 2019, PRB outcomes were lower than for the private sector as a whole, but higher than the public sector measure, while in 2020, the first year of the pandemic, PRB outcomes were higher than the private sector but the same as those for the rest of the public sector.

In most cases, PRBs generally deal only with (annual) uplifts to basic pay, and sometimes allowances. Only in the case of the Police Remuneration Review Body (PRRB) is the PRB also responsible for other terms and conditions.

However, it is important to emphasise that while PRBs are not generally responsible for the structure of pay, they often make recommendations in relation to it. For example, changes to teachers’ pay progression resulted in large part from urgings by the STRB in respect of more ‘autonomy’ for schools over pay, while the SSRB has, since 2018, consistently argued for a system of capability-based progression, in the main to help reduce internal turnover or ‘churn’ as staff seek greater opportunities (including those for greater salary headroom) in other departments.

Only in the cases of two of the PRBs, those for prison staff and NHS staff, can separate negotiations take place over other terms and conditions, including over the structure of pay. In the case of the NHS, this is formalised and takes place via the NHS Staff Council, which comprises representatives from both NHS Employers and the relevant trade unions and is

responsible for maintenance of the single pay structure for the NHS (excluding doctors, dentists and some senior managers) known as 'Agenda for Change'. As such, the process here could properly be termed collective bargaining. For the prison service, the process is less formal and while it does involve the relevant trade union, the POA, there are restrictions on industrial action which are regarded as amounting to a ban and therefore collective bargaining is itself restricted.

A related but separate question concerns whether the PRB process can be set aside in favour of negotiations. This has happened most often in the case of the NHSPRB, including most recently, and less so in that of the DDRB. One reason for this is that the employees subject to the NHSPRB process are perhaps those public servants who are most unhappy with this method of pay determination, something that has prompted the relevant department to conduct a review, which is ongoing. This may recommend some changes to the NHSPRB process at least, and these could have implications for other PRBs.

Appointments to the PRBs are via the public appointments process, which the Government controls. It is not necessarily as transparent as it might otherwise be (see 'issues for consideration' below).

Regarding their composition, out of 53 PRB members, just three have a formal trade union background, though one other previously worked for a trade union before taking up a management role.

1.2. Issues for consideration

In this section we combine the issues raised by the desk research with the matters raised by the individuals we interviewed for the project in order to identify issues that we think Prospect and the FDA may need to consider in framing any proposal for a new PRB for the civil service.

Issues with the Civil Service pay setting process

In relation to the pay remit guidance (PRG) process, all our informants with experience of the civil service pay-setting process felt that at least its **outputs** (in terms of the figure or figures contained in the guidance) provided clarity, with one going further and stressing ‘coherence’.

However, the informants we interviewed were mostly negative about the PRG **process**. As well as highlighting the lack of transparency in respect of how the figure or figures contained in the guidance is reached, five main criticisms were made as follows:

- The process does not take sufficient account of the pay requirements of the different job families or professional groups
- The figure contained in the guidance is usually below-inflation, making for year-on-year real-terms pay cuts for staff
- Going beyond the headline figure requires the costing of business cases and this often involves excessive bureaucracy
- The inadmissibility of the previous concept of recyclables means that the process fails to take account of overall savings as well as spending
- Targeting to deal with anomalies or labour market issues while useful in certain cases, uses up money that could be spent on the uplift for the main staff body
- On this, IDR’s view is that this centralised process is mainly aimed at cost control (outcomes highlighted earlier provide evidence for this) and it effectively undermines the system of delegated bargaining so that in most cases, apart from those instances where business cases for change have been sought and achieved and managements enter into negotiations with the relevant unions in order to trade extra pay for concessions on other terms, there is no real sense in which ‘bargaining’ is taking place.

The lack of transparency in relation to the current pay remit process (as distinct from the clarity associated with the actual prescribed figure) was something that most of our informants felt had to be overcome. Some referred to the lack of any detailed reference to recruitment and retention issues, and also issues relating to staff motivation and morale. Other informants felt there needed to be greater information-sharing between the centre and reward principals, with the aim of moving towards an agreed statement of the issues to be tackled.

A number agreed that the central aim was control of costs. On this, one informant felt that the constraints on pay increases under the current system prevented government departments from tackling a range of problems, including equal pay and [a lack of] progression. Another felt that while the current approach 'could be effective', the main difficulty was that 'there isn't enough money in it'. The same informant used the analogy of a balloon being squeezed to illuminate the problems associated with (too tight) central control, the idea being that this might deal with one problem (cost) but creates problems in other areas to produce what they called 'an unhappy halfway house'.

One of our informants thought that the impact of the approach on recruitment and retention was 'disastrous', and also alluded to a negative impact on motivation for staff at 'junior operational levels' (as opposed to those on fast-track programmes or at more senior levels). Another highlighted severe problems around retention, with an average tenure of around two years for roles.

Most of our informants felt that the approach generally failed to support a strategic approach to pay, in part because of the short-term focus of the remit guidance process, which is based on an annual figure.

The structure of pay

One of the issues that emerged strongly from interviews with key informants was that of progression, or more precisely, its lack for the bulk of civil service staff. This is in contrast to the situation in most of the rest of the public sector, where eligible staff (that is, those who have not reached the maximum salary for their grade), may receive pay progression in addition to any basic uplift, however that is decided.

This issue arose most often in respect of the way in which this makes comparison of pay increases between the two groups even less favourable to civil servants and related staff since, while the headline increase for the civil service is more or less a description of the total outcome for employees, the headline increases for other groups usually omit the additional progression element. To the extent that the headline increases elsewhere are greater than that for the civil service, but were progression to be included as well, the comparison would be even worse for the latter.

A number of informants alluded to the role that lack of progression plays in recruitment, retention and motivation issues, though since the current pay-setting process does not appear to consider these, it is difficult to test this further. All that reward principals (or indeed trade unions) can do currently is to raise the issue with the centre, and hope that it receives a positive response.

In the meantime, a lack of progression appears to be compounding issues associated with external comparability, that is, with the private sector, as well as with other parts of the public sector. At least one thought that progression, or its lack, was a more important issue than pay-setting, while another considered that this absence undermines the system of pay ranges, since too many staff are at or near the minimum.

In terms of models for progression, some welcomed the idea of capability or competence-based pay, but not all did so. One was favourable towards a return of spines or scales but as with others felt that this was unlikely to happen because of a central bias against time-served progression. We would point out that there is no reason why the service could not adopt or re-adopt such an approach in respect of the structure of pay, while also developing some

kind of contingent system in respect of a criterion (or criteria) for progression. In fact, there is a strong argument that making pay more transparent, for example via short scales, could aid internal equity and help support motivation as well as recruitment and retention. Benchmarking would be required to establish the level of pay and while it could be argued that continued or future pay restraint might make such an approach harder to sustain, the very same is true of the current system.

The PRB process

Given the unhappiness with the current system of pay-setting in the civil service, we can clearly see the rationale for replacing this with a different system such as a pay review body.

We can also see that the fact that PRB recommendations are based on the gathering and assessment of evidence, with this then published as support for their proposals, is preferable to a (PRG) process which is almost completely opaque.

And robust evidence, especially in respect of recruitment and retention, can be a basis for positive (including higher-than-usual) recommendations, as was seen in the latest year. Indeed, the fact that the process is based on assessment of evidence was the main advantage cited by our informants. Other advantages related to the provision of independent expertise as part of the process of reaching a recommendation on pay.

In the following paragraphs, we detail the main issues that arose from our discussions with interviewees. These cover the following areas:

- The main advantages of the PRB system – chiefly the fact that it is an evidence-based approach, but others beside this;
- The main disadvantages, including the constraints on their independence;
- What is, and more crucially, what is **not** included in PRB remits;
- The composition of PRB memberships;
- Coverage of PRBs;
- The context in which PRBs operate.

Some felt it was preferable to a central decision. This is certainly true in the case of those groups, like the Armed Forces, where the only other option, in the absence of any employee representation mechanism, is government diktat, but in most other cases, even that of the police, where pay used to be set by the Police Negotiating Board, alternative mechanisms are available.

Yet another pointed to the way in which PRBs may act as a countervailing force to government monopsony power. Again, apart from in the case of the AFPRB, other options are available.

We were less sure of some of the other supposed advantages, with the main one being that it allegedly involves placing pay decisions ‘at arm’s length from the political process’. Our analysis of the process is that it **is** subject to political priorities in certain key aspects, and while it introduces external views into that political process, it is itself conditioned and shaped by them, as well as by other factors such as the labour market, the economy and the morale of the workforce.

One felt it was a non-adversarial process. This is true in so far as it precludes the kind of direct positioning for advantage and attempts at gaining leverage that characterise negotiations. It can also reduce some of the costs of conflict in industrial relations, even if it does not avoid those altogether as witnessed with the strikes by PRB remit groups in 2023. But this latter example shows that in the final analysis the PRB process only occludes the fact that the two main sides, and indeed sometimes more than two sides, may disagree, in some cases sharply.

Possible disadvantages of the PRB process

In relation to disadvantages, these helped set the stage for many of the issues that need to be considered. One of these was that in recommending, rather than deciding, PRBs were indeed subject to the political process, or as one informant put it, PRB members and chairs ‘can end up being a bit of a political football’. A further disadvantage, too-short tenure of ministers responsible, is unlikely to help with this.

At the same time though, the political aspect of the process can sometimes be of advantage to the employees subject to it, as was the case in 2023 when higher-than-usual recommendations were made, and accepted, in part so that the government could be seen to be responding to and resolving serious industrial relations issues (in this sense, it was a rare example of trade unions influencing the political agenda).

A key issue to be considered is the extent to which the PRB process can be considered to be independent of government. In one important sense, it is. This is in respect of the gathering and assessment of evidence by the PRB members who, as far as we can tell, try to be objective and reach their own conclusions in the context in which they have placed themselves.

But in significant respects this independence is constrained and limited. The main way in which this happens is by the government's own involvement in the process at key stages. This is not 'interference' but a planned part of the process. In other words, the question of independence is not one that relates to members (or at least not chiefly to them) but to the **process** [emphasis added]. In addition, one informant pointed out that PRBs are arms-length bodies of their respective departments, which, if correct, makes their deliberations part of the governmental process, something we return to below.

An aspect of the constraints that the PRBs operate under, and a key disadvantage according to our informants, was the frequent delays to the timetable, with these usually caused by the government. These delays occur most commonly in respect of issuing of remit letters (which start the process) and timeliness of the ultimate response, which frequently is as late as the last week before the summer parliamentary recess, some months after many of the pay rises being decided upon are due.

Another way in which the independence of the PRBs is limited is that their recommendations are non-binding. One of our informants felt that while it might be going too far to make recommendations binding on government, they thought there should be stronger conventions around them, with an expectation that they would be accepted, apart from in highly unusual circumstances. This is the approach taken, for example, to recommendations

from the Low Pay Commission, which advises government on uplifts to the National Minimum Wage.

The fact that recommendations are non-binding is in part connected to the government's ultimate accountability for the process, but aspects of this accountability are somewhat unsatisfactory, with a key one being that governments only rarely provide reasons for their decisions, especially when they amend PRB recommendations, and then often very late.

This might be of particular concern in the civil service since the SSRB, which covers the Senior Civil Service, has the dubious distinction of being the PRB whose recommendations have been amended by governments more than any other.

Finally here, a number of our informants (on the civil service side) felt that the establishment of a PRB (or PRBs) for the civil service would not change sufficiently in respect of the centre's desire for control over costs, and as a result outcomes might not differ too much from those under the current system. One thought there were two other alternatives. One was to return to centralised bargaining, and the other was to 'do delegated bargaining properly'. We can imagine both of these might be attractive to Prospect and the FDA but equally appreciate that the difficulties associated with both (in the case of the first mainly opposition from the centre and a reluctance to provide the unions with a renewed national focus and in the case of the second, the possibility that governments would be concerned about the costs of more freely-negotiated deals and a consequent lack of control over spending) are a key reason for consideration of a PRB option or options.

PRB remits

A fundamental consideration around this is that the PRBs must have regard to affordability, but apart from during those periods when a formal government pay (restraint) policy is in operation, this is rarely defined. This becomes an even more important issue in periods like the recent one, when tight labour markets and a high cost of living (as well as a backdrop of real-terms cuts to services) make arriving at a figure for a pay rise more difficult than in those periods when this is not the case.

One informant thought that affordability should be removed from standing remits, mainly on the basis that it is implicit anyway and that, on the one hand, governments can be expected to provide input on its definition in any given year, while on the other, PRB members are bound to have regard to it. However, another thought that it should be retained and closer attention paid by government to defining it.

On this, we note that in the latest round, a number of departments did provide indications of what might be affordable as part of their evidence to the PRBs in question, and in most cases if not all the PRBs went beyond these figures in their recommendations (which were mostly accepted), in a year which, we were told, was ‘make or break’ for the PRBs (due to significant dissatisfaction of those subject to the recommendations with the process). This might represent an example of the dictum, ‘whatever we can do, we can afford’, which seems to apply most in the case of the NCARRB and AFPRB, where governments have amended recommendations least.

Again, how to deal with the question of affordability is of particular concern in the civil service where, as we have noted, pay outcomes have consistently been lower than those elsewhere. How would a PRB guard against a repeat of these relative outcomes? The argument that pensions need to be considered alongside pay seemed to have particular resonance for the two senior civil servants we spoke to. This might be one reason why civil service pay awards are lower, but other parties would not necessarily agree with this view, and in any case other public servants have similar pension arrangements while their pay awards have generally been above those in the civil service so this cannot be the only factor. What might be involved is that the very fact of closest proximity to the centre, with not only the need but also the means to hold down pay (via the PRG process) has produced the outcomes seen.

We think there may be merit in making recommendations binding, since if members are independent and base their advice on the evidence and context on the one hand, and governments provide guidance on affordability on the other (regardless of whether or not it is a formal element of standing remits), there is no reason why recommendations should not be acceptable to government. And it seems to us that amending of recommendations has affected the credibility of PRB processes.

This is linked more broadly to the question of what should be included in or excluded from standing remits. One informant felt strongly that comparability should be made explicit in every case, though we have also heard views that because it is implicit in most cases, and because PRBs generally have regard to it (with inclusion of the outcome of types of comparability exercises in reports from PRBs whose terms of reference do not contain explicit reference to the issue), there is no need to make it obvious. In our view, this overlooks the possibility that comparability was removed from standing remits as yet another way of attempting to condition PRBs to come up with recommendations that were lower than they might otherwise have been. Including comparability would be a signal that PRBs could make recommendations that they were felt were appropriate in the light of this key consideration.

One apparently strange omission from standing remits is the cost of living, which directly affects the purchasing power of wages, and might be expected as standard. One view is that this is implicit in the requirement to consider motivation and morale, and it is clear that high inflation had an effect on the latest year's relatively higher recommendations. But it seems oddly-balanced for the government's inflation target to be mentioned in terms of reference when the effect of inflation on wages is not.

Note that we are essentially agnostic on the question of funding, since this is a matter of political priorities. In other words, if something is enough of a priority, then the funding is usually forthcoming.

It was clear to us from our discussions with informants that a PRB would not cope well with also having responsibility for the structure of pay or other terms and conditions (only one PRB has such responsibility, that for police, but it effectively only covers one role). The question then arises of how this might be addressed. The NHS case is one where the PRB operates in tandem with a system of collective bargaining over the pay structure and other terms and conditions. Could this be adopted in the civil service?

A further consideration is whether and how a PRB might be 'set aside', which happens fairly often in the case of the NHSPRB and less so in that of the DDRB. Both these instances involve

trade unions and in the case of the former, a developed system of collective bargaining over other terms. If this were to be developed alongside a PRB for the civil service then it might be possible, though too-frequent occurrences might be an indication that the system is faltering. A new centralised system of bargaining, that might come up with a new pay structure for the civil service, for example, would however have to overcome objections that are based partly on views we received concerning ‘different operating models’, but also a desire on the part of the centre to avoid creating a single source for pay decisions, the better so as to prevent the emergence of cross-service equal pay claims. We feel that this might be something of a red herring, especially if a cross-service, equality-proofed pay structure were to be developed.

Although the precise mechanism by which a PRB can be ‘set aside’ in favour of negotiations is unclear, one of the pressures seems to be employee dissatisfaction with the process. A key aspect of this is that although the evidence-gathering stage of the PRB process involves speaking to (relatively small numbers of) employees, they do not provide the same opportunities for large numbers of employees to make their views heard as collective bargaining, which involves workers debating and voting on pay proposals.

We note that the direct negotiations on NHS pay in 2023 produced a lower increase than that recommended by the PRBs later in the year. Some of this was due to timing but some was also due to the tactics employed by the government side in the negotiations, which seemed to cleverly exploit divisions on the trade union side to achieve a settlement that in the event was lower than outcomes elsewhere.

Paradoxically, this may have boosted the credibility of the PRB process somewhat, though we note that in the case of the NHSPRB, employee dissatisfaction with it has prompted a review, currently being carried out by the DHSC. This may produce proposals for changes that may also have implications for, or even be applied to, the other PRBs.

Composition of PRBs

An issue for trade unions with regard to the PRB process is the small number of trade unionists on PRBs – just three out of 53 currently, as we have noted, which amounts to less

than 6% of the total member complement. Even if the main issue is independence of the process rather than independence of PRB members, this seems strange for a system which is wholly concerned with making pay awards to employees, most of whom are members of trade unions. By contrast, there are many more members with a HR background (16 in total). How might this discrepancy be addressed? Perhaps there could be a requirement for more balance in respect of composition. On this we note that the Low Pay Commission, which makes recommendations on the level of the minimum wage, has a tripartite structure, with equal numbers of employer, trade union and academic reps (and this for parts of the economy, such as retail and hospitality, in which trade unions are comparatively weak). Could PRBs' composition be approached in a similar way? This would also have the benefit of adding transparency to the appointments process, since the requirements in terms of background and experience would be clearer.

Many of the informants felt that the appointments process needed to be addressed, in some cases in respect of timeliness but in others in respect of transparency, balance and diversity.

There is some indication that the appointment of PRB chairs is a political process (though again the lack of transparency around such appointments makes this difficult to prove). If it can be established that the current process produces chairs that are less acceptable to some stakeholders than others and that this is less than optimal for the PRB process, then serious thought should be given to how this part of the appointments process could be changed. Perhaps PRB members could elect a chair on a revolving basis?

We note too that PRBs have had difficulties in attracting academics with an economics specialism and that this appears to be connected to the impact of governments amending recommendations, in effect rejecting the apparently well-founded arguments of academic experts. Making recommendations binding or at least creating stronger conventions around their likely acceptance, might assist this.

Coverage of PRBs

A key issue is the question of whether a new PRB should cover all civil servants or be in addition to existing arrangements for the Senior Civil Service (SCS). This arose indirectly in

discussion with informants. The blurring of distinctions between the higher non-SCS grades and the lower end of the SCS structure would lend support to this. Maintaining a distinction might be important for hierarchical purposes but to us that seems to undermine the principle of a single approach for the whole service and equal treatment of all staff.

A related issue is the need to achieve buy-in of all staff and not just members of the civil service unions involved in this current project. If other unions are left outside any discussions aimed at establishing a PRB, then the risk of non-engagement with the actual process once it is up and running is real, as happened originally with the POA in respect of the PSPRB. There is, of course, the possibility that the centre is relaxed about this and, as with the POA, imagines that the other unions might moderate any opposition over time. They might, but that is only one possible consequence. In any case, in order to ensure acceptance, any PRB would have to ensure, via its actions and recommendations, that it was both a credible and viable way of making pay decisions on behalf of civil servants who are likely to retain their right to take industrial action.

The consensus among the informants was that it is easier to make decisions on pay for general, non-specialist roles in the public sector than it is for more specialist roles. This is partly because the recruitment and retention issues among the former can be less acute than among specialists and partly because the data on pay for general roles is often more easily available than for specialist roles. This may present a particular issue for the civil service, which combines general and specialist roles. The establishment of such a body would probably require data of sufficient quantum and quality on motivation and morale in the case of general roles (as well as that on recruitment, retention and pay itself), and recruitment, retention and pay in the case of specialist roles. It would almost certainly have to have regard to comparability, whether or not this was a formal element of its terms of reference. But it would be important to avoid emphasising issues in respect of specialists at the expense of issues pertaining to the wider, general population.

One area that we have NOT considered is the history of the PRBs. But this does not necessarily mean it should be excluded from consideration. The PRBs arise as a particularly British (or more strictly, English, since they have all, bar one – that covering school teachers in Wales – been established by Westminster governments) approach to pay setting. They

were introduced at different times and in different circumstances, but all were designed as either an alternative to collective bargaining where that used to be the main method of pay-setting (NHS, prisons, school teachers) or as a way of setting pay where normal collective bargaining was absent (though it is important to distinguish between these, since while the Armed Forces do not have employee representation, unlike in other countries, police do and used to have an alternative means of pay setting, the Police Negotiating Board).

PRBs are sometimes regarded as a top-down way of setting pay. That is not to say that they always necessarily produce worse outcomes than alternative forms of pay setting (chiefly collective bargaining) for the employees that are subject to their recommendations, and governments' reactions to these recommendations. But concerns about lack of employee voice and the independence of the process have been to the fore in the criticism made by trade unions and union members.

However the pay remit guidance process means that the system of 'delegated bargaining' in the civil service, whereby each department is supposed to negotiate pay reviews with the relevant trade unions, does not involve substantive bargaining at all, except rarely, in those instances where departments, agencies or NDPBs have been given leeway by the Cabinet Office to negotiate changes that involve pay increases above and beyond those sanctioned by the remit process in return for concessions on other terms by the workforce. Therefore, consideration of alternatives seems entirely appropriate.

2. Review of PRB mechanisms and outcomes

2.1. Current PRBs and their respective employee remit groups

The table below lists the nine current PRBs, the staff groups covered by each, the jurisdictions and devolved administrations covered, and the corresponding government departments in each case. The latter set the remits/terms of reference for the respective review bodies, something we consider in a subsequent section.

The largest PRB covers NHS staff other than doctors and dentists (who have their own PRB) and the smallest covers staff at the National Crime Agency, though the chair and members here are shared with the PRRB (for police officers). Together, the PRBs set pay rises for some 3 million public sector staff, a little over half of the total (5.87 million). (Pay for other public sector groups, such as firefighters, local government or police support staff, is set by collective bargaining.)

The coverage of five of the nine PRBs is UK-wide. These are the AFPRB, DDRB, NCARRB, NHSPRB and the SSRB. In the case of the NHSPRB (and DDRB), it is important to note that the body receives separate remit letters from the relevant ministers in each of the four countries/devolved administrations of the UK, though it generally produces a single set of recommendations, which each of the jurisdictions implements as it sees fit. This is also the case for the DDRB. In the case of the SSRB, pay for staff working for the Scottish Government and its associated agencies is set by that Government itself, according to its annual public sector pay policy. This also determines the pay of senior NHS staff, which in England is set by the SSRB. Therefore, even though the coverage of the SSRB is UK-wide, its recommendations apply only to the pay of employees of the UK government working in Scotland, Wales and Northern Ireland, and not to employees of the Scottish, Welsh or Northern Ireland Governments.

The bodies for the police and prison service each cover England, Wales and Northern Ireland only, since pay for these groups in Scotland is set by negotiations. In the case of police, this takes place via the Police Negotiating Board (PNB), which represents a continuation of the system that used to apply elsewhere until the PRRB was established in 2014. Pay for prison

staff in Scotland is set according to the outcome of collective bargaining with the Scottish Government.

The School Teachers' Review Body (STRB) covers England only. It used to also cover Wales, but a new Independent Welsh Pay Review Body (IWPRB) was established in 2019 to set pay for teachers in Wales. Since then, its recommendations, and the Welsh Government's subsequent pay decisions, have diverged in key respects from those of the STRB covering teachers in England. Chiefly, in 2020, experience-based progression was formally reintroduced (and performance-related progression ended), although in 2021 the review body still recommended that the Welsh Government needed to clarify how pay progression and performance appraisals operated.

The IWPRB also reinstated pay points on the main and upper pay scales, in contrast to the position in England where, although in practice nearly all schools use the pay points as published by the main teaching unions, the STRB regards these as merely advisory and continues to only publish ranges, with a minimum and maximum, in each case. Finally, the IWPRB recommended the restoration of the principle and practice of pay portability, which in England has been resisted by the DfE.

Table 3 Summary of pay review bodies and their remits

Review body	Remit group	Countries covered	Corresponding government department
Armed Forces Pay Review Body (AFPRB)	192,300 armed forces personnel	England, Wales, Scotland and Northern Ireland (and forces on deployment in other countries)	Ministry of Defence
Doctors & Dentists Review Body (DDRB)	203,244 NHS doctors and dentists in England	England	Department of Health and Social Care
	12,107 NHS doctors and dentists in Wales	Wales	
	24,897 NHS doctors and dentists in Scotland	Scotland	
	7,803 NHS doctors and dentists in Northern Ireland	Northern Ireland	
Independent Welsh Pay Review Body (IWPRB)	34,766 schoolteachers in Wales	Wales	Ministry for Education Wales
National Crime Agency Remuneration Review Body (NCARRB)	2,169 officers designated with operational powers	England Wales Scotland Northern Ireland	Home Office
National Health Service Pay Review Body (NHSPRB)*	1,514,949 NHS employees in England	England	Department of Health and Social Care
	155,913 NHS employees in Scotland	Scotland	
	86,303 NHS employees in Wales	Wales	
	64,384 NHS employees in Northern Ireland	Northern Ireland	
Police Remuneration Review Body (PRRB)	140,228 police officers (federated ranks) in England and Wales	England and Wales	Home Office
	68,500 police officers in Northern Ireland	Northern Ireland	Northern Ireland Department of Justice

Table 3 Summary of pay review bodies and their remits cont'd

Review body	Remit group	Countries covered	Corresponding government department
Prison Service Pay Review Body (PSPRB)	27,872 prison staff in England and Wales	England and Wales	Ministry of Justice
	1,280 prison staff in Northern Ireland	Northern Ireland	Northern Ireland Department of Justice
School Teachers Review Body (STRB)	468,371 school teachers in England	England	Department of Education
Senior Salaries Review Body (SSRB)	11,506 senior civil servants and leaders in England and Wales, Scotland, and Northern Ireland	England, Scotland, Wales and Northern Ireland	Cabinet Office

*The NHS Pay Review Body receives separate remit letters from the Minister of State for Health (UK Government), the Cabinet Secretary for Health and Sport (Scottish Government), the Minister for Health and Social Services (Welsh Government) and the Minister of Health (Northern Ireland Executive). The review body generally produces a single report, with a single set of recommendations covering all four countries/devolved administrations, while noting any variations in pay policy in any of these jurisdictions.

2.2. What review body remits include/exclude

One of the key issues to be considered in any proposal for a new PRB is what topics might be covered by its standing remit or terms of reference. The most important of these are first, recruitment, retention and motivation; second, affordability; and third, comparability, in the sense of comparing pay for the remit group with that for other groups which might be regarded as appropriate. The latter can be an explicitly stated element of a PRB's remit; or it may not be explicitly stated, but nevertheless be an implicit part of a PRB's deliberations and reporting.

(Equality and diversity is not an explicit aspect of the terms of reference of every PRB but they all make reference to it in some way. Those whose remits mention it explicitly include the NHSPRB, which in making its recommendations, must have regard to the principle of equal pay for work of equal value, and the SSRB, whose terms of reference state that it may make (other) recommendations 'to ensure that the remuneration of those covered by the remit is consistent with the Government's equal opportunities policy.')

Other areas that governments also like to include in terms of reference include any interaction with policies for improving public services and sometimes also inflation (though whether and how this is connected to public sector pay rises is debatable).

The table below indicates whether and how these topics arise in PRBs' formal remits. We also list any other items that are included in terms of reference.⁹

Unsurprisingly, both recruitment, retention and motivation on the one hand, and affordability on the other, form part of every PRB's terms of reference. The main differences between the various terms of reference arise in, first, whether and how comparability is addressed, and second, the other issues to which PRBs are required by government to have regard.

Comparability is an explicit part of four of the nine PRBs' terms of reference. These are the AFPRB, PSPRB, NCARRB and the SSRB. In the case of the Armed Forces, comparability

⁹Our methodology here relies on close reading of, chiefly, PRBs' terms of reference, but also latest remit letters from the relevant government departments and the latest PRB reports in each case.

relates to roles of a similar size – in terms of responsibility and skill – to those covered by the review body, with an explicit comparability exercise carried out by external consultants intermittently.¹⁰ In addition, IDR was commissioned in 2022 by the OME (and supported by the MOD) to identify appropriate NHS benchmarks for different Medical Officer and Dental Officer (MODO) roles, with a particular focus on General Medical Practitioners (GMP) and General Dental Practitioners (GDP). And the latest AFPRB report contains the body's own analysis of the relative position of armed forces' pay, using data from the ONS' Annual Survey of Hours and Earnings, on the basis that the body felt it was important that armed forces pay should be 'broadly comparable with the private sector' (page 45).

In the case of the PSPRB, the requirement arises because the private sector is involved in the provision of prison services. For the NCARRB, the main comparator group is the police (and to a lesser extent the civil service), but the body also notes that the need to tackle technologically-based crime necessitates an additional focus on the labour markets for key comparator groups in the private sector such as roles in IT and cyber-security.

Finally, and perhaps most importantly, in the case of the SSRB, the importance of comparability is signalled by the following passage in the body's terms of reference: 'In making recommendations, the Review Body ...shall have regard to: differences in terms and conditions of employment **between the public and private sector** [IDR emphasis] and between the remit groups, taking account of relative job security and the value of benefits in kind; changes in national pay systems, including flexibility and the reward of success; and job weight in differentiating the remuneration of particular posts'.

For the other five PRBs, an explicit requirement to consider comparability is absent from their terms of reference. However, this does not mean that considerations around this issue are absent from their reports. In a period when inflation is higher and labour markets are tighter than prior to the recent coronavirus pandemic (both prompting pay to grow faster in the private sector than hitherto), it is indeed unsurprising that many of the latest PRB reports include references to comparability. For example, the STRB's 2023 report states that 'the

¹⁰The last one appears to have been carried out in 2015: [OME - 2015 pay comparability update - Nov. 2015V1.pdf \(publishing.service.gov.uk\)](#)

primary objective of our recommendations is to start to address, in a balanced way, the structural deterioration in the pay of teachers relative to comparable professions' (page 1). The report from sister body the IWPRB includes sections on teachers' starting salaries compared with other graduate professions, and salaries for experienced teachers compared with other graduate professions. The PRRB's latest report makes a number of references to comparability broadly, while also making specific recommendations on the pay of chief police officers following a comparability exercise conducted by external consultants on behalf of the PRRB. The 2023 report from the NHSPRB, which did not include any recommendations for pay increases following a separate pay deal reached directly between the Government and (most of) the health unions, includes details of pay comparisons using ASHE and also the Longitudinal Educational Outcomes data set produced by the DfE, which provides information on employment and earnings outcomes for UK graduates. Finally, the DDRB's latest report contains a section on pay for comparable occupations.

In this sense, comparability seems to have returned by the back door, since in an earlier period, it formed part of most PRBs' terms of reference, but from around 2005 onwards, the Government of the day removed it from PRBs' terms of reference as part of a general tightening of its public sector pay policy. (This administration also ended pay formulas for the fire service and police that involved direct comparisons with private sector pay movements.)

We have also indicated the other issues that appear in PRB terms of reference (and remit letters), mainly for completeness since, in our view, they mostly seem to represent a kind of government 'wish list' and some, such as the reference to inflation targets, are contentious. Moreover, it is not clear to what extent PRBs actually take these other issues into account in framing their recommendations.

Then there are issues that perhaps should be included in remits or terms of reference but instead are omitted. One of the most important is the funding of pay rises, that is whether pay rises must be funded from within existing budgets (or by moving spending from one area of a department's operations to another, which is a different, perhaps slightly more palatable version of the same thing – only slightly more palatable because it raises the prospects of

service cuts elsewhere), or whether new money is to be found, either from increased revenue or additional borrowing. To a large extent this is a matter for government, rather than the review bodies themselves. This is linked to affordability, something we discuss in more detail below, but we raise it here because if PRBs knew in advance how recommendations were to be funded, this might alter the putative figures contained in reports, though we also recognise that in each case the pressure could be downward.

Another issue that might be expected to appear in ‘other’ terms of reference is the relationship of the lowest rates of pay for some remit groups to the National Minimum Wage. This has been sharpened by the rapid rise of the statutory floor in recent years, which has meant that some PRBs have had to take account of it in developing their recommendations. Perhaps governments consider that the PRBs and their advisors in the Office for Manpower Economics (OME) can be expected to consider movements in the legal minimum as part of their preparatory work and knowledge of the wider pay context, but it is surprising that it has not yet been included in any PRB’s terms of reference. And importantly, for the purposes of this report, it could be an issue for any new PRB for the civil service.

Finally, there is the question of the extent and quality of evidence on the key terms of reference discussed here. Where comparability is an explicit part of remits, then the OME either carries out such exercises on behalf of the respective PRBs, or commissions external experts to do so. But it has also performed a certain amount of work in this area in those cases where comparability is merely implicit, and the parties – chiefly employee representative organisations but sometimes employers – often provide evidence in this respect. Here, we would suggest that the fact that comparability is only an explicit part of terms of reference for a (bare) minority of PRBs could be a factor in a relative paucity of evidence on the topic, but this would have to be tested by consulting the OME and PRBs themselves, something that was outside the scope of this report.

Evidence on recruitment and retention forms a key basis of the recommendations of all the PRBs, and it is our impression that this is generally forthcoming, even if there are differences among the parties about the quality of the data, its significance and implications. Again, whether this could be improved is outside the scope of this report, but it is a question worth

raising. Evidence on motivation and morale is likely be patchier still, and the same points apply, perhaps more so because of the contentious nature of information in this area (though this could be reduced somewhat by the provision of joint surveys of employees' feelings and views for every remit group).

Finally, there is the question of the extent of evidence on affordability. This appears to be the area in which there is often least clarity and definition. In particular, the latest [Treasury economic evidence to the review bodies](#) exhorted the PRBs to have regard to affordability but failed to define this. Subsequently, however, some clarity was provided by individual departments in their evidence to the relevant PRBs. For example, in its recent evidence to the STRB the DfE stated its view that an award of 3.5% would be 'manageable within schools' budgets next year' (page 21). (In the event, the STRB recommended 6.5% - more on which below.) Similarly, in its evidence to the PRRB, the Home Office said: 'Considering the additional funding available from the police funding settlement for 2023/24, and forces seeking to maximise efficiencies, our current assessment is that there is scope for forces to budget up to a 3.5% pay award within the existing settlement' (page 5). But it also argued for additional funding from central government: 'An unfunded pay award above our affordability assessment is likely to significantly impact on forces' ability to maintain officer numbers recruited as part of the Police Uplift Programme as forces reprioritise in order to meet both pay and non-pay pressures, effectively risking a reversal of the 20,000-officer uplift... To avoid these consequences, an award above 3.5% would require an uplift to the police funding settlement' (page 6). (In the event, the PRRB recommended 7% plus removal of the lowest pay point for constables, resulting in a greater rise for staff at this level.)

It is important to note that only **some** clarity was provided by the departments in this instance, and the figures provided were below the awards eventually recommended by the PRBs in question. But it was no doubt helpful, even if the PRBs had to take other factors into consideration such as labour market issues, the cost of living, and not least, in the case of the STRB, industrial action by teachers over pay.

We understand that the lack of clarity occurs partly because affordability is fundamentally related to the ordering of political priorities. A given pay rise might be currently unaffordable

but could become so if funding were found from some other source, either from unspent resources elsewhere, or extra revenue raised by either taxation or borrowing. However politics is not simply the preserve of politicians, and therefore it is perfectly appropriate for all parties to interrogate this issue as fully as possible or at least ask for it to be interrogated.

One last issue here is that of how PRB awards are communicated. This is important so that individual staff understand the value of their awards (and the reasons why they have been made in a given context). In instances where this is not the case it can undermine engagement and motivation.

Table 4 Summary of topics covered by review body remits

PRB	Recruitment retention and motivation	Affordability	Comparability –		Other issues
			Explicit?	Implicit?	
AFPRB	Yes	Yes	Yes	-	The Government's inflation target and policies for improving public services
NHSPRB	Yes	Yes	No	Yes	Inflation target; equal pay; NHS patient strategy
PRRB	Yes	Yes	No	Yes in relation to chief officers (and also more broadly)	The role of constable; prohibition on TU membership; public sector pay policy; provision of public services; Police and Crime Commissioners; the College of Policing; anti-discrimination legislation; local force variations
PSPRB	Yes	Yes	Yes	-	Local variations in labour markets; anti-discrimination legislation; public service provision; inflation target
STRB (E)	Yes, with an emphasis on recruitment and retention	Yes	No	Yes	No standing terms of reference – instead, based on latest remit letter, which in this case mentions the promotion of recruitment and retention in the context of the cost pressures facing schools
IWPRB (W)	Yes, with an emphasis on recruitment and retention	Yes	No	Yes	Also based on latest remit letter
DDRB	Yes, with an emphasis on recruitment and retention	Yes	No	Yes	Government's inflation target; regional/local variations in labour markets; NHS strategy in respect of patient care

Table 4 Summary of topics covered by review body remits cont'd

PRB	Recruitment retention and motivation	Affordability	Comparability –		Other issues
			Explicit?	Implicit?	
NCARRB	Yes, with an emphasis on recruitment and retention	Yes	Yes	-	Government's policies for improving public services; Government's inflation targets; ban on industrial action (operational officers); evidence of improvements to productivity and workforce efficiencies
SSRB	Yes, with an emphasis on recruitment and retention	Yes	Yes	-	Diversity; regional/local variations in labour markets; Government's policies for improving public services; Government's inflation target; ensure that, as appropriate, the remuneration of the remit groups relates coherently to that of their subordinates; relate reward to performance where appropriate; equal opportunities

2.3. PRB processes: remit, evidence, recommendations and response

The process by which pay rises are awarded to staff groups (sometimes called ‘remit groups’) is the same for each PRB. It consists of the following stages:

1. Receipt of remit letters from the relevant government minister¹¹
2. Evidence gathering – consisting mainly of the receipt of written and oral evidence from the various parties, including the relevant department and any employer bodies or employee representative bodies; also, visits to workplaces to speak to a selection of employees covered by the remit; and sometimes, commissioning of evidence from external organisations, for example academics or other experts
3. Assessment of the evidence
4. Drafting of reports to ministers
5. Submission of reports
6. Government response
7. Implementation of resulting pay outcomes.¹²

As such, the process begins and ends with the government, with instruction and reaction/implementation, and also involves the provision of oral and written evidence from the government. In addition, the government appoints the chair and members of each PRB. Therefore the government oversees the process and sets the parameters to it. It also intervenes in the process: first, via its remit letters, which set out what it expects the bodies to make recommendations on, and also the constraints on these recommendations, which vary in detail and level of prescriptiveness according to the government and the period in question; second, via its provision of evidence; and finally, by its reactions and decisions for implementation which, because the recommendations are non-binding in legal terms, can vary from the measures urged by the PRBs. Add in the Treasury evidence on the economy and it is clear that the government has a variety of ways in which it can influence the PRBs, if it chooses to do so. Whether and how it does so can, of course, vary, and this is something we examine when we look at recommendations and outcomes.

¹¹As well as remit letters from each department, the start of the process is also marked by the Treasury’s provision of evidence on the state of the economy and labour market. As the FDA in particular will be aware, this is another way in which governments attempt to influence the PRB process, though we cannot say how much account the PRBs take of this evidence.

¹²Or not, in the case of the outcome being a freeze, or no increase, in pay.

In terms of the time taken by the process, a number of milestones are important. First, the scheduling of the initial remit letters should give the PRBs sufficient time to consider them and complete the process of gathering evidence and reaching recommendations. Second, the PRBs should submit their reports to government in good time, usually well before the annual dates on which the respective pay outcomes are due. And thirdly, the government should respond in good time too, so that employees receive news of their outcomes (and the outcomes themselves) on or around the date on which they are due (April for most, September for some). Our understanding is that the bottlenecks to this process, when they occur, generally take place around the first and third stages, rather than the second. In fact, it has become a regular feature of recent pay rounds for the Government to announce its reaction to the various PRB reports very close to the end of the parliamentary term. For example, most of the latest PRB reports – and therefore the Government’s reaction to them – were published on 13 July 2023, just seven days before the House of Commons rose for its summer recess.

2.4. The legal status of PRB recommendations

While the recommendations of pay review bodies are usually accepted, governments are not bound by them and there have been occasions when they have not been accepted. It is ultimately up to the Prime Minister, the relevant Secretaries of State and ministers to decide how to respond.

To a certain extent, the government retains this power for accountability reasons: the pay rises recommended by these relatively small review bodies involve billions of pounds of public funds and are sometimes based on relatively limited evidence, in particular in respect of affordability.

The lack of evidence on affordability is primarily the government’s responsibility. As such, the government’s failure in this regard leads directly to one of the disadvantages of the PRB system, namely a lack of transparency in certain important respects.

2.5. Extent of separate collective bargaining

The PRBs were introduced in most cases as an alternative to ‘traditional’ collective bargaining, but this does not mean that their existence necessarily or always constitutes an

effective ban on industrial action, apart from in those instances where this is the case – armed forces, police and prison officers. We should note here that some industrial relations/HRM academics, especially the authors of the suspended Workforce Employment Relations Surveys, define those groups covered by the PRB system as having NO recourse to collective bargaining. But as should be clear from what follows our view is that the involvement of trade unions in providing evidence, and the possibility that industrial action can still take place and even influence PRB outcomes, means that they are probably best considered a form of mediated though probably weak collective bargaining. ('Weak' because the process does not involve negotiations as such, even if trade unions may still take industrial action.)

In general, the PRBs are mainly concerned only with annual uplifts to pay rates. But it is important to note that while PRBs are not generally responsible for the structure of pay, they often make recommendations in relation to it. For example, changes to teachers' pay progression resulted in large part from urgings by the STRB in respect of more 'autonomy' for schools over pay, while the SSRB has, since 2018, consistently argued for a system of capability-based progression for senior civil servants, in the main to help reduce internal turnover or 'churn' as staff seek greater opportunities (including those for greater salary headroom) in other departments.

We have assessed whether other terms and conditions, outside of the annual uplift to pay, are covered by each review body or whether these are negotiated separately, and how this operates in each case. In particular, we have looked at the absence or presence of what might be called 'normal' negotiations (involving employers' bodies on the one side and trade union representatives on the other) over other terms and conditions and how this operates. The table below summarises the current position as we see it. In short, separate negotiations over terms and conditions can take place in both the NHS and Prison Service, with the involvement of the relevant trade unions in both cases. This could be referred to as 'collective bargaining', almost certainly so in the case of the NHS, though in prisons there are legal restrictions on industrial action, generally regarded as constituting a ban. In other instances, terms and conditions are either set by governments (armed forces, teachers in both England

and Wales), or as in the case of the police, the review body is also responsible for terms and conditions.

The other issue is, of course, whether a PRB can be set aside and instead direct negotiations take place over the annual pay uplift. This was the situation in respect of NHS pay in 2023. How did this happen? The difficulty is that it is not entirely clear. What seems to have happened is that first, the NHS Staff Council signalled that the 2022 award might need to be re-examined, particularly in the light of rising inflation, but also referencing the impact of the coronavirus pandemic, staff shortages and morale, as well as funding and the state of the service. (The award was for a flat-rate rise of £1,400 for all staff, which was worth 4.8% on the paybill and varying percentage amounts for different grades. Newly graduated nurses, for example, received 5.5%. It was announced by the Government on 19 July 2022. The next day, the Office for National Statistics reported that its estimates for inflation had risen to 9.4% on the CPI measure, up from 9.1% the previous month, and to 8.2% on the CPIH, up from 7.9%. Meanwhile the RPI was showing at 11.8%.)

The Staff Council also signalled its unhappiness with the recommendations and role of the NHSPRB, triggering a [review of the body by the DHSC](#) which is ongoing. But negotiations only took place after industrial action by most of the NHS trade unions, which started in 2022 and continued on into 2023, with talks eventually taking place in late February, producing an offer in early March. These talks did of course constitute ‘collective bargaining’, but the negotiations were far from ‘normal’, in part because of the Minister’s involvement and the pressure placed on officials to reach a deal quickly.

As a [report from BBC health editor](#) Hugh Pym highlights, ‘What was also highly unusual was the presence of Treasury officials as well as negotiators from NHS Employers and health staff.’ And the normal recourse to information, in order that both sides could conduct negotiations effectively, was missing: ‘Data sheets given to the negotiators had to be handed back at the end of each day. When the union team took the paperwork for their own private discussions they had to hand over their phones to prevent photos being taken. No paper was allowed to leave the building.’

On a previous occasion, in 2018, the trigger for direct negotiations was clearer. Then, the main issues were with the pay structure itself, and the resulting three-year agreement that re-structured the NHS pay bands was reached in more or less the usual way, and over a sufficient timescale, between the trade unions and NHS Employers, with the DHSC only involved indirectly.

Other instances where direct negotiations took precedence over PRB deliberations involved junior doctors (who reached a four-year deal with the DHSC in 2019) and other doctors. In both cases the issues were more or less structural and/or connected to working conditions, and therefore separate negotiations were felt to be more appropriate and effective than the PRB process, which generally only addresses the annual pay uplift.

In conclusion, direct negotiations only appear to arise in the case of NHS staff and doctors and are held rarely, either where the issue is structural and therefore beyond the scope of the relevant PRB, or more rarely, where industrial action places pressure on ministers to hold talks. In this sense, negotiations on an uplift as an alternative to PRB deliberations are ad hoc and in the gift of ministers.

A review of the NHSPRB, triggered mainly by employee disquiet over its recommendations and role, is currently taking place. It is, though, being conducted by the DHSC, and therefore is highly unlikely to recommend abolition of the NHSPRB, but it could produce changes which, from the employee/trade union point of view, might represent improvements in the body's operations. Issues being considered by the review include timeliness; appointments processes; input from the Staff Council; and data and evidence.

In particular, one of the largest NHS unions, Unison, has said its members are unhappy with the PRB 'because Ministers appoint its members; set its remit and timelines to suit political purposes; define the terms on which 'affordability' is assessed; and control when and how its recommendations are published.' The union has also highlighted restrictions on remits, and inadequate outcomes in England while those in Scotland have been better from employees' point of view.

One other consideration at this point concerns the possibility of industrial action. Events over the past year show that the existence of a PRB does not rule out the possibility of industrial action by trade unions. For example, teachers in the largest teaching union, the NEU, took this step recently, and action by head teachers and the other main teaching union, the NASUWT, was being considered but in the event did not transpire. We cannot say to what extent the NEU's action influenced the PRB recommendations, but it formed part of the context in which it produced its report. As we have noted earlier, its recommendation was significantly higher than indications from the DfE might have allowed for, but the stated rationale relied on 'the structural deterioration in the pay of teachers relative to comparable professions and the inadequate recruitment of graduates' rather than the NEU's industrial action campaign per se.

Therefore, the question arises of how issues relating to the structure of pay and other terms and conditions are to be dealt with. One model is the NHS approach where the PRB makes recommendations on uplifts, but other issues are dealt with via more or less normal collective bargaining.

Table 5 Extent of separate collective bargaining

Review Body	Position in respect of other terms and conditions	Comments
Armed Forces	Terms and conditions are set by the Ministry of Defence under its 'New Employment Model'	This includes the pay structure, and while pensions are not explicitly covered, they are linked
NHS	The 'Agenda for Change' structure of pay in the NHS (as distinct from uplifts in pay levels, which are recommended by the review body) and other conditions are the responsibility of the NHS Staff Council, which comprises employer and trade union representatives	The staff council maintains the pay structure and negotiates any changes in core conditions, including any changes to the pay structure, as under the recent three-year deal
Police	The review body is responsible for providing independent advice to government on pay and conditions for police officers at or below the rank of chief superintendent	This includes hours of duty, allowances, leave and related matters; pensions are separately governed by the Police Pensions Advisory Board

Review Body	Position in respect of other terms and conditions	Comments
Prison Service	The PSPRB provides independent advice on pay for prison officers and support grades, operation managers and governors. It was set up partly to compensate for a legal ban on industrial action by prison officers in England and Wales. 'Pay' in this instance includes levels of pay as well as annual uplifts, and levels of allowances. But there is provision for continued collective bargaining over the structure of pay, ie grading, and terms and conditions broadly, including the numbers and types of allowances	The POA previously had a policy of non-engagement with the review body. This softened in 2020, in the context of the coronavirus pandemic, when the General Secretary wrote to the PSPRB in an open letter, without prejudice, setting out the union's position on pay. In 2021 the POA submitted evidence to the review body for the first time
School Teachers (E)	The Secretary of State for Education issues statutory guidance on pay and conditions, embodied in the annual School Teachers' Pay and Conditions Document (STPCD), with these amended in response to the recommendations on pay from the STRB	The teaching unions are consulted, along with other parties, but negotiations do not take place
School Teachers (W)	The position in Wales is almost identical to that in England, with the difference being that the statutory powers are vested in Welsh Government ministers	As above

2.6. PRB recommendations and actual outcomes

In this section we detail both the recommendations of the various PRBs and also the outcomes, that is, the ways in which governments implemented these recommendations, since in certain instances these depart from the recommendations themselves. The data covers a 20-year period from 2003 to 2023.

Armed Forces (AFPRB)

Table 6 AFPRB recommendations and outcomes on basic pay, 2003 to 2023

Year	Recommendation	Outcome
2003	3.7%	3.7%
2004	2.8%	2.8%
2005	3.0%	3.0%
2006	3.0%	3.0%
2007	3.3%	3.3%
2008	2.6%	2.6%
2009	2.8%	2.8%
2010	2.0%	2.0%
2011	£250 (for salaries under £21,000 only)	0.0% (excluding those under £21,000)
2012	£250 (for salaries under £21,000 only)	0.0% (excluding those under £21,000)
2013	1.0%	1.0%
2014	1.0%	1.0%
2015	1.0%	1.0%
2016	1.0%	1.0%
2017	1.0%	1.0%
2018	2.9%	2.0% (+ 0.9% non-consolidated)
2019	2.9%	2.9%
2020	2.0%	2.0%
2021	£250 (for salaries under £24,000 only)	0.0% (excluding those under £24,000)
2022	3.75%	3.75%
2023	5.0% and £1,000 consolidated	5.0% and £1,000 consolidated

Source: [Armed Forces' Pay Review Body](#)

Doctors and dentists (DDRB)

Table 7 DDRB recommendations and outcomes on basic pay, 2003 to 2022*

Year	Recommendation	Outcome
2003	3.23%	3.23%
2004	2.5% to 2.9%	Fully accepted
2005	3.0% to 3.4%	Fully accepted
2006	Range across remit groups 2.2% to 3.0%	Accepted (excluding consultants where proposed 2.2% was staged; 1.0% April, 1.2% November)
2007	-£1,000 on all pay points for consultants, staff, specialists, dentists -£650 on pay points for doctors and dentists in training -0.0% GPs -3.0% dental practitioners	Accepted (excluding England and Wales where award staged; 1.5% April, 1.0% November)
2008	2.2%	2.2%
2009	1.5%	1.5%
2010	Range across remit groups 0.0% to 1.5%	Accepted (excluding FHOs where 1.0% was paid instead of 1.5%)
2011	0.0% (not required to make recommendation)	0.0%
2012	0.0% (not required to make recommendation)	0.0%
2013	1.0%	1.0%
2014	1.0%	Accepted (Scotland). England and Wales 2.0% non-consolidated to staff at the top of pay scales only
2015	1.0% (only for independent contractor GMPs and GDPs across UK and salaried hospital staff in Scotland)	Accepted
2016	1.0%	1.0%
2017	1.0%	1.0%
2018	2.0%	2.0%
2019	2.5%	2.5%
2020	2.8%	2.8%
2021	3.0%	3.0% (but 2.0% for juniors)
2022	4.5%	4.5%

*2023 excluded due to ongoing pay dispute at time of writing.

Source: [DDRB reports - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/ddrb-reports-2003-2022.pdf)

National Crime Agency (NCAPB)

Table 8 NCPRB recommendations and outcomes on basic pay, 2014 to 2022*

Year	Recommendation	Outcome
2014	Consolidated increase of £135, £270 or £540 based on target range for grade (non-consolidated for those at top of scale)	Fully accepted
2015	Consolidated increase of £135, £270 or £540 based on target range for grade but with £135 increase to pay range maxima to ensure consolidated pay increases for those at the maxima	Fully accepted
2016	1.0%	1.0%
2017	Variable pay award (average 3%) with minimum 1% consolidated	Fully accepted
2018	Variable pay award (average 3%) with minimum 1% consolidated	Fully accepted
2019	2.5%	2.5%
2020	2.5%	2.5%
2021	0.0%	0.0%
2022	£1,900 consolidated	£1,900 consolidated

*First NCAPRB report was 2014. At time of writing, no report for 2023.

Source: [National Crime Agency Remuneration Review Body reports - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/national-crime-agency-remuneration-review-body-reports)

NHS (NHSPRB)

Table 9 NHSPRB recommendations and outcomes on basic pay, 2006 to 2022*

Year	Recommendation	Outcome
2006	2.5%	2.5%
2007	2.5%	Staged; 1.5% April, 1.0% November
2011	£250 uplift to some AfC spine points only	0.0% (excluding £250 uplift)
2012	£250 uplift to some AfC spine points only	0.0% (excluding £250 uplift)
2013	1.0%	1.0%
2014	1.0%	0.0% (1% non-consolidated)
2016	1.0%	1.0%
2017	1.0%	1.0%
2021	3.0%	3.0%
2022	£1,400 flat-rate rise (4.8% on paybill)	Fully accepted

*2003, 2004, 2005, 208, 2009, 2010, 2015, 2018, 2019, 2020 and 2023 are excluded from the table as pay was subject to pay negotiations outside of PRB remit.

Sources: [NHS Pay Review Body reports - GOV.UK \(www.gov.uk\)](#), [nhs-wales-employers](#), [bda.uk.com](#)

Police (PRRB)

Table 10 PRRB recommendations and outcomes on basic pay for police officers, 2015 to 2023*

Year	Recommendation	Outcome
2015	1.0%	1.0%
2016	1.0%	1.0%
2017	2.0%	1.0% (+ 1.0% non-consolidated)
2018	2.0%	2.0%
2019	2.5%	2.5%
2020	2.5%	2.5%
2021	0.0%	0.0%
2022	5.0%	5.0%
2023	7.0%	7.0%

*PRB set up to produce a report for England, Wales and NI from 2015. Police Negotiating Board made recommendations for whole of UK prior.

Sources: [police-remuneration-review-body-reports](#)

Prison service (PSPRB)

Table 11 PSPRB recommendations and outcomes on basic pay, 2003 to 2023

Year	Recommendation	Outcome
2003	2.8%	2.8%
2004	2.4%	2.4%
2005	2.5%	2.5%
2006	1.6%	1.6%
2007	2.5%	Staged; 1.5% April, 1.0% November
2008	-A six-point incremental scale for operational support grades (OSGs) incorporating a 2.2% increase over current minimum and maximum -2.2% increase to minimum and maximum of officer pay scale -2.7% increase to the senior officer (SO) salary -2.7% increase on maxima of pay range A and 2.2% on maxima of pay ranges B to G and the decoupling of the pay ranges from the pay spine	Fully accepted
2009	-1.8% (increase to maximum for OSG, officers, senior officers, principal officer, night patrol, storeman, and auxiliary grades) -1.5% (increase to maximum of ranges A to G)	Fully accepted
2010	1.0% (1.5% senior officers)	1.0% (1.5% senior offers)
2011	0.0%	0.0%
2012	0.0%	0.0% (12pph NI)
2013	1.0% (1.5% bands 7-11)*	1.0% (1.5% bands 7-11)
2014	1.0%	1.0%
2015	1.8%	1.8%
2016	1.0%	1.0%
2017	1.0%	1.0%
2018	2.75%	2.0% (+ 0.75% non-consolidated)
2019	2.2%	2.2% (3.0% for grade 3 officers)
2020	2.5%	2.5%
2021	£250 (for salaries under £24,000 only)	0.0% (excluding those under £24,000)
2022	4% (on paybill)	4%
2023	7% (for main grades)	7% (for main grades)

*1.0% on progression points (bands 2-5). Consolidated increase 1.5% (bands 7-11).

Source: [Prison Service Pay Review Body reports](#)

School teachers (STRB)

Table 12 STRB recommendations and outcomes on basic pay, 2003 to 2023

Year	Recommendation	Outcome
2003	2.9%	2.9%
2004	2.5%	2.5%
2005	3.25%	Staged; 2.5% April, 0.75% September
2006	2.5%	2.5%
2007	2.5%	2.5%
2008	2.45%	2.45%
2009	2.3%	2.3%
2010	2.3%	2.3%
2011	£250 non-consolidated payment (for unqualified teachers points 1-3 only)	0.0% (except for those receiving £250)
2012	£250 non-consolidated payment (for unqualified teachers points 1-3 only)	0.0% (except for those receiving £250)
2013	1.0%	1.0%
2014	1.0%	1.0%
2015	1.0%	1.0%
2016	1.0%	1.0%
2017	2.0%	2.0%
2018	3.5%	3.5% (2.0% for most populous grade, upper scale)
2019	2.75%	2.75%
2020	3.1% (on paybill)	3.1%
2021	0.0%	0.0%
2022	5.0%	5.0%
2023	6.5%	6.5%

Source: School Teachers' Review Body (STRB)

Senior salaries (SSRB)

Table 13 SSRB recommendations and outcomes on basic pay, 2003 to 2023

Year	Recommendation	Outcome
2003	7.15% judiciary, 2.25% senior military and senior civil servants	Accepted
2004	2.5% judiciary, 2.0% senior civil servants, 2.8% senior military	Accepted
2005	3.0% judiciary, 4.2% senior civil servants, 2.5% senior military	Accepted
2006	1.0% judiciary, 3.25% senior civil servants (average), 3.0% senior military	Accepted but staged for SCS; 1% April, remainder November
2007	Six recommendations regarding pay and bonus increases	Accepted but staged for judiciary; 1.5% April, 0.9% November
2008	2.5% judiciary and senior civil servants, 2.2% senior military and senior NHS managers	Accepted
2009	2.1% senior civil servants, 2.8% senior military, 2.6% judiciary, 2.4% senior managers in the NHS	Accepted for senior military only. Rest received 1.5%
2010	0.0%	0.0%
2011	0.0%	0.0%
2012	0.0%	0.0%
2013	1.0% judiciary, senior military and senior leaders in NHS. No central pay award recommendation for senior civil servants	1.0% (excluding senior civil servants where there was no uplift)
2014	1.0%	1.0% (excluding VSMs where there was no uplift)
2015	0.93% senior civil servants, 1.0% judiciary	Accepted
2016	SCS 1.0% (0.06% on minima, 0.94% on repositioning), 1.0% judiciary and senior military; no recommendation for senior managers in NHS or PCCs	Accepted, except for SCS minima
2017	1.0% across-the-board	Accepted
2018	2.5% senior civil servants and senior military, £5,000 consolidated for PCCs	Amended. 1.5% senior civil servants, 2.5% for senior military 2% increase + 0.5% non-consolidated, PCCs received 2% (some received £3,000 consolidated sum)

Table 13 SSRB recommendations and outcomes on basic pay, 2003 to 2023 cont'd

Year	Recommendation	Outcome
2019	2.2%	2.0% senior civil servants and leaders
2020	2.0%	2.0%
2021	0.0%	0.0%
2022	3.5% judiciary and senior military, 3.0%+ 0.5% for anomalies for senior civil service and senior health managers, six different uplifts to pay bands for Police and Crime Commissioners (PCCs)	Accepted for senior military and senior NHS leaders. Amended for SCS; 2.0% increase but 1% for anomalies. Rejected for PCCs and changed to a flat-rate rise of £1,900 (the same as for police)
2023	SCS 6.5% on paybill (consisting of 5.5% general uplift plus further 1% of paybill to be directed at progression increases), 7% judiciary; 5.5% senior military; 5% senior NHS plus extra 0.5% to resolve pay anomalies	Accepted

Source: SSRB reports - GOV.UK (www.gov.uk)

2.7. Comparison of pay outcomes with those elsewhere

In this section of the report we provide commentary and figures that compare pay review body (PRB) outcomes with pay awards for the whole economy and the private sector between 2003 and 2023. We also provide comparisons of PRB outcomes against pay trends in the public sector (both with and without PRB settlements included in the public sector sample) using samples that either include or exclude deals effective in Scotland. We also capture annual inflation trends for the same period.

The median pay outcome among PRB groups in 2023 is 6.0%, which is higher than the median of 5.0% across all public sector awards. It is also higher when the median for the whole economy and the private sector, at 5.5% and 5.7% respectively. In all cases these are the highest medians we have observed over the period between 2003 and 2023. We also observed this trend in 2022 when the median increase across all sectors was at, or above, 4.0% in 2022 across. Here the median pay rise across the whole economy and within the private sector was 4.0%. In the public sector however the median pay award was higher at 4.3% - largely due to higher pay rises in Scotland such as the 7% uplift to all pay points for Scottish teachers.

Prior to 2022 the last peak we observed was in 2008, when the median across the economy was 3.5%. The median was highest in the private sector at 3.7%, while awards in the public sector were typically worth 3.0%. These results relate to awards that occurred during the financial crisis period of 2008-2009, where in many cases a large proportion of pay awards had already been agreed. The effects of the financial crisis on both inflation and pay awards were seen later in 2009, where the whole economy median fell to 2.0%. The median in the private sector also fell to 2.0%, whereas public sector awards show a smaller drop to a median outcome of 2.2% (2.0% if we exclude deals effective in Scotland).

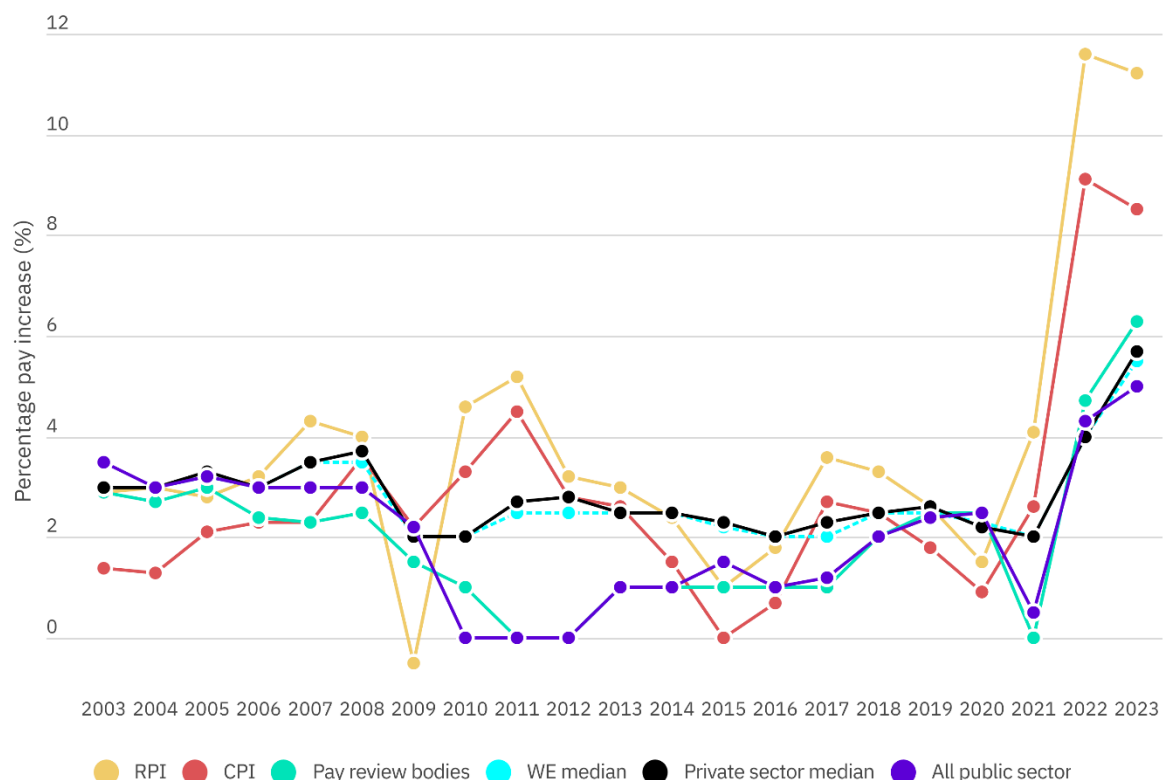
The pandemic had an impact on pay outcomes in 2020, although more significantly in 2021. The median pay award was 2.3% in 2020 and this fell to 2.0% in the following year. In the public sector the median in 2020 was 2.5% but this fell to 0.5% in 2021. Among pay review bodies the median was 0.0% in 2021 due to imposed pay freezes across most groups (with the exclusion of NHSPRB and DDRB).

The public sector pay cap of 1% that was introduced in 2013 resulted in a median of around 1.0% among pay review body outcomes between 2013 and 2017. Similarly the median for the public sector as a whole was also low – ranging between 1.0% and 1.5% during the same period. Elsewhere, the median across the private sector was much higher with a median of 2.8% in 2013, although it did fall to 2.0% in 2016 before rising again to 2.3% in 2017.

Table 14 Summary statistics showing median pay trends for pay review bodies compared to the economy

Year	Whole economy median	Private sector median	Public sector median (all)	Pay review body median
2003	3.0%	3.0%	3.5%	2.9%
2004	3.0%	3.0%	3.0%	2.7%
2005	3.2%	3.3%	3.2%	3.0%
2006	3.0%	3.0%	3.0%	2.4%
2007	3.5%	3.5%	3.0%	2.3%
2008	3.5%	3.7%	3.0%	2.5%
2009	2.0%	2.0%	2.2%	1.5%
2010	2.0%	2.0%	0.0%	1.0%
2011	2.5%	2.7%	0.0%	0.0%
2012	2.5%	2.8%	0.0%	0.0%
2013	2.5%	2.5%	1.0%	1.0%
2014	2.5%	2.5%	1.0%	1.0%
2015	2.2%	2.3%	1.5%	1.0%
2016	2.0%	2.0%	1.0%	1.0%
2017	2.0%	2.3%	1.2%	1.0%
2018	2.5%	2.5%	2.0%	2.0%
2019	2.5%	2.6%	2.4%	2.5%
2020	2.3%	2.2%	2.5%	2.5%
2021	2.0%	2.0%	0.5%	0.0%
2022	4.0%	4.0%	4.3%	4.7%
2023	5.5%	5.7%	5.0%	6.3%

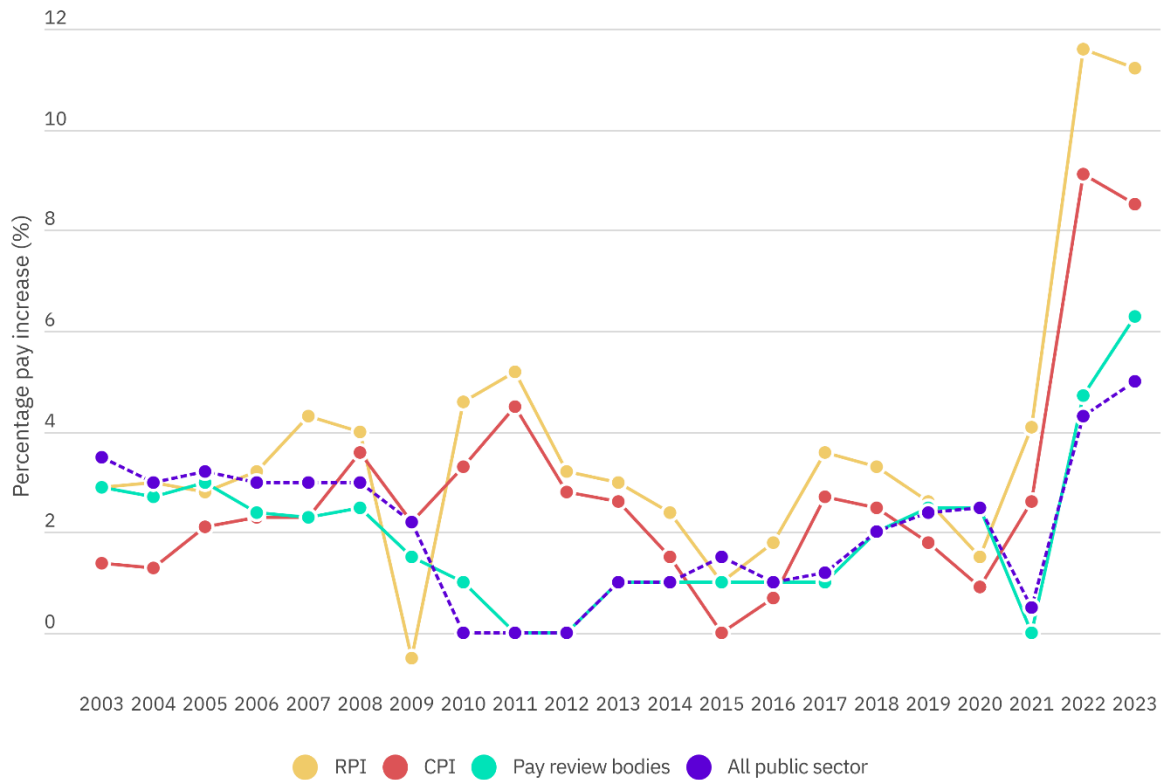
Figure 1 Median of all PRB outcomes against those in the whole economy, private sector and public sector (all) versus inflation, 2003 to 2023



Source: ONS, IDR Pay Benchmarker

The following chart shows a trend line of just the median public sector outcome (including PRBs) each year with a separate line tracking the median pay award among PRBs. Pay awards for the latter were typically lower when compared to the public sector over the last two decades. However there were two peaks where the median for PRBs was higher than the public sector median. Firstly in 2010, when the majority of outcomes in the public sector were pay freezes, while PRB awards were higher with typical increases of 1%. The second and more recent peak has occurred in 2023 with the median PRB outcome being 6.0%, compared to 5.0% for the public sector as a whole.

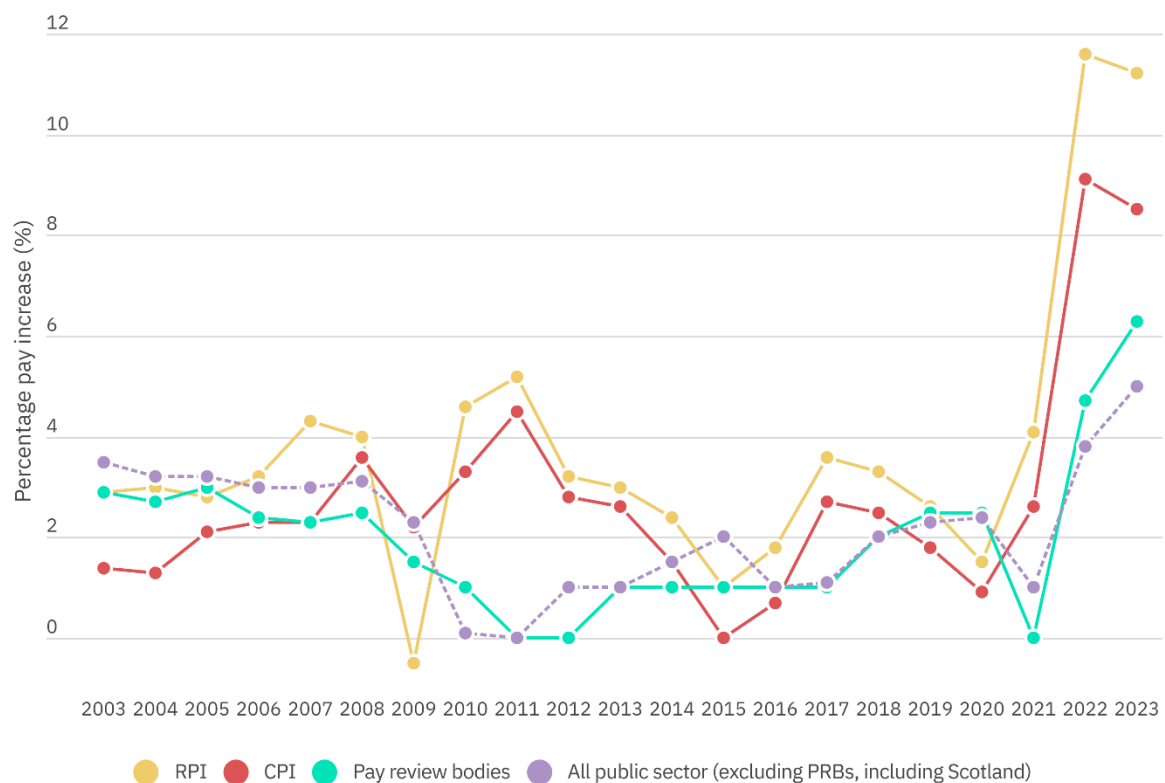
Figure 2 Median of all PRB outcomes against those in the public sector (all) versus inflation, 2003 to 2023



Source: ONS, IDR Pay Benchmarker

The next chart shows the median of pay review body outcomes against the public sector but excluding the PRB outcomes from the public sector.

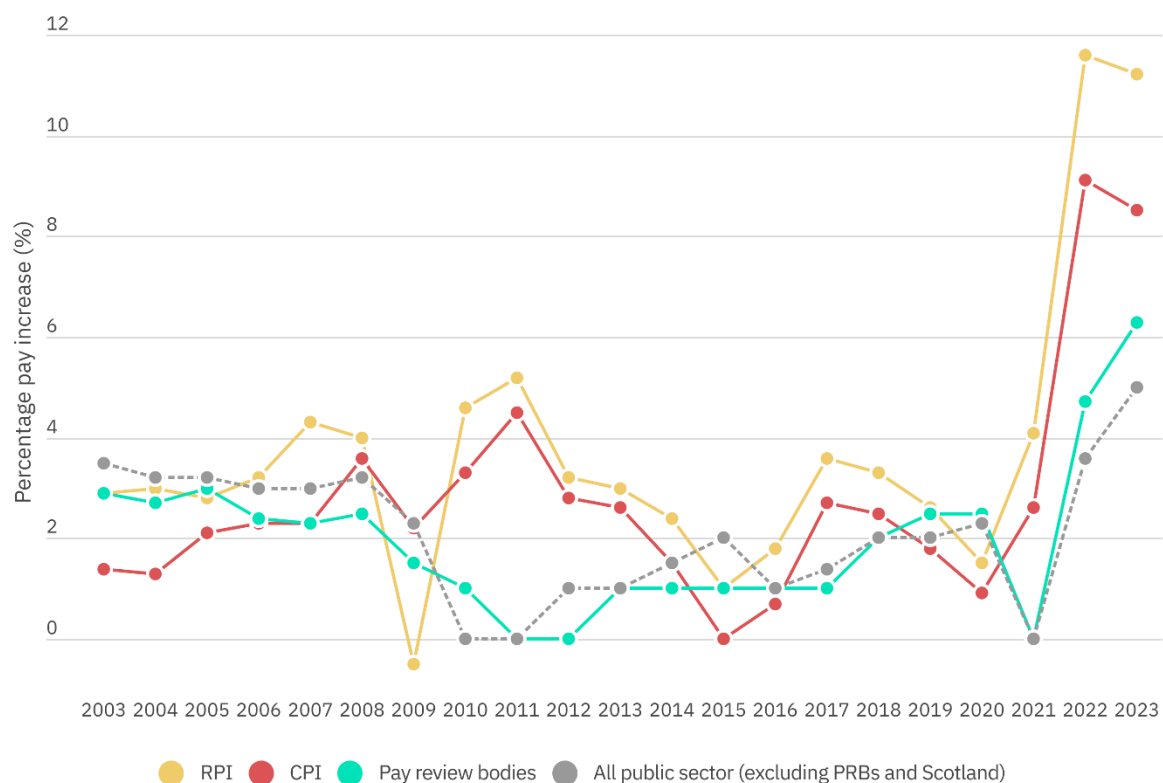
Figure 3 Median of all PRB outcomes against those in the public sector (excluding PRBs, including Scotland) versus inflation, 2003 to 2023



Source: ONS, IDR Pay Benchmarker

The next comparison also examines the public sector but with those settlements effective in Scotland removed from the sample, such as deals for local government workers or work forces not represented by PRBs including Scottish prisons. Here, the trend line for the public sector also excludes PRB outcomes. The same peaks have occurred as in previous charts (2010 and 2023) when PRB outcomes were higher than the public sector. However there was a further peak in 2019, albeit a smaller one. Here the median among PRB awards was 2.5%, compared to 2.0% for this particular public sector dataset. This chart also shows instances of the PRB median falling below the median for this particular public sector sample in both 2012 and 2014.

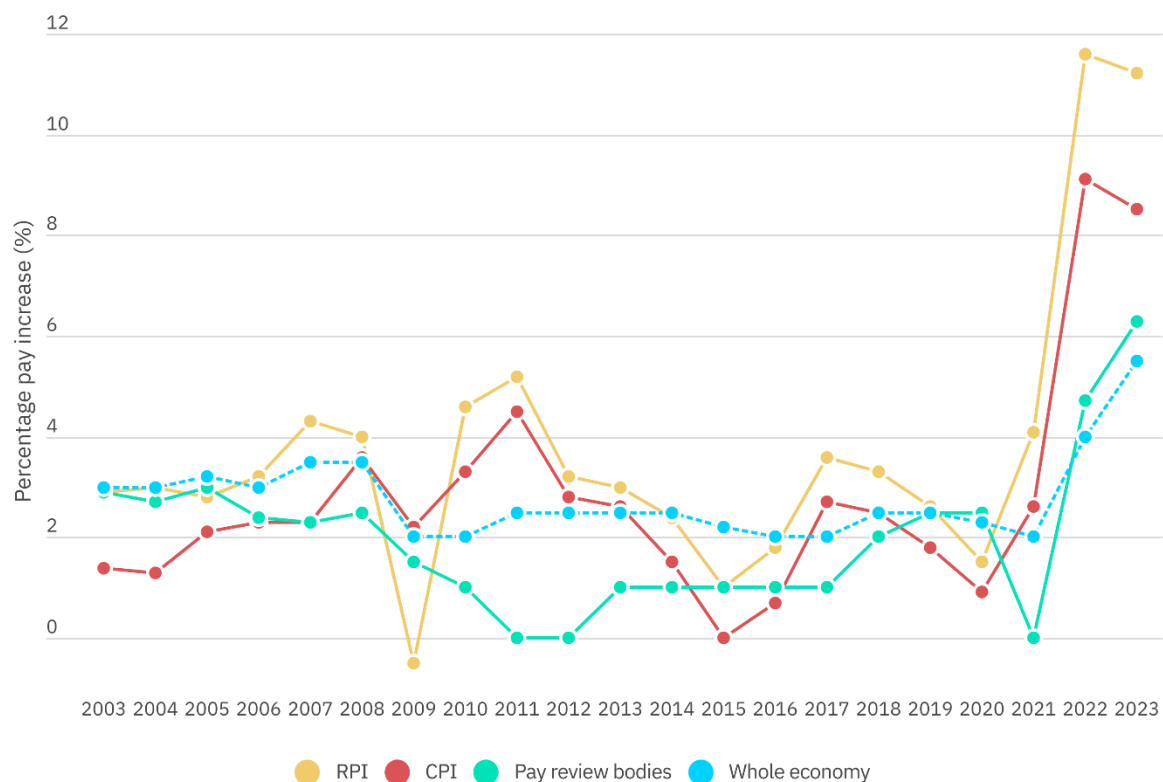
Figure 4 Median of all PRB outcomes against those in the public sector (excluding PRBs and Scotland) versus inflation, 2003 to 2023



Source: ONS, IDR Pay Benchmarker

The median pay award across the economy has typically been higher than the PRB median since 2003. However, this trend has changed more recently in 2022 and 2023 due to the high-end increases worth 5% or more that were accepted by the Government. Our whole economy sample includes awards for the private, not-for-profit and public sectors.

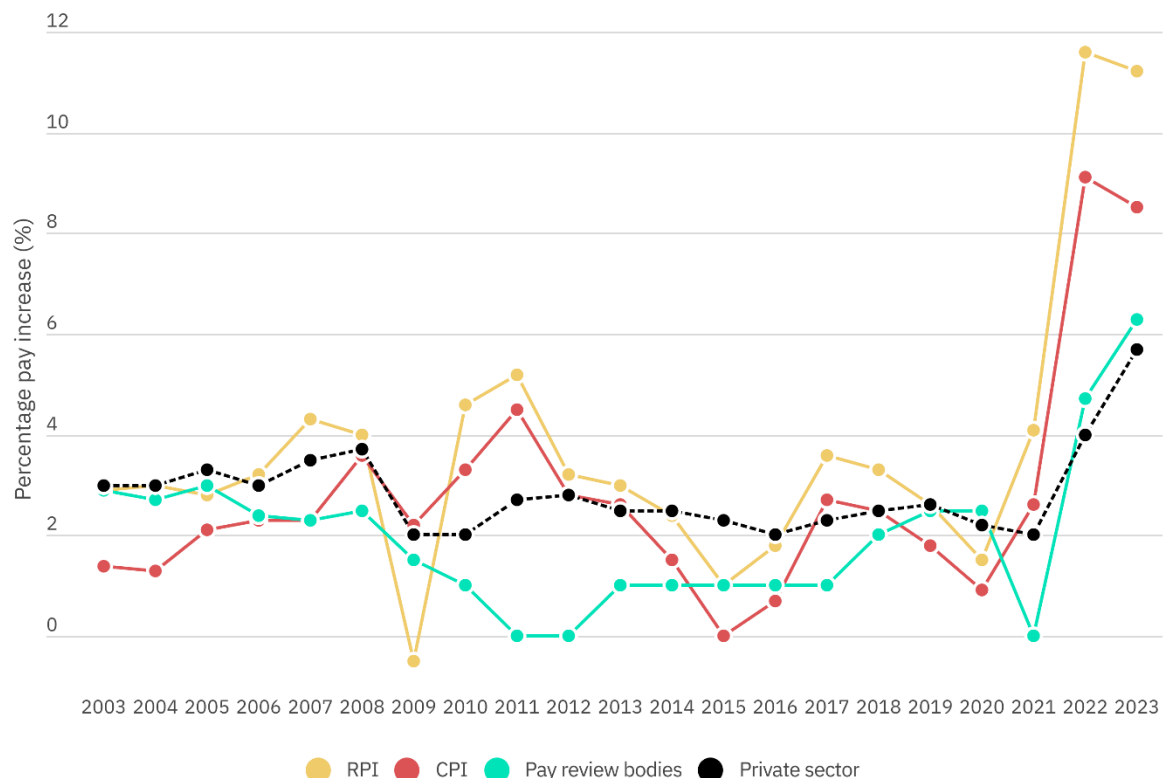
Figure 5 Median of all PRB outcomes against those in the whole economy versus inflation, 2003 to 2023



Source: ONS, IDR Pay Benchmarker

The final chart compares the PRB median against private sector awards. Outcomes for the latter dominate out whole economy sample (as displayed in the previous chart) so the trends are very similar. However the private sector median falls below that for PRBs in 2020, largely influenced by a sharp rise in instances of pay freezes in the sector as a result of the pandemic.

Figure 6 Median of all PRB outcomes against those in the private sector versus inflation, 2003 to 2023



Source: ONS, IDR Pay Benchmarker

2.8. Why do governments amend or reject recommendations?

The majority of recommendations made by PRBs since 2003 were accepted in full by the government. However there are a number of instances where recommendations were either partially, or fully, rejected. In this section we provide information on a selection of these examples we have monitored as to the relevant PRB, the year and the reason for the decision. This does not include years and groups where PRBs were asked not to make recommendations and, therefore, a pay rise or other changes to conditions did not go ahead. The Government does not always provide a reason for their rejection or adaptation and if they do, the details are often provided at a late stage.

Table 15 Summary of amendments to PRB recommendations

PRB	Year	Recommendation	Actual outcome
Armed Forces	2018	2.9%	2.0% consolidated, 0.9% non-consolidated
Doctors and Dentists	2006	2.2%	Staged for consultants; 1.0% April, 1.2% November
Doctors and Dentists	2007	2.5%	Staged for England and Wales; 1.5% April, 1% November
Doctors and Dentists	2014	1.0%	2.0% consolidated only for some staff
National Crime Agency	2018	2.0% increase to London Weighting	1.0%
NHS	2007	2.5%	Staged; 1.5% April, 1% November
NHS	2023	5.0%	Not implemented in Northern Ireland
Senior Salaries	2014	1.0% (all groups)	Not implemented for VSM group
Senior Salaries	2018	2.5% Senior Military	2.0% plus 0.5% non-consolidated
Senior Salaries	2019	2.0% PCC group	Not implemented
Senior Salaries	2019	2.2% Senior Civil Service	2.0%
Senior Salaries	2022	3.5% (most groups)	2.0%
Police	2017	2.0%	1.0% consolidated, 1.0% non-consolidated
Police	2018	2.0% plus consolidation of non-consolidated portion (1%) from 2017	2.0%
Prisons	2007	2.5%	Staged; 1.5% April, 1% November
Prisons	2018	2.75%	2.0% consolidated, 0.75% non-consolidated
Teachers	2005	3.25%	Staged; 2.5% April, 0.75% September

Armed Forces

The 2018 report from the Armed Forces Pay Review Body (AFPRB) included the central recommendation to increase base pay and allowances by 2.9% with effect from 1 April 2018. This was not accepted by Government and instead, an imposed 2% increase was given and the remaining 0.9% was applied as a non-consolidated one-off payment. All other recommendations in the report were accepted in full, including increases to food and accommodation charges an uplift of the daily food charge and certain targeted remuneration measures for particular roles such as recruitment and retention payments in the Royal-Navy. The [Government's response](#) came from the Secretary of Defence and included comments that the pay decision took into account both the “...dedication of our hard-working public servants whilst ensuring that our public services remain affordable in the long term, to contribute to our objective of reducing public sector debt...”. Another factor was that the government wanted to ensure that pay awards were ‘fair and consistent’ across public sector

workforces. Similarly that year, the recommended increase from the Prison Service Pay Review Body (PPRB) was split into a consolidated and non-consolidated approach (as explored in section below).

Doctors and Dentists

The main recommendations in the thirty-fifth report (2006) from the DDRB were for a 2.2% increase for all doctors and dentists in training, and consultants, with a higher increase of 2.4% for associate specialists, staff grade practitioners, hospital practitioners, clinical assistants and salaried primary dental care services dentists. The recommended increase for general dental practitioners was 3% on the gross earnings base under the new contract in England and Wales, and for general dental practitioners in Scotland (on gross fees). The Government accepted all the recommendations, however it staged the award for consultants, paying 1% from the usual anniversary date (1 April) and the remaining 1.2% from 1 November 2006.

A similar approach was confirmed in response to the 2007 recommendations. The Government's response echoed the approach for NHS for the same year, whereby the 2.5% pay increase was staged, providing a 1.5% award effective from the usual anniversary date in April with a further 1% effective from November 2007. However the implementation applied to both England and Wales (with the exclusion of Welsh community dentists where the increase was not staged). Scotland paid the 2.5% award in full effective from 1 April 2007.

The DDRB's 2014 recommendation was intended to produce a 1% increase to all pay points. This was only implemented in full in Scotland. The other countries of the United Kingdom did not increase the value of pay scale points, with the Department of Health commenting on the ".....continuing need to support fiscal consolidation, together with the unprecedented challenges facing the NHS....." as the reason the recommendations could not be accepted in full. The Department of Health and the Welsh Government informed the DDRB that pay scales would not be uplifted and they both intended imposing a non-consolidated payment of 2% for those at the top of their pay scales (excluding those staff that received an increment in 2014-15 who would instead receive a non-consolidated payment of 1% in the 2014 round).

National Crime Agency

The fourth report from the National Crime Agency Pay Review Body (NCAPRB) in 2018 contained recommendations based on the pay reform proposals supported by the National Crime Agency and the Home Office. This was intended to result in a variable pay award averaging 3% across the workforce and as a minimum provide a 1% non-consolidated uplift to all staff. The report recommended that this approach should be implemented for both 2017 and 2018 pay reviews. A further recommendation was made to implement a 2% increase to the London Weighting Allowance from 1 August 2017. The Home Secretary supported the implementation of the changes on [8 March 2018](#) with the exclusion of the London Weighting Allowance, which would be a 1% uplift instead of 2%.

NHS

The recommended increase by the NHS Pay Review Body (NHSPRB) for Agenda for Change (AfC) rates effective from 1 April 2007 was 2.5%. The response from the Secretary of State for Health came on 2 March 2007 and confirmed that the increase was accepted but that it would be made in two stages. Firstly an increase of 1.5% from 1 April followed by 1% in November 2007. This reduced the overall value of the pay rise to the workforce and resulted in an annualised value of 2.0%. The Government's reasoning related to ensuring consistency with its inflation target, affordability for the NHS and in line with pay awards in other parts of the public sector. This is how the award was implemented in England. However, despite the initial announcement that the pay award would also be staged in Scotland, Wales and Northern Ireland, each of those countries subsequently decided to pay the 2.5% award in full from 1 April 2007.

The recommendations in the most recent NHSPRB report for 2023 were accepted in full. However the 5% pay award in Northern Ireland has not been implemented at time of writing. The thirty-sixth report from the NHSPRB includes a comment from the Department of Health in Northern Ireland to the effect that they will not be able to offer a pay award in 2023 unless further funding is secured. In the meantime, therefore, Agenda for Change (AfC) pay in Northern Ireland has fallen behind other that in parts of the UK.

Police

The third report from the Police Remuneration Review Body (PPRB) in 2017 recommended a 2% increase for all federated and superintendent ranks, alongside a 2% uprating of the Dog Handlers' Allowance and London weighting. The report also proposed the introduction of flexibility for chief officers in awarding additional payments for certain hard-to-fill roles and superintendent ranks.

These recommendations were not accepted in full by the then Home Secretary. Instead, the pay award for September 2017 consisted of a 1% consolidated increase with a further 1% one-off (non-consolidated) increase. The Dog Handlers' Allowance and London Weighting increases were also increased by just 1%. The reason for this approach was described as "...the need for any pay award to be affordable for forces, and for the nation as a whole...". It was also noted that police officer recruitment and retention remained at 'healthy levels'. The [Government's response](#) contained an expression of full support with regard to implementation of the additional payments (and associated policies) however confirmed that this change was subject to both consultation with relevant parties (such as staff associations) and affordability within budgets.

Following these consultations, the PPRB included a recommendation the following year in its fourth report that the non-consolidated 1% be fully consolidated in 2018, alongside its main recommendation of a 2% increase for pay, London weighting and Dog Handlers' Allowance effective 1 September 2018. In response, the Government reiterated the comments made in 2017 that the non-consolidated 1% was to be a one-off payment. However, the main recommendation (of 2.0%) made in the fourth report was accepted.

Prisons

The 2007 pay recommendations from the Prison Service Pay Review Body (PSPRB) received the same response as given to the NHSPRB that year. This was that the Government accepted the recommendations but decided to stage the implementation giving a 1.5% basic pay award from 1 April 2007, with the remaining 1% paid from 1 November 2007. This was instead of implementing the full 2.5% from April, as recommended in the PSPRB report. The following year's report from the PSPRB included a comment that the implementation

approach in 2007 had “...reduced the value of our recommended 2.5 per cent uprating to 1.9 per cent and produced an in-year saving to the Service of some £4 million...”

In 2018 the PSPRB made 17 recommendations around pay, progression and allowances. This included a headline pay award of 2.75%. The [joint response](#) from the Lord Chancellor and Secretary of State for Justice confirmed that all staff would instead receive a 2.0% increase in base pay with the remaining 0.75% to be paid as a non-consolidated payment. The Government highlighted its position on ensuring consistent awards across public sector workforces as the reason for rejecting the recommendations, while balancing affordable public services against the need to recognise hard-working public servants.

Senior Salaries

The recommendations in reports from the Senior Salaries Review Body (SSRB) are more often altered or rejected in some way compared to reports from other PRBs. The review body covers senior roles across different public services and therefore pay is more likely to be influenced by a wider variety of factors or circumstances pertaining to each particular workforce. There were eight instances since 2003 when SSRB recommendations were altered in some way with some remit groups receiving a reduced pay award in particular years. Some examples of this are detailed below. This differs from other PRBs where there were typically four or fewer occasions where recommendations were not fully accepted. The SSRB recommendations for pay increases were accepted for most of the remit groups in 2014, with the exception of proposals for Very Senior Managers (VSMs) in the NHS. The response was included in the following year’s recommendation report (2015) and stated that VSMs “... must set an example of pay restraint and that their pay should be subject to tighter restraints compared to staff delivering frontline services.”

The fortieth report from the SSRB contained various recommendations for senior civil servants’ pay and these were all accepted. However, an alteration was proposed by the [Cabinet Office](#) regarding pay for senior military officers and part of the recommendations on pay for police and crime commissions (PCCs) were rejected. The recommended 2.5% pay award for the former was amended, with a 2% increase effective April 2018 and the remaining 0.5% was to be paid as a one-off, non-consolidated amount. The response stated

that: “...This decision was made to be consistent with the main Armed Forces’ pay award and in consideration of long-term affordability...”. The Government also accepted the recommendation that there be no change to the then-current pay differentials for senior medical and dental officers. For PCCs, the SSRB’s report recommended a consolidated uplift of £5,000 to each of the bottom four PCC salary levels with effect from May 2018. The Government responded to confirm that the increase would be 2% with a consolidated £3,000 for those PCCs with the responsibility for the governance of fire and rescue services. In addition, the SSRB report also included a proposed 2% increase for PCCs during the following year (from May 2019) in line with that for local authority staff. This was not accepted and [Government's written statement](#) confirmed that “....the role of PCCs continues to evolve and the Government is of the view that automatic pay increases are not appropriate while change is ongoing. The Government also seeks to avoid creating a disparity between PCCs and police officers whose pay increases are not automatic...”

The recommendations in the forty-first report in 2019 included a 2.2% paybill increase for senior civil service staff. This aimed to address four key priorities including pay anomalies and pay progression as well as increasing pay band minima and funding specialist pay. The Government accepted the recommendations but with a reduction in the award from 2.2% to 2.0%. Similarly, the proposed 2.2% pay award for senior military officers was also reduced to 2.0%. The [written statement](#) in response to the report confirmed that the part-acceptance for civil service this was to remove the 0.2% set aside for ‘specialist pay’, which would not take place in 2019. While there were no explicit explanations for the reduction for both staff groups, the statement also included a comment that all pay awards are considered against the pressure on public spending to be affordable. However, within the forty-second report from the SSRB (regarding pay for 2020) some additional information was included regarding the outcomes for 2019. The SSRB reported that “With regard to the SCS, the Cabinet Office explained that the 0.2 per cent we had recommended for specialist pay (our lowest priority) was not required and applied the balance of the SCS award in accordance with the remainder of our priorities... We have received no explanation for the rationale in reducing our proposed award for the senior military”.

More recently, the 2022 recommendation by the SSRB to increase pay for all groups by 3.5% (and 3.0% for senior civil servants) was only partially accepted and instead, an across-the-board increase of just 2% was applied. In contrast to 2019, the [Government's response](#) regarding 2022 did include a full explanation for the part-acceptance stating that there was a desire not to further increase the country's debt and to ensure pay awards delivered value for taxpayers. However, the response also contained comments that the government did agree to the proposed increases to pay band minima and enhanced the proposal relating to the pay pot for anomalies – whereby the SSRB had recommended a 0.5% to address anomalies but the response was to increase this to 1%.

Teachers

The recommendation in the 2004 School Teachers' Review Body (STRB) report was for an increase of 2.5% from April 2004 and 3.25% from April 2005, which would cover the period to the end of August 2006. In response, the [Secretary of State for Education and Skills](#) confirmed that the 2.5% for 2004 would go ahead but that the 2005 increase would be phased, with 2.5% effective from April 2005 and the remainder (0.75%) topped-up from September 2005. This decision was explained in the written statement response to the report in that the recommended 3.25% would be "... a heavy burden for some schools to bear. For those in deficit it would worsen their ability to turn round their finances; and even for others, it would use up the headroom they need to raise standards and tackle other issues facing teachers...".

This resulted in the move to a September rather than an April date for pay rate changes, a year earlier than the STRB had previously recommended. The Government also endorsed the recommendation of a re-opening clause should inflation move outside specified limits (if average inflation was below 1.75% or above 3.25% in the 12 months to March 2004 or March 2005).

In 2007 the STRB proposals on pay were accepted in full by the Government. However, the recommended approach put forward in the report regarding teachers' performance and pay

progression¹³ was not accepted in full. Proposed amendments to the School Teachers' Pay and Conditions Document (STPCD) were made regarding performance management reviews. The 2007 STPCD implemented the STRB's recommended amendments for teachers on the upper pay scale, Advanced Skills Teachers and the leadership group. It did not, however, implement the STRB's recommended amendments for teachers on the main pay scale and the pay scale for unqualified teachers to have progression connected to performance. The Secretary of State also rejected the recommendation about schools' pay policies and said that the content of these should be for them to determine (rather than have schools and services include details within their policies as to how performance is assessed).

2.9. Composition of PRBs (member backgrounds)

The table below shows the current members of the different PRBs and their backgrounds.

Table 16 Composition of pay review bodies

Review body name	Member name	Background	Evidence for background
Armed Forces	Julian Miller (Chair)	Civil servant	35 years' service
Armed Forces	David Billingham	HR	Started his own Human Resources and Change business
Armed Forces	Steven Dickson	Other	30 years' communications, media and digital experience having worked for BT since 1989 until retiring in 2021.
Armed Forces	William Entwisle	Other	35 years in the Royal Navy
Armed Forces	Dr Gillian Fairfield	Academic	Qualified in medicine since 1981
Armed Forces	Paul Moloney	Trade union	30 years' experience
Armed Forces	Dougie Peedle	Economist	30 years' experience, currently a member of Aberdeen City Council's Economic Policy Panel
NHS	Philippa Hird (Chair)	HR	Many deputy chair/director roles at various establishments
NHS	Richard Cooper	HR	Executive at HRA

¹³The recommendation was that:

- all progression on incremental pay scales follows a performance management review and determination by the local employer that the individual teacher's performance has satisfied an explicit, performance-related criterion for pay progression in the STPCD;
- consequential amendments to the STPCD be made, including to make explicit the criterion of satisfactory performance for pay progression on the main pay scale and the pay scale for unqualified teachers, and to remove provisions concerning how teachers' performance should be managed;
- as recommended in our Fifteenth Report, the Department require schools and services to include details in their pay policy about how performance is assessed for pay purposes.

NHS	Patricia Gordon	Other	Previously a hospital trust chief executive
NHS	Neville Hounsome	HR	HR Director in public, private and not for profit sectors
NHS	Stephanie Marston	Trade union	2010 to 2017, Stephanie was a senior official of Prospect, a trade union of over 100,000 specialist and professional staff
NHS	Professor Karen Mumford CBE	Academic	Professor at the University of York who specialises in labour economics and human resource management
NHS	Anne Phillimore	HR	Director
NHS	Stephen Boyle	Economist	35 years' experience
Police	Zoë Billingham (Chair) CBE	Civil servant	Serving as Her Majesty's Inspector of Constabulary and Fire and Rescue for 12 years
Police	Andrew Bliss QPM	Police	He was awarded the Queen's Police Medal (QPM) in 2010
Police	Professor Monojit Chatterji	Academic	Honorary Professor of Economics at Heriot Watt University and Emeritus Professor of Applied Economics, University of Dundee
Police	Richard Childs QPM	Police	30 years' experience an officer
Police	Kathryn Gray	HR	Director
Police	Mark Hoble JP	Other	Former partner at Mercer
Police	Patrick McCartan CBE	Other	Career includes experience as an academic in Management Education, as a trade union official and as a civil servant
Police	Trevor Reaney CBE	HR	Formerly the Clerk and Chief Executive to the Northern Ireland Assembly between 2008 and 2016
Prison Service	Tim Flesher CB (Chair)	Civil servant	Civil servant for 36 years
Prison Service	Mary Carter	Lawyer	Qualified Solicitor and worked in private practice as a lawyer until 1987
Prison Service	Luke Corkill	HR	Experienced HR Director with a commercial and operational leadership background
Prison Service	Judith Gillespie CBE	Police	Held a variety of uniform and detective roles. Made history by becoming the first woman in policing in Northern Ireland to become an Assistant Chief Constable in the Police Service of Northern Ireland, in 2004

Prison Service	Raj Jethwa	Other	Currently Chief Executive of Universities and Colleges Employers Association (UCEA)
Prison Service	Leslie Manasseh MBE	Trade union	Former senior Prospect official
Prison Service	Paul West QPM DL	Police	Former Chief Constable, West Midlands Police
School Teachers (E)	Dr Mike Aldred (Chair)	HR	Leadership experience in human resources (HR) and remuneration. He is a founding partner of 3XO, a HR advisory firm
School Teachers (E)	Mark Cornelius	Economist	Spent most of his career working as a macroeconomist, predominantly at the Bank of England. Mark has also worked at HM Treasury and the Cabinet Office
School Teachers (E)	Harriet Kemp	HR	Director
School Teachers (E)	John Lakin	HR	Education management and consulting, having previously worked at PricewaterhouseCoopers (PwC) LLP for 23 years
School Teachers (E)	Lynn Lawrence	Education	Headteacher, chair of school committee
School Teachers (E)	Martin Post	Education	Previously the headmaster of Watford Grammar School for Boys
School Teachers (E)	Claire Tunbridge	HR	20 years' experience specialising in reward management
School Teachers (E)	Dr Andrew Waller	Academic	Career spanning science, strategy, and HR
School Teachers (W)	Sharron Lusher MBE DL Chair	Academic	Previously the Principal of Pembrokeshire College and Chair of Colegau Cymru
School Teachers (W)	Simon Brown	HR	Director
School Teachers (W)	Dr Caroline Burt	Academic	Historian
School Teachers (W)	Aled Evans	-	-
School Teachers (W)	Dr John Graystone	Academic	Chief Executive of Colleges Wales, interim director of National Institute of Adult Continuing Education Cymru and Executive Chair of Agored Cymru
School Teachers (W)	Professor Maria Hinfelaar	Academic	Vice-chancellor of Glyndwr University in Wrexham
School Teachers (W)	Dr Emyr Roberts	Academic	Chair of Aberystwyth University
School Teachers (W)	Professor Stephen Wilks	Academic	Professor at Exeter University

Senior Salaries	Pippa Lambert, Chair	HR	Previously Global Head of Human Resources at Deutsche Bank
Senior Salaries	Pippa Greenslade	HR	Group Human Resources Director of Bakkavor plc from 2013-2018
Senior Salaries	Philippa Hird	HR	Many deputy chair/director roles at various establishments
Senior Salaries	Sir Adrian Johns KCB CBE DL	Veteran	Adrian Johns served for 35 years in the Royal Navy
Senior Salaries	Julian Miller CBE	Civil servant	35 years' service
Senior Salaries	Ian McCafferty CBE	Economist	Previously Chief Economic Adviser to the CBI
Senior Salaries	Sharon Witherspoon MBE	Academic	Head of Policy of the Academy of Social Sciences and the Campaign for Social Science in March 2016
National Crime Agency	Zoë Billingham CBE (Chair)	Police	
National Crime Agency	Andrew Bliss QPM	Academic	Currently an Honorary Professor of Economics at Heriot Watt University and Emeritus Professor of Applied Economics, University of Dundee
National Crime Agency	Professor Monojit Chatterji	Academic	
National Crime Agency	Richard Childs QPM	Police	30 years' experience as an officer
National Crime Agency	Kathryn Gray	HR	Director
National Crime Agency	Mark Hoble JP	Other	Former partner at Mercer
National Crime Agency	Patrick McCartan CBE	Other	Career includes experience as an academic in Management Education, as a trade union official and as a civil servant
National Crime Agency	Trevor Reaney CBE	HR	Formerly the Clerk and Chief Executive to the Northern Ireland Assembly between 2008 and 2016

2.10. How appointments are made

PRBs typically have between six and eight members, from a range of backgrounds and reflecting various areas of expertise including HR, economics (economists sitting on review bodies often come from an academic background), trade union officials and sector-specific experience. Appointments to review bodies, for both members and chairs, are made through the standard public appointments procedures and are regulated and monitored by the [Commissioner for Public Appointments](#) to ensure procedures are fair. IDR is also aware that in some instances, individuals are also approached and asked to apply though this

procedure. (We do not know whether these individuals apply or not, or whether or not they are successful.)

The current rate of payment, which has not changed for several years, is £300 (plus expenses) per day spent on review body business for members and £350 for chairs. For tax purposes, this remuneration is treated as employment income and is subject to tax and National Insurance contributions. Members are typically expected to spend between 20 and 30 days a year on review body business, with a particular concentration of time during the period when evidence is being collected and recommendations are being discussed. Successful candidates become ‘office holders’ rather than employees of the Civil Service and as such, are not eligible for membership of the Civil Service Pension Scheme, nor for redundancy terms. Appointees to the Police and NCA RRBs cannot be remunerated if they are already being paid for an existing full-time role in the public sector.

Members serve an initial three-year term, which may be extended by a further three-year term at the discretion of ministers and subject to satisfactory annual appraisals of performance (conducted at least annually by the review body Chair) during the first term. The overall limit on the period for serving on a review body is ten years. In practice, the second term may exceed three years due to failure to appoint a successor or to meet pragmatic short-term needs – for example, if several members are set to leave at the same time, or the term ends during a pay round. For example, some members of the NHSPRB are currently in the seventh year of their second term.

While some members carry out their role alongside another full-time position elsewhere, the majority have ‘portfolio’ careers, possibly combining membership with, for example, non-executive directorships.

Role requirements and eligibility criteria

Vacancies are advertised publicly and often focus on a particular area of expertise (such as HR) to ensure a balanced mix of skills and experience. Criteria are set out in application packs and typically include:

- senior-level experience in the public or private sector
- intellectual flexibility
- the ability to analyse and interpret detailed information
- independence of thought
- appreciation of public sector reward issues
- high standards of corporate and personal conduct
- team working.

There are additional criteria for chairs and economists.¹⁴

Office holders are expected to adhere to the Seven Principles of Public Life (or ‘Nolan Principles’), which are: selflessness; integrity; objectivity; accountability; openness; honesty; and leadership.

¹⁴ [About Pay Review Bodies - GOV.UK \(www.gov.uk\)](https://www.gov.uk/about-pay-review-bodies)

Example: Senior Salaries Review Body – person specifications for Chair and members

Chair

Essential

- Ability to provide strong leadership at a senior level, including chairing groups with diverse skills and experience to deliver consensus.
- A detailed knowledge and understanding of pay, remuneration, performance management, labour market and reward issues and a strong understanding of the policy, financial and operational constraints that impact on remuneration decisions, especially in the public sector.
- Expertise in analysing and interpreting detailed information such as statistical and economic data and information on legal, policy and HR matters and to draw appropriate conclusions.
- Able to communicate effectively and command the respect of others quickly, to challenge and engage courteously particularly those of opposing views, facilitating agreement across a wide range of perspectives and attitudes.

Members

Essential

- Proven experience of executive level management, with a substantial track record of working with committees and boards of directors or equivalent experience.
- Proficiency in building and maintaining effective working relationships with diverse stakeholders, with the ability to provide constructive challenge as necessary.
- The ability to research and make judgements from complex data, and to contribute to workable recommendations on complex and sensitive issues.
- The ability to effectively communicate complex information in both written and verbal formats to different audiences.
- Some experience of serving on a remuneration committee, or a working knowledge of pay and reward systems.
- Where appropriate, proven experience of working in the relevant sector or related bodies (eg the legal sector or with the Judiciary for the SSRB Judiciary Member).

Desirable

- An understanding of working in or engaging with the public sector.

The recruitment process

Responsibility for appointing members sits with the relevant Secretary of State while the Prime Minister appoints chairs. In addition, 10 Downing Street has the right to review all public appointments at any stage of the process, which can hold up proceedings (and ultimately delay the start of a pay round if the Chair is not in place). Based on our monitoring of the guideline timescales in vacancies, it should take just under two months from the deadline for receiving applications to confirming someone in post. However, we have been told that appointments can often take longer, sometimes over six months.

Candidates for review body positions are asked to submit a CV (outlining their education and qualifications; employment history; directorships; membership of professional bodies and details of any publications or awards) and a supporting letter, each no longer than two A4 pages in 12-point font, describing their suitability for the role. Recruitment is handled by the department in question, with an advisory panel (consisting of the review body chair, the Director of the OME, a senior departmental representative and an independent adviser) assessing applications and shortlisting candidates for interview. Due diligence is usually carried out at this stage, including an assessment of anything in the public domain related to the candidates' conduct or professional capacity, such as previous public statements and social media, blogs or any other publicly available information.

The advisory panel interviews shortlisted candidates, either in person or online. Interviews typically take 45 minutes to an hour and may include a presentation. Once the panel has arrived at a list of 'appointable' candidates following interview, this is submitted to the relevant minister to decide who should be appointed (possibly on the basis of a further meeting with the candidates), or indeed to re-run the competition.

3. Interviews

In this section of the report we present detailed findings from the interviews with key informants. We used the output from these interviews, in tandem with the outputs of our desk research, to identify issues for consideration by the two trade unions in framing a proposal for a new PRB for the civil service (see main findings).

Methodology

We developed two sets of questions, in consultation with the FDA and Prospect – one aimed at the former group and the other at the latter – and these are reproduced in Appendix 1.

We interviewed key informants from two groups: those with current or previous experience of the PRB process on the one hand, and those with current or previous experience of the civil service pay setting process on the other hand. Those in the first category were mainly independent current or former PRB members, plus a small number of civil servants with experience of the relevant process, while those in the second category were either HR/reward principals or current or former civil servants with experience of the relevant process.

In the event, we were able to interview a total of 11 informants – five with PRB experience (one a current PRB member, a current PRB chair, a former PRB chair, a former PRB member and a senior civil servant with significant experience of the PRB process) and six with civil service experience (five HR principals, albeit with two of these from the same organisation, and one former senior civil servant with significant experience of the pay setting process).

3.1. Interviews with informants with experience of PRB system

What are the advantages of the PRB mechanism?

The current PRB member felt that the system was non-adversarial and nearly always produced a fair outcome; plus it is based on evidence and crafted, that is the reasons for the recommendations are outlined in detail.

The current senior civil servant said: 'It takes away some of the politics from a decision that is always very difficult for government.' They also felt it was a relatively efficient way of setting pay for a large number of public sector workers, for example the AFPRB, and regards it as an objective assessment.

The current PRB chair had a lot to say about this. Their view was that the only alternative to PRBs was direct negotiations involving the government and thought they provide an independent view: 'Providing it's an independent view that gets listened to, and of course that's been part of the problem.' It is also an outcomes-based approach when most of government is based on inputs.

The former PRB chair felt they bring 'high-level independent expertise to bear on issues around pay and conditions in the public sector. And that process is evidence-based, and I think it's common to them all that they all take evidence from a very broad range of stakeholders.' This informant also highlighted that 'to varying degrees, [for] the labour markets we were looking at, the government is a monopsony employer. And so to some extent the review body process provides a sort of countervailing force to that monopsony power. I'm not saying it's perfect, but, you know, to varying degrees, it does that.' Like others, they also felt that PRBs represent a means of 'putting the process of pay determination at arm's length from the political process.' And as a result it could reduce some of the costs of conflict in industrial relations, even if it does not avoid that altogether.

The other former PRB member echoed the opinions on independence and added that they also made for 'fresh eyes... [which] can stimulate otherwise rather stale thinking about various issues.'

What are the disadvantages of the PRB mechanism?

The current PRB chair said that two of the issues here are too-short tenures of ministers, especially recently, and the lack of clarity or definition around ‘affordability’.

The others had rather more to say. The current PRB member said that the first disadvantage is that the recommendations are non-binding on government, and this can reduce credibility among employees and their representative organisations. (Their solution was to introduce stronger conventions, with an expectation, akin to the Low Pay Commission’s recommendations, that they would generally be accepted, and only amended in rare circumstances, unlike currently.) The other downside, they felt, was the apparent inability to push government(s) to adhere to a proper timetable, on other words the fact that government fails to provide its evidence on time, and respond in a timely fashion as well, is a significant issue.

The senior civil servant echoed this point on timeliness and added that the centre is also sometimes slow to start the process, with the issuing of remit letters. Another of their disadvantages was that governments are not always as flexible as they might be about what they include in remit letters.

The former PRB chair felt that it was important to remember that PRBs ‘recommend [but] they don’t decide’. They felt that this was forgotten by the stakeholders and as a result PRB members and chairs can feel like they ‘end up being a bit of a political football.’

The other former PRB member listed a number of disadvantages, with the main one, in their view, being that the remit letters are a means of conditioning PRBs to come up with recommendations that would be accepted rather than rejected, and that this would often be based on a government, or more precisely, a Treasury view of the overall situation. As a result, the PRB in question would have to try and get around this, for example, by recommending different increases for different groups, but then this caused problems of its own. They went on to say that they also felt that some of the issues related to the complexity of the pay structure in this case made life difficult for the PRB in question.

What prompts PRBs to recommend pay awards that appear to go beyond official policy on pay or are otherwise above increases elsewhere?

The current PRB member said they thought there are three reasons for this. The first is that such instances are based on what the evidence shows, and how this interacts with what the government is trying to achieve. They emphasised that recommendations must be internally coherent, otherwise they will not stand up. The second instance can arise when recruitment and retention problems are not only acute but also those instances where the government's pay policies are not helping with this. Finally, PRBs might also sometimes go beyond official policy or award above-average rises because of the need to meet requirements around fairness. This is especially the case in a high cost-of-living environment, such as currently. This informant emphasised that just because government states a position in its remit letter that this is not necessarily where the PRB starts from.

The senior civil servant agreed that recruitment and retention is key, though morale and motivation play a role too, albeit one that is less important than the former. This generally forms the basis of any higher-than-average or above-policy recommendation. They felt that this was the main driver for the recommendations and outcomes in the latest year.

The former PRB chair echoed this point about the importance of recruitment and retention. They felt that the PRB they chaired always aimed to '[do its] best to maintain competitiveness, essentially against the rest of the... labour market' and that when recommendations were backed by evidence they were accepted.

The former PRB member echoed this to some extent, but also felt that the PRB as a whole tried to avoid 'going too far above affordability', even if on occasion it recommended slightly higher increases on the basis of, mainly, recruitment and retention, and partly, comparability.

What prompts governments' attempts to influence PRB processes? Why do they amend or reject recommendations?

On this, the former PRB member recalled that most recommendations were accepted, bar two. They highlighted that feedback from the government as to why it failed to accept

recommendations was usually scant, if anything at all. As they put it: 'If they don't like it, they just...don't [and] they don't necessarily have to come back with a constructive argument.'

The current PRB member thought there were two main factors in failures to accept recommendations: one was government pay policy at a given time. The other was in cases of a coherent package of reform and the costs attached to this. The informant was at pains to highlight that responses in these cases can sometimes (but rarely – IDR) actually be higher than those recommended by the PRB but targeted at particular staff groups or areas of the pay structure. We went on to discuss whether PRBs played a role in helping support or even implement government or public sector employers' reward strategies. The informant replied in the affirmative and felt that PRBs can be useful in this regard because they take the responsibility very seriously, as long as there is sufficient evidence and the case is both supported and coherent.

The senior civil servant thought that the evidence needed to be robust enough to persuade the government of the case the PRB was making. But that after this, it was a political decision, and this was the main reason recommendations were sometimes rejected or adapted. Equally, the informant argued that this was also the reason that many recommendations were accepted, with the STRB outcome in 2023 put forward as an example, whereby the government could say, 'we've [re]solved a strike'.

The PRB chair felt it was mainly a matter of affordability, or lack of affordability. But the informant also felt that this prevented the government from 'managing change'.

Meanwhile the former PRB chair echoed this but added that an additional problem was that in some cases (eg AFPRB), there is a commitment that any recommendation will be fully funded, but that this does not apply in the case of all or even most of the PRBs. The point is that affordability can arise in different ways, and the question of funding for recommendations is more important in some cases than others. This informant also thought that the other concern that the government might have in these instances is that by agreeing to a certain recommendation, they might feel they are 'setting a market rate [for increases for] the public sector.'

Is the current approach to appointing members the correct one? Do PRBs reach the right balance in terms of the background and expertise of members?

For the current PRB member the main issue was how long it takes to be appointed, referring to a case where the entire onboarding process took seven or maybe even eight months. This interviewee felt that the composition of PRBs was more or less fine, apart from perhaps an insufficient number of economists on PRBs. This issue relates to instances when recommendations failed to be honoured by government, and in at least one case an economist resigned.

The senior civil servant confirmed that not all PRBs had an independent economist, even though he felt they should have. In general though, this interviewee felt that the composition was correct, though also accepted that it was important to encourage more diversity, and that getting this right was a challenge, especially in respect of ethnicity but also in terms of age, with fewer younger people than there might be. The informant felt that this was connected to the comparatively low allowance for the role. They conceded that: 'you can have the debates about how independent it [the appointments process] is' but also felt that this was not only a government prerogative but was also a 'reasonable' approach. Their final comment was that it could be 'streamlined' in some way, in order to improve it or even make it independent from government. For this informant, though, the issue this ran up against was, as they put it, that 'each of the review bodies are arm's length bodies of their departments' and are therefore accountable to them. In the end, this interviewee felt that the main issue, or at least the only one that could be addressed within the current system, was that the appointments process was 'far too slow and far too unwieldy'. The difficulty, they explained, was that 'they're not like normal non-executive jobs. You're not just there as a challenge function. You're thinking about what the right answer is, which is a different type of mindset. I think it's a harder job, actually much more interesting. So the review board members tend to enjoy what they're doing, but it's a different type of role.'

The view expressed strongly by this informant was that the members acted independently: 'the point is you've got six to eight members and they will all debate what the right answer is. If you were government and you wanted to try and stitch up a review body, it would be very difficult to do it, even though you might have certain people from certain types of

backgrounds that you wanted to go on. Once they're there...the people that come from a union background will argue against the union things and the other way around.' The main issue, in their view, was 'getting people through the door' in the first place. The informant thought that headhunters might be a potential solution, especially as they admitted that finding chairs can also be an issue, as the process has gained in profile with, for example, the chair of the NHSPRB, having to attend a Parliamentary Select Committee hearing, 'something that's never happened before'. They explained: 'That's made it a bit difficult for some of the members who thought they don't want to be doing that... they've been dragged into the politics when they wouldn't wish to be. And part of the idea, as I said at the beginning, is to try and take it away from the politics.' In respect of the chairs, the informant felt that this was a particular difficulty in respect of their role, with them becoming 'a bit used' or 'used as a shield'.

The PRB chair, for their part, felt that their PRB had 'high quality people' and 'a good mix'. But they also felt that 'the [recruitment and appointment] process is appalling.' One issue identified was that, in spite of chairs being involved in choosing their successors, prime ministers can veto the results of this process. A further issue, this informant felt, was that the monetary compensation was insufficient for the role (of chair as well as member) and that this places limits on the numbers (and in their view the quality of candidate) that might apply or express an interest, and can negatively affect diversity as well.

The former PRB chair thought that, in their experience there was 'a predominance of people with HR expertise... and the struggle was to get people who had slightly more diverse backgrounds than that.' This informant also felt that 'the sort of political hand on the appointment process increased and the main effect of that was just to slow everything down.' The interviewee reported having 'less than the full complement of members because appointments hadn't been confirmed.'

Finally on this, the former PRB member said: 'The idea that you have people representing different expertise was sensible. Whether you got the right people is another matter.' They explained that this was less an issue of direct political interference, than 'politically correct' appointments. However the same appointment also related that they happened to know that

a particular application for chair of the PRB in question had been vetoed by a minister or perhaps the Prime Minister. They thought, however, that the problem was wider than the PRBs, and connected with public appointments generally.

Are PRB remits sufficiently wide or not wide enough? What other topics should they include? For instance, should they always include comparability, and is there a need to make more explicit reference to the cost of living?

The PRB member considered they are sufficiently wide, in large measure because their particular PRB ‘struggles to get through everything’.

The senior civil servant felt that the answer might vary, depending on the PRB. This informant referred to the restrictions on remits that were put in place a number of years ago and said: ‘I think narrowing the remit is a dangerous thing at times. And there is a risk you don't look at longer-term issues... The danger of the remits being too narrow is you might not look at structural issues that are affecting the workforce if it doesn't come through the normal evidence from the parties.’ This informant’s view was that rather than being narrow, remits should be more open, with a greater scope for all the parties to bring issues to the PRBs’ consideration. And in relation to this, they also felt that restricting the amount of money available creates a challenge, but that this was perhaps insurmountable. On the question of whether the cost of living should be included in remits, this interviewee thought that this did not need to happen explicitly, since it was covered by the requirement around motivation and morale, as well as the need to always examine the economic context. The informant felt, in any case, that it had had an influence on recent recommendations.

The PRB chair’s view was that remits should be wider and also consider the total package available to public servants, including pensions. They thought that by stressing affordability, ‘they're asking the wrong question. The right question is, how am I going to get the very best results? And what's the best way to spend money effectively to get those results?’

The former PRB chair felt their remits were relatively wide, though essentially aimed at recruitment and retention. This informant also did not consider that including cost of living

in remits would be worthwhile since, as with others, they thought that the cost of living is implicit in any assessment of how competitive pay might be.

Finally here, the former PRB member felt that the ‘general remit’ (terms of reference) ‘is written in such a way that they [government] can refuse to ask your advice on particular matters.’ This informant felt strongly that all PRBs should have comparability included explicitly in their remits. At the same time, they thought affordability should be dropped. Their reason was that it ‘makes it very easy for a government to ignore what a pay review body recommends or, in certain circumstances seen recently, to hide behind them.’ The informant went on: ‘It’s not that affordability is unimportant, but I think each review body should be asked, “What do you think it’s sensible to do with pay increases, etc, given the state of the economy? The state of your own labour force, recruitment, retention and morale, outside comparability and so on? What would make sense as a pay increase?” And then let the government say, OK, we can understand that, but we can only afford X%.’ Further: ‘It would stop the government hiding behind pay review bodies. And I think it would clean up the politics of what the PRBs do.’

Should their recommendations be concerned with pay rises only or also cover the structure of pay and other terms and conditions too? If remits are narrow, how are other issues addressed? What should also be included? If a broader remit were to be considered, how would this work in practice? And where remits are regarded as relatively broad, is there anything that could or should be omitted? What impact would this have in term of outcomes, from the point of view of each of the RB, the Government and the remit staff group covered?

The current PRB member thinks PRBs would struggle to look at the pay structure as well as pay uplifts. As they put it: ‘The PRB pushes and prods but is not entirely responsible for it, and therefore doesn’t have the responsibility to come up with solutions.’

The senior civil servant thought this was a difficult area for PRBs but that even though there were sometimes pressures in that direction, they thought that this was an aspect of managing organisations, and therefore not something in which PRBs should be involved.

Uplifts for allowances might be as far they should go, even if sometimes they have to look into the structure as well as the levels of pay, just to gain understanding. They added that one problem is that 'sometimes some of the employer organisations don't think about pay as strategically as they should do, and it gets left to the review body to think more strategically and that's a slight downside.' But the informant did not believe that putting PRBs in charge of other aspects of pay was the answer to this lack of a strategic focus.

The former PRB chair thought that the bodies have a role to play in examining the structure of pay, but that these issues necessarily take longer to work through. The informant thought that PRBs could be concerned with other conditions beyond pay, at least to some extent, but added: 'It's difficult to know where you draw the line.' Citing the issue of pensions, they said: 'That was one [issue] that review bodies felt less comfortable dealing with.'

The former PRB member thought the short answer to this was 'no', for the reason that 'if one was going to engage in these broader issues about pay structures and all of that, I don't think the personnel of a pay review body is the right group to do it in that they don't have that sort of expertise.'

How well do you consider the PRB system deals with pay rises for remit groups that contain a wide range of roles (examples here might include the AFPRB or NHSPRB)?

(The answers here moved very quickly to consider issues around the pay of specialists, which is more properly covered by the next question. This is one of the pitfalls of qualitative research.)

The PRB member felt that they deal with this moderately well, since some PRBs can make different recommendations, and therefore targeting is possible.

The senior civil servant felt that, on the whole, PRBs were better at dealing with generalist than specialist roles. At the same time each PRB had evolved over time to find out as much as possible about the different roles covered by their remit groups. But this informant also thought that, even though PRBs might make recommendations concerning specific groups, 'the government hasn't necessarily looked at them, partly because it is difficult to do.' The

informant here thought that while ‘the unions would always want people to be all covered by one group and all get certain pay rises... [but] to me, that doesn't seem the right way to do things, especially over time.’

The PRB chair explained that it is important to have what they called ‘connectivity’ between PRBs on this, with PRB members on one body being involved in the work of others where appropriate. Motivation is an important factor, for some groups more than others perhaps, they thought. Here, other conditions come into play – sometimes working conditions and sometimes pay-related terms like pensions or promotions.

Meanwhile the former PRB chair found it initially hard to comment but thought that for those PRBs that deal mainly with a well-defined labour market the task might be easier than where there is a range of different skill sets.

The former PRB member was quite definitive that PRBs deal better with pay for generalists than with pay for specialists. They thought that generalists might be ‘the ones who would stay whatever they were rewarded’, so that recruitment and retention was perhaps less important for these than for specialists, but still important to keep an eye on. They thought that motivation and fairness were more important issues when it comes to the more generic roles, especially the latter: ‘Pay review bodies should never forget that it's not just about the market, it's also about what's perceived to be fair.’

Conversely, how helpful has the PRB process been in aiding the recruitment and retention of particular specialist roles?

The former PRB member thought that PRBs were less able to deal with these issues, and that’s where ‘sticking plasters’ (eg extra allowances for recruitment and retention, which, if they proliferate, can make a pay system unwieldy) can sometimes come in.

The current PRB member highlighted that unions tend to dislike differentiated increases for different groups but said that there is a fixed envelope and as a result some PRBs look at the evidence (on recruitment and retention) and might make a minimum uplift for all but then

also vary increases or target them at specific groups where the evidence supports this more than in other cases.

The senior civil servant thought that overall, the public sector is ‘not good with specialist roles’ and struggles to reward them properly. In their view, ‘the [pay] systems we have tend not to be flexible enough. So I don't think the review bodies are any different in that sense.’ They clarified that those PRBs that only dealt with a small number of roles tended to do better than others in this respect. Generic roles are easier to decide pay rises for because the data is available. In both cases it’s important to understand the labour markets. This informant defended the use of differential increases, saying: ‘Surely the answer can't be the same for everybody because that doesn't generally make sense if these groups are different. And that's why, you know, I think it works because you've got review bodies that look at the circumstances for a particular group of people and think that one through.’ They went on to say that there needs to be different PRBs to reflect the different parts of the public sector, with different activities and roles/labour markets. They think a PRB could work for the civil service even though it might be difficult. They also opined that ‘the unions say they want negotiations, but they don’t always’. (The view then expressed was that negotiations would always directly involve the government and that therefore this was not desirable or possible.)

The PRB chair said that the most problematic areas are those specialist roles that overlap with the private sector. As they put it: ‘A lot of people are used to working in the private sector. They're used to results. They're used to moving things along quickly. They think this is not for me. I'm not going to stay.’ Therefore their view was that the public sector struggles with these type of roles and that this is true for the PRBs as well.

The former PRB chair expressed the view that even roles that are usually regarded as singular entities in occupational or labour market terms are actually collections of different specialisms. They went on to say that ‘you might want to address within this the pay structure and other things you might deal with separately, for example by having a different structure of payments and allowances... [for certain specialisms].’ They also noted that ‘a lot of our stakeholders’ were opposed to any such change.

How independent of Government are the PRBs? Are they sufficiently independent? If not, why not? How might this change?

The PRB member thinks the bodies are indeed independent, and guard this jealously. The example was provided where, on the occasion of government rejecting the recommendations of one PRB, most of the members resigned rather than be seen to accept the response. They agreed that the question was less one of the independence of members than of the process itself. They did not think, however, that making recommendations binding was the answer. Instead, they argued for stronger conventions around the status of recommendations, as in the case of the LPC, to make it more difficult for governments to reject them.

The senior civil servant also strongly agreed that PRBs are independent of government, though they felt it was sometimes difficult to maintain, especially during (lengthy) periods of pay restraint. But they offered the latest recommendations as a demonstration of that independence. When the pressure from government is to stay within a particular limit, this can create problems for PRBs' independence, but even then the informant felt that PRBs 'can point out what the issues are and then try and address them later.' They thought that the presence of unions complicated matters. In the informant's view, the PRB process was very different to negotiations. They said: 'I think why it works is that nobody there is actually representing people and this is the point.' They mentioned the review of the NHSPRB mechanism and said 'I can't see an obvious way that you can change things to make it [different]' but added that 'timeliness of response and things like that... can be addressed and that would improve the independence of it. Certainly from a perception perspective.'

The PRB chair felt strongly that their body is 'robustly independent and one of the reasons it was robustly independent was I was very picky about the people I would allow onto it.'

Meanwhile the former PRB chair felt that 'the individuals on the pay review bodies are independent of government.' As to whether the process is independent of government, they answered, 'No. And I think it'd be rather naive to think it was. I mean, at the end of the day, these are public sector pay bodies that are paid for out of tax revenues. And so there's no way it's going to be completely independent of government.' They went on: 'I think I saw somewhere that someone described the review bodies as a sort of halfway house between

collective bargaining and having government in possession of pay. And I think that that kind of sums it up quite well really.' For this informant, the issues around affordability and budgets necessarily limited the independence of the process. They felt that this cannot be ignored, even by trade union stakeholders. Otherwise their recommendations would be rejected, 'most of the time.'

Finally, the former PRB member described how some members would always say what they thought while others might be more careful, for their own reasons, which might in some cases be motivated by career or even political considerations. This informant thought that it was important to have a good chair, with two qualities: 'one, he has to be independent, him or herself. Second, he has to be able to deal with both the people who will say what they think and it doesn't get penalised. And the ones who are politically motivated get a bit more challenged, shall we say... that would seem to me to be very important.' When asked if they thought that chairs have that understanding, the informant replied in the affirmative though qualified this by adding that: 'But... they were very concerned about the acceptability of their own members... I think they were independent [but] I don't think they like the troublemaker. Let's put it like that. I think they would disregard views or arguments put forward because they dislike the troublemaker. I think that they just didn't want to have to cope with it.'

They agreed that this meant that certain arguments were put to one side in the final analysis. The informant then told us about an instance where the government of the day decided they were not going to renew the term of a particular chair, apparently for passing a certain recommendation which was unacceptable to the government. When asked about the independence of the process as a whole, the former PRB member said: 'That I have absolutely no complaints about. We had a clear routine. We got all the information we needed. We had free-flowing focus groups... The [department] came in late but that was because they were being constrained... so huge delays.'

Should the current system be reformed in any way? If so, how?

The PRB member did not think so, apart from in the areas raised above, and particularly the time taken to appoint members.

The senior civil servant felt that ‘greater adherence to timetables would be the main thing.’ This can be particularly important when external factors such as inflation have moved on and make recommendations less acceptable to remit groups than they might otherwise have been. Therefore improving timeliness would also improve credibility. This informant agreed that ‘streamlining the employment process would also help.’ And they expressed further views, for instance on affordability, and that the ‘government should think about how it frames it sometimes.’ Further to this, they added: ‘it comes back to your point about restricted remits. I think they should try and make them as open [as possible]... They've always got that chance to make the remit open. They've always got to do that and ultimately, you know, the government is who we've elected. They can make the decisions however they want to do it. I think the process would allow you to do many of these things.’

The former PRB chair echoed the point about timeliness, stressing that although the different PRBs have different timetables (chiefly with different pay review dates – either April or September), instead what has happened is that government ‘announces them as a big sort of collective set of decisions. And I think that's really unfortunate.’ Later, they added: ‘The recommendations are just sat there.’ This informant also referred to the question of union or employee ‘voice’: ‘And this in [some] ways goes counter to what I said about independent experts... [but there] is sometimes the sense that the unions have that they don't have a voice in the room... You start thinking about social partnership models and whether the review bodies could learn something from that. Where you know where, rather than very deliberately, pick members who are completely independent, you actually think about more a range of a social partnership type model.’

Finally, the former PRB member felt that the PRBs were appropriate in cases where there was no recourse to collective bargaining such as for the Armed Forces, since ‘as soon as you have a no-strike rule or no-strike feature of your terms and conditions of employment, collective bargaining becomes too one-sided in my view. Should there be the modern

equivalent of staff associations. I think that wouldn't be a bad thing. They could collect more information.'

Do you have any views on coverage of staff in the devolved administrations?

The PRB member did not have strong views on this.

The senior civil servant felt similarly, in part because of the complications involved. They noted the fact that different increases for some groups in Scotland and Wales have led to better pay in those countries than in England.

The PRB chair also thought it was 'tricky', especially in those areas where it was important to have a national (Britain-wide - IDR) service.

The former PRB chair referred to 'boundary problems', whereby pay differs in areas that are close by but happen to be on different sides of a border. They said they were not aware of any mass exodus of public servants from one side to the other but that 'it could be an issue'.

What are the alternatives to the PRB mechanism? How do they compare, in your view?

The PRB member felt that there is not a principled reason why there should not be collective bargaining instead of a PRB, though in some cases (where there is no recourse to industrial action) if there was collective bargaining instead of a PRB then there would need to be a statutory mechanism for adjudication. Whatever the mechanism, they thought, the point is that all sides, and especially the unions, would need to have faith in the process. This informant stressed that the evidence-provision and assessment aspect of the PRB process means that in some respect it's different from the claims involved in collective negotiations. But the evidence must still convince. In the end, they thought, the big question is how to resolve any mistrust.

The senior civil servant posited that the only alternative to a PRB was 'for government to be in negotiation with large groups of public sector workers every year.' And they did not think this would work. This informant thought that PRBs made for more fairness across the public sector. They cited differences between the pay of central government employees versus

those in local government, alleging that they get paid far less than they would if they were in local government and this has 'got much worse in the last 10 years.' But, they said, 'I just don't see realistically what the other options are... I mean, I know some unions think the negotiation is the answer. I'm not convinced that they've all thought it through as well as they might.' They also added: 'it would be good to have another look at the terms of reference and those things and sharpen it up a bit. And you know, my view is it's taken a bit of a battering with the way it's been used... And obviously if we end up with a change of government, it will be a new administration and we'll need to think about these things because I don't think anybody thinks about it properly and that's the advantage of the review bodies. They do step back and think about it objectively. I just don't think enough people in government really think about pay. I don't think they do.'

The PRB chair also felt the only alternative was direct negotiations. But added that they thought that 'the government needs to try harder with engaging. It needs to listen more... But... you've never got a Secretary of State that lasts more than a year... These pay review bodies could be made to work much better with a more grown-up approach from government.'

The former PRB chair also felt that the alternative was a reversion to collective bargaining, and this could work, but that in some cases there are a number of unions, which can complicate matters. They felt: 'I think it might well end up with rather more costly disputes. I mean, I'm not saying that the review body manages to avoid all disputes within the sector, but I think it probably helps a bit.' Their final comment was to say that: 'I think as a system it works quite well but has got kind of recently got sort of tangled up with other aspects of politics, which has meant that it's working a bit less effectively, I think, than maybe a decade ago.'

Finally, the former PRB member said they thought the PRBs need more resources, and also that the head of the OME (the PRBs' secretariat) is too junior an appointment and needs to have 'more clout'.

3.2. Interviews with civil service informants

We also conducted five interviews (speaking to six people in total) with informants who have current or previous experience of the current system of pay determination for central government: five senior people with current experience of the system (two from two different government departments, two from the same NDPB and one from an agency), and one person with previous experience of the system, a former senior civil servant.

What are the chief advantages of the current system of pay determination for non-SCS grades in the civil service, ie the combination of delegated bargaining with the Cabinet Office Pay Remit Guidance?

The former senior civil servant mainly commented on the delegated bargaining aspect of the current system and said that it fitted the different operating models that exist in fact across the different departments. This means, they felt, that centralised bargaining would not be a good idea. But on the pay remit guidance aspect of the entire process, they added that it was ‘as effective an instrument of coherence as you can get.’ And also ‘gives some direction to the Treasury spending teams.’

The other informants concentrated on the remit guidance process, to which they are subject. One said it creates ‘a sense of coherence. Across departments it sets parameters to work within, providing a similar framework and doesn't create too much deviation when it comes to things like trade union negotiations where, you know, if one department is doing something completely different it can create challenges for others. You know it is set so that it's affordable based on spending review figures that have been forecast and budget, it means you don't have to try and find additional money elsewhere necessarily.’ Another informant, from the NDPB, said: ‘Well, it is very simple. I mean, it tells us what we have to do and it tells us what the envelope is.’ (Both used the word transparent to describe the process but we feel that what they meant here was clear.)

The agency's reward principal thought that the aims of delegation are correct, in their view these being to tailor reward decisions to the different business needs of the various bargaining units (departments and agencies).

Finally, the senior figure at the department thought that the system provided flexibility: 'we've been able to tailor elements of the pay award to reflect the particular needs of that workforce... it's not as much flexibility as we'd like, but it does mean that...if there's a particular workforce where there's an issue or a particular specialism where there's an issue, we can then direct a bit of money towards them to ease that particular recruitment and retention problem. Or we can direct things to try and give a degree of progression by targeting a bit more money at those at the bottom rather than those at the top. Or rather than a percentage increase have a flat rate increase, etc. So there's various ways in which we can use the money that's been allocated to try and target the problems we're facing.'

What are the main disadvantages of this system?

The responses here mainly referred to the pay remit guidance process. The former senior civil servant felt that under this system, 'there is nobody to advocate for employees below SCS level.' They also felt that the approach did not deal well with issues around local or regional labour markets on the one hand, and differences in pay between departments for roles with specialist skills that are needed across a number of departments on the other hand.

The informant from the department thought it was both prescriptive and restrictive. In particular, it does not allow departments to be flexible to meet their business needs as much as they would like. In addition the Cabinet Office take too long to make decisions and too long to implement change. An example given was a lack of progress around the introduction of capability-based pay.

The informants from the NDPB had many more negative than positive comments on the system. They made five main criticisms:

1. The pay remit guidance process does not take sufficient account of the pay requirements of the different job families or professional groups
2. It is usually below-inflation, making for year-on-year real-terms pay cuts for staff
3. Excessive bureaucracy around costing of business cases ('we've got three processes where we probably only need one')

4. Inadmissibility of previous concept of recyclables means that the process fails to take account of overall savings as well as spending
5. Targeting to deal with anomalies or labour market issues uses up money that could be spent on uplift for all staff, so increase for the latter is reduced.

Factors 2 and 5 have an effect on how staff feel, according to the informants: 'So there's an inherent sense for the staff of unfairness. It's below inflation. It's below average wage growth and they don't get all of it either.'

The agency's reward principal felt, however, that the key aim mentioned above has not been realised. They said that since 2011, paybill per head has increased by 32% but pay itself, in real terms – via planned pay awards – only increased by 17%. They thought that this was a key reason behind industrial relations problems since, as they put it, 'junior people... don't get promoted, so they've been stuck with 17%.' The other problem they highlighted was 'completely unplanned, rampant grade drift' (as a result of departments and agencies paying the same roles at different rates of pay, in order to compete for staff).

Their conclusion was that 'the Treasury have got the worst of all worlds. They've haven't saved any money, but they have constrained pay and prevented departments from fixing problems like progression, equal pay, motivation, porosity, all the usual things.'

This informant claimed that, at SCS levels, the average time in post is now as low as just one year. This might mean that median pay is at or near the bottom of the minimum of the pay scale but it also represents a 'workforce planning failure', as they put it, since the people involved are inexperienced. They went on to argue that there is a lack of capability in the reward employment framework function, both at the centre and across departments.

Finally, the senior figure at the department referred first to the often lengthy duration of the process: 'There's some things that come round again and again... one of them is the time things take because we can't start doing any planning until we know what the figure is that comes out in March/April and I know that seems early to the theoretical payment in August,

but surprisingly enough, once you've got to get it through all the various processes and discussions with the unions etc it's very tight to even pay in August.'

They also referred to the impossibility or extreme difficulty of departing from the set figure: 'Also, because we've had so many years of restraint, there's now a position where everybody feels they have to pay the figure in the pay remit. And indeed, we [have] got strike action going on in one employer who's trying to pay a little bit less.'

The final disadvantage they mentioned was, as they put it, 'the metrics and what is and isn't covered by the remit'. In particular, they highlighted 'the fact that the metric used for the remit differs from that used for the rest of the public sector and so you get told [that] the civil service is getting 5%, the NHS is getting 6%, but the actual changes in average pay are sort of 5% and 8%. And therefore, you have this increasing problem...where the civil service is compared to others [but the basis of the comparison is different].' The question of progression is connected to this as well (see below).

How does the current system operate? What principles is the current system of 'remit pay guidance' based on? In particular, how is the annual percentage figure (for pay increases) arrived at? What principles guide its establishment? What is missing from the approach, if anything?

The former senior civil servant felt there was a balance between what is needed to attract and retain on the one hand, and affordability and 'coherence' on the other hand. Further comments from this source indicate a certain tension between wanting to provide departments with discretion and the 'minimum level of control' required by the centre. The interviewee referred to a general principle that any figure produced by the PRG process could not be lower than that recommended by the SSRB, but we have no way of assessing whether that was indeed the case. Finally, our informant said that they viewed the PRG process as a 'partial proxy for what elsewhere will be done by a PRB'.

Because budget spend under pay remit guidance process is generally small the departmental HR informant we spoke to said they have had to make some difficult choices over what to

spend it on. In their case, there has been a focus on grade minimums, which has meant that progressing people within their pay ranges has had relatively less attention.

The NDPRB informants described it as ‘a political decision’ and that ‘it's not transparent... they don't really give us an explanation of how they've come to the number.’

The agency's reward principal felt that ‘there needs to be an education process for ministers and senior decision makers’, and ‘a good set of dashboards across workforce groups [that] would show what the problems are.’ They expressed scepticism about the prospects for competence-based pay, in part on the basis that there's no other public sector examples, but also that it ‘will not work under a fixed cost set of arrangements’. They took the view that the interest in competence-based systems partly arises because selection processes are not working as well as they might and referred to both the Government, Legal and Digital and DDaT (Digital, Data and Technology) cases are also examples of new approaches that (in their view) are also not working as they should.

Finally, the senior figure of the department said that ‘because it's such a tight control on particular elements, it's sort of [like] squeezing a water balloon and you squeeze it in one place and you're pushing things elsewhere. And that again comes through in terms of what's actually being measured and costed under the remit and what isn't and some of the clarity about that and so, it either doesn't go far enough or it goes too far... There's a whole conception that this is an unhappy halfway house and either everything needs to be brought back into the centre or departments need to be given more freedom.’

How transparent would you say the Cabinet Office PRG system is, in terms of the rationale(s) involved in drawing it up each year? Could it be made more transparent? If yes, how?

Our NDPB interviewees felt that it would be positive to see a rationale for the thinking behind the numbers in the PRG. They said the process makes them ‘feel very disempowered’. They went on to describe how it did not appear to be linked to the (three-year) spending review, and that therefore ‘it's not joined up’. Rather, they felt, ‘it's completely politically driven.’ On the Treasury's role, and particularly the cost control aspect, the informants said they ‘get

that Treasury are not doing an easy job either. But Treasury have no concept of what it is to run an organisation. They have no concept of what it is to sit in front of staff and tell them bad news. They have no concept of that. They do not see their job as to help us to run an organisation. They see their job as to be the guardian of the public purse. And there is a bit of a disconnect there.’ They added that because staff do not understand how the figures have been arrived at, and some do not believe that the NDPB has little control over it, it can be a ‘source of anger for staff’.

To some extent, comments from the former senior civil servant supported this view about the politically-driven aspects of the process. While they emphasised that extensive consultation with departments took place, they also admitted that ministerial interest increased and as a result he and his colleagues ‘had to play to the gallery with this.’ The informant felt that this made sense since the process involved ‘managing public money.’ Interestingly, they also talked about one of the tensions involved in drawing up the pay remit guidance, which was they did not ‘want to create a single source’ (due to concern about equal pay issues).

The departmental HR principal somewhat contradicted the assertion about extensive consultation: ‘we get the information and guidance... [but] we're not consulted in the beginning stages, which I find really frustrating. I know there's conversations at a senior level, but we are not included. I feel there should be more engagement leading up to something that's going to come out.’ It is entirely, possible, of course, that the department in question was not regarded as important enough to be consulted, but we have insufficient information either way to prove this.

The agency’s reward principal felt there should an agreed statement of the reward problems facing the civil service and related areas. Their idea is for standardised ‘dashboards’ (as mentioned above) that show all the key metrics, complete with a system of ‘traffic lights’ to identify risks. This would then provide a baseline for both pay and workforce planning, starting at ministerial level. The idea is that it would help educate ministers in reward capacity. They felt that the current system is sub-optimal in respect of the scope for sharing

of information on pay and reward planning between permanent secretaries and HR principals.

Finally, the senior figure of a department said that 'it depends on who's looking in which direction... Once we know what's in the remit, it's of course completely transparent because we have that flexibility and once we get told how much money we can spend, we have complete sight of it [but] the process that [has been] gone through to reach that decision about how much might be being spent is quite opaque. You can't really see how it is done. You can sort of make some suppositions and they may well be quite correct... but I think even those sat in the centre don't have much sight. I think there's quite a small, very tight circle that actually makes the decision, because I think the reality probably is that at the end of the day it will be a ministerial decision and therefore the factors that go into the Ministers making that decision about what is the right number... They're not going to publish those.'

They went on to say: 'They could be more transparent about it... Publish something that breaks it down and say this element is what we would expect to see as a sort of cost of living, and this is an element that we'd really expect to see as progression or to move people through the pay ranges. And indeed, the last couple of SSRB reports sort of headed in that direction, with the RB recommending everybody gets this and then to do something for other people, you can allocate this as you wish... And so that might slightly increase transparency. [But] I don't think there'd be a huge appetite for that, because again, it becomes quite clear that if you're saying, we're going to hand out, I don't know, 3% for cost of living and you've got inflation running at 5%, you're not going to get many people motivated and think that's a marvellous pay award, are you?'

How effective has it been from first, the point of view of the main stakeholders, the Cabinet Office and the Treasury, second, the chiefs and principals of those departments and bodies subject to it, third, the HR principals of those departments and bodies subject to it, and finally the civil servants working in those departments and bodies subject to it?

What are the reasons for your answers in each case?

The department-level informant felt that it is less than effective. In particular, they highlighted 'resentment because of the differences with the senior civil service' and added

that ‘feedback from staff is definitely much more abusive and angrier. We've been faced with 12 years of restraint and freezes and people are fed up with it.’ Interestingly this interviewee felt that there was more engagement by the Treasury when the process was run by this arm of government: ‘We used to have a meeting before it was put out in the public domain so we could understand it and ask questions. There was an explanation of the outcomes before it got published.’ This informant felt that ‘having both the Treasury and Cabinet Office setting the guidance confuses people as you don't really know who owns what.’

Our NDPB interviewees felt that the process was very effective from the Treasury’s perspective. However they imagined that the process of approving business cases ‘creates a hell of a lot of unneeded bureaucracy’. And while some cases can be approved quickly, others can take longer – they cited an example of this. And even here, they said, the requested amount was reduced, something they felt was based on a political decision. They felt that as an NDPB in a particular area, their specialisms, or rather those of their employees, tended to be overlooked in a process that was aimed mainly at civil servants in Whitehall and elsewhere.

The former senior civil servant said that they understood that departments would ‘always like to have more control’, but that ‘sometimes it's helpful to be able to be part of something bigger.’ They felt that the process involved ‘convening, consulting and brokering’. They argued that ‘what finally went up to ministers had been thoroughly tested.’ In respect of recruitment, retention and motivation, we feel that the former senior civil servant was no longer close enough to the issues to provide a cogent answer. Equally, it may be that this did not form a significant portion of the basis for Cabinet Office decisions on the figures contained in their guidance.

The agency’s reward principal highlighted problems with staff motivation at junior operational levels, in part as a result of what they described as ‘constrained pay’, or real terms pay cuts, and also downward pressure on conditions generally. By contrast, they felt, morale for staff on fast-track or talent-based schemes on the one hand, or certain specialist areas on the other, is much less of an issue.

They also highlighted the fact that other public sector employees (eg those covered by PRBs) have access to progression pay, whereas civil service staff do not. They felt this was inconsistent. In particular they highlighted how the remuneration cost of the latest civil service pay award was significantly lower than that for PRB groups since, because many of the latter received higher basic awards, and progression in addition to these, the total remuneration cost was much greater than that for the civil service, which really only consists of the basic award. In addition, they felt that the existence of progression elsewhere meant that more staff in these cases reach the relevant maximum quickly, something that is not the case in the civil service. They said: 'The cost [of pay awards], you're not presenting the data in a consistent way and we don't seem worried about that.'

They felt that the 2017 reforms, which moved many staff onto spot rates, were 'disastrous' from the point of view of recruitment and retention, particularly in respect of competing with other services for staff. Meanwhile those still on ranges remain near the minimum.

The senior figure of the department felt that the system could be effective if, as they put it, 'if there was enough money in it. There isn't. [But] I don't think it's fundamentally flawed. It has problems. It has issues. Some of those issues can be resolved, so the metrics should be simple, but I know it's one of those arguments that has been going on for 20 odd years and so that the variation with departments can be lived with... The real problem has been, 13, 14, 15 years of pay restraint. And what's been done with that? I think if you would go back and ask these questions in 2007, 2008, you wouldn't find many people who'd be saying actually it's a terrible system and I think there would be a degree of support for it because there was enough money in it, but it's that lack of money that is the fundamental problem.'

They went on to say that they thought: 'the question is what they actually want this thing to deliver. If they're wanting it to deliver something that allows them to have a staff civil service that hasn't yet fallen over and doesn't generate too many negative headlines about levels of pay, then it's probably succeeding. [But] I'm not sure how much longer though that particular road has to go and whether or not we are reaching a point where it is going to become quite problematic... I think for the members of staff, there's ongoing disengagement with it.'

By 'disengagement' they meant that while some people in their department had a positive response to the latest pay award, there was still 'a degree of frustration and annoyance with it.' In terms of issues around retention, they said that this was 'across the piece', with the median length of time in post under two years, while the median length of time in grade was about two years. They commented: 'It's that sort of level of churn, and the turnover is huge. We're generally able to recruit people. It's being able to retain them, and so that's the issue. We can probably plan on having a body in the role, but we can't plan on that being the same person in two years' time.' They explained that the problem was at all levels.

Could the CO PRG process be said to reflect a 'reward strategy' on the part of the Government? If yes, how would you describe this strategy? Is it congruent with the strategies of individual departments or might there be instances where the two could in conflict? Does the current system support or hinder individual departments in respect of any reward strategies they might have?

The NDPB interviewees were clear and direct here: 'There's no overarching strategy. We can't really have an overarching pay strategy because we don't know what money we're going to have from year to year and we're not in control of it. It's not that we can say to the organisation if you perform better, there'll be more money for pay because there isn't. There won't be. It's completely politically driven.'

They went on to say they felt it reflects government policy rather than reward strategy and that it related only imperfectly to the requirements for recruitment, retention and motivation of staff. (They said that they have had a strong steer from the Treasury that it wishes to see capability-based progression, but 'no steer about how we can pay for it'. Or, as they went on to say, 'no actual strategy about how it will happen.')

Meanwhile the department-level informant felt similarly: 'No I don't think it reflects a reward strategy and the current process hampers departments from developing or having their own.' This interviewee opined that while the current approach provides broad principles, reward strategies need to be different for different departments who employ different professions

and deliver different services. They thought that the current system cannot or does not consider variations in workforces.

The former senior civil servant offered a number of thoughts. They agreed that the focus on affordability can undermine strategic aims. But they also thought that this should not necessarily be the case. They felt that some PRBs, especially the STRB, have been able to do both successfully. They thought that reward strategy in the public sector should be refocussed on job redesign to obtain improved productivity and better outcomes for public service users, for example, job coaches in the DWP. They also argued that the government should move to end defined benefit pensions in the public sector, on the alleged basis that private sector workers are unhappy about the discrepancy. This, along with the putative requirement to reduce the size of the public service workforce, was, they argued, as important as pay.

The agency's reward principal felt strongly that the approach was not strategic. They said: 'No, there's no problem statement. There's no agreed understanding across the stakeholder groups, the departments and senior people or Finance or Treasury about what the employment framework and pay are meant to be doing.'

Finally, the senior figure at the department referred first to recent below-inflation pay awards and those compounding the decline in pay in real terms. They said there was real pressure to give as much of that increase as possible to everybody, in order to mitigate the impact of the rising cost of living and support employees through this. But their department is also trying to develop skills in particular areas, and trying to do that at the same time is difficult, especially with the problems around retention. They added that the remit process is a very short-term one and that makes longer-term planning difficult. They added: 'one issue that's been quite consistent through the remit guidance, it's the quite tight qualifications to be able to put in a case for something outside the remit.' They pointed out that other departments have been able to fund changes by selling property and being able to recycle that money back into pay. Or others that have bought out previous terms and conditions. However they felt that this amounted to 'rewarding bad behaviour' in some ways.

One issue with the system of pay delegation is that in some cases staff need to move to a different department in order to improve their salary. How significant a problem is this? Is it the case for particular professions or roles only? Or does it affect a broad spectrum of jobs?

This was a particular issue for the department-level informant, who affirmed the existence of ‘pay tourism’ and the resulting high turnover. They were concerned because, they said, it affects a broad spectrum of roles. On the one hand, generalist roles are being attracted to other departments (that can pay better) and on the other hand, specialists are looking to be recognised for their skills and, as a result, are also looking to move. One of the unwanted consequences of efforts to deal with the issue is that some staff have been ‘over-promoted’, mainly because they wanted better pay, and this can be a problem for productivity, according to our interviewee.

In the case of the NDPB, our informants here told us that the problem was less that staff moved to other parts of central government, but rather to external, non-central government bodies.

Meanwhile the former senior civil servant accepted this was an issue, and reiterated their earlier-expressed view that this was one reason why (tackling the issue of) pay for the professions and particular functions was important. They also said they felt that implementing capability-based pay would be a way of reducing the problem, since with it, the acquisition of skills would be recognised with increased pay.

The agency’s reward principal regards this as connected to the aforementioned issue of ‘grade drift’. They felt that coherence, as it’s often termed, is impossible or at least made more difficult by the fact that ‘across the civil service the competition is in terms of grade. So even if you line up the pay but didn’t line up the grading standards, people would take the higher pay and then still go and seek promotion in the loosest grading department... That’s what’s causing the unwanted churn... In a way it’s the worst of both worlds, so some people won’t move departments or roles because the pay is different. They won’t fit in the pay range and other people won’t stay in a department or a job, even when it’s the best career move because they can chase an unwarranted promotion [because of the grading standards].’

Finally, the senior figure at the department started by referring to the 'increasing variation in what different departments pay... Either they've been targeting a particular issue or they've had the opportunity to move everybody up and others haven't for various reasons.' They admitted that some staff left to move to the private sector but that they were not concerned by that, in fact they regarded it as helpful, since 'the private sector is where they develop skills and therefore we want them moving around.'

The problem, in this informant's view, was what they referred to as 'pay tourists': 'these are the people who do move around between departments and who are looking to get themselves promoted as quickly as possible, which may quite often be going to another department. There are two concerns there. One is again that level of churn already talked about and the impact on the business... [But] are we setting them up to fail in their later career? Are we creating a problem for ourselves further on down the road?'

They felt that this issue (of pay tourism on the one hand but also of having to promote people too early in their careers) was something that they were forced into. They expanded further: 'we'll advertise a role at particular level. And the majority of people applying for it will be applying on promotion... the likelihood of anybody applying for it on level transfer will be in a department where they're on a lower salary than your current minimum. So they'll be getting a pay bump for it, and then you might have a very tiny collection of people who applied for it because they know who the line manager is. They want to work for the line manager, etcetera, etcetera, but you may not have that in any state. That group may not exist in the other jobs, but those two populations, the people wanting promotion and those who will get a pay bump from moving to a different department will, I have no data to back this up, but I'd be surprised if it wasn't 80% or 90% of every collection of applicants.'

When we asked where they moved to, the response was other government departments, or to agencies or arms-length bodies. Especially specialists and analysts, since, as they put it, 'because the work you get to do in government, you just don't get to do in the private sector, it's the real big, interesting stuff... And therefore there will be some of them that move around looking at what the different pay arrangements are and what the total package is. Unsurprisingly, being analysts, they'll do the maths and working out, but then some of them

will decide. They go and have a few years out in the private sector to earn a bit of money and they'll come back to do the interesting job again... Everybody's going in both directions [private and public].'

How well does the current system (delegated bargaining plus Cabinet Office PRG) take account of the extent of cross-service skills needs? Does the Cabinet Office Pay Remit Guidance process contribute to this issue, for instance by allowing some departments or bodies the flexibility to depart from the guidance but not others? Is the Cabinet Office PRG working as intended?

The interviewee from the government department felt that the PRG process makes it very difficult to keep up with other departments in the race to recruit and retain staff, and contributes to 'pay tourism'. Conversely, they felt that for the bigger departments it is easier to be flexible because they have larger budgets in any case.

For the NDPB informants, the question was more difficult to answer because they were further from the centre, but also because they have more specialised roles.

The former senior civil servant felt that this situation had improved somewhat, because of a greater focus on common functions and professions, but also felt that a PRB could assist further, albeit with the proviso that the best approach, in their view, would be to have PRBs that were focussed on separate, broad functions. On the question of flexibility to depart from the guidance, this interviewee agreed to some extent with the view that political exigencies and how they affect the question of affordability might frustrate the flexibility that may be required to deal with some of the pay issues that arise.

The agency's reward principal cited the solution for the government's commercial operations. They thought this approach (a separate agency) was preferable to the DDaT solution where, as they put it, the centre has tried to impose the same scheme across the delegated framework, but in their view it fails because 'it just doesn't fit with the wider employment framework or the different finances.'

The other issue they highlighted was the selection criteria for hiring specialists. They felt that it was not sufficient to select staff 'based on generic competence[s]..leadership and success profiles.' They thought that behavioural questions were fine but that the civil service should also ask candidates about their delivery record.

Overall, they felt that a solution would be to centralise the Whitehall policy departments (excluding DWP, HMRC and MoJ), and have an identical pay and employment framework for them. This would cover, for example, the Cabinet Office, Business, DCMS and the Treasury. But maintain delegation for those departments that have significant operational services, though common functions like HR could be centralised across these as well. They felt that this employment framework has to come first, with this informing the pay strategy rather than the other way round.

Finally, the senior figure said they thought it was similar to the issues around strategy. They said: 'Because there's no incentive for people to stay in their roles, no real ability for departments to try and build incentives through the pay award system for people to develop particular skill sets, etc. The only way in which that incentive for the skill sets is there is that if it then gets you that entryway into the next grade up or a better paying department and so therefore, the incentive is not to develop those skills where you are, it's develop those skills to leave... Which doesn't seem right to me.'

They continued: 'But for the policy departments you actually have the above sort of population, I don't think the system supports the general skills. I think more by accident than planning we have ended up with some job families managing to put up a few barriers to keep people within the job family. If not necessarily in the same department, [then] within the profession. So again, to go back to analysts, that's probably a good example because of the pay enhancements and they lose the pay enhancements if they go outside. But that then gives slight problems that you then end up slightly siloed and they don't get possibly the breadth of experience that you might be wanting as they're getting up to more senior levels.'

To what extent does the current system take account of issues connected to external comparability, that is pay comparisons for roles where the main or significant comparators are in the private sector, eg engineers, lawyers, scientists? If it is not working as intended, could this change in any way under the current system and if so how?

The former senior civil servant accepted that the current system did not deal with market comparability issues as well as it might. That, they said, is where a PRB might come in, because 'it takes evidence'.

The informant from the central government department felt that the current system does take some account of these issues but more so for SCS grades. For some of their higher grades, they undertake benchmarking but, they said, 'we're always behind. We generally look to the lower quartile range for pay. We don't tend to go for the upper unless we just cannot get people. So you're not always getting the best quality. [Instead] people have to want to come to our type of organisation out of love and passion.' This informant went on to raise a question about the central framework that the Cabinet Office has drawn up to deal with issues in recruiting and retaining digital roles, as to whether it can be adapted at departmental level and whether it is consistent.

Those from the NDPB were more negative and felt that the approach simply does not take account of issues related to external comparability. One said: 'It doesn't [take account of these issues], and if we mention benchmarking, it generally is ignored. It's not considered in any decision-making process.' They felt that one reason for this might be their relative remoteness from the centre, being an NDPB rather than a department. They also felt that local/regional labour markets were not properly taken into effect, with staff in high-cost areas on more or less the same rates of pay as those in relatively lower-cost areas. When asked if they thought there was any scope for change under the current model they replied in the negative.

The agency's reward principal felt that the idea of bringing people in from the private sector at appropriate place in the range (in order to match their external salary) was fine. They thought that the subsequent problems around internal comparisons were largely due to lack

of progression for civil servants, such that if someone is brought in from the private sector on a higher salary in the range, incumbents have little or much less hope of reaching that level of pay. Or pay market supplements. But they added that this will be 'cheaper in the long run if we reform and fix it once and for all now.'

When we asked them what they thought was missing from the current approach they replied clearly that in their view it was the capability of the HR staff involved. They felt that very few were experienced in assessing the service needs and then turning that into a persuasive case for a strategic approach to pay, based on these needs. They felt that this was particularly a problem at the level of the Cabinet Office and Treasury, where people might be assessing business cases but have no operational experience. They went on to say that they agreed that this was why business cases on pay took a long time to be assessed.

Finally, the departmental senior figure commented that while the appropriateness or the wisdom of the civil service trying to compete pound for pound with the private sector is one issue, there is more on an issue in respect of the comparison with the rest of the public sector. They said: 'I think what's becoming increasingly obvious is that the relationship with the public sector, particularly over the past 10 years, and indeed probably over the past 20, that difference in the metrics has seen the rest of the public sector pulling away from civil service comparators... the removal of time-served progression for much of the public sector over the past 10 years has slowed it, but given they still have progression in various forms, it's not removed. And you will have seen the fact they also tend to get higher headline awards.'

To what extent is the lack of pay progression within grades/roles an issue for recruitment and retention of staff? Does the Cabinet Office PRG process contribute to this in any way? If yes, how could it ameliorate the issues involved? Should civil servants receive pay progression? If yes, which roles? What might be the basis for progression?

The former senior civil servant thought civil servants most definitely did want to see pay progression return. They offered a number of examples which, they said, 'were based on increased capability in proper objective assessment mechanisms. The military, doctors and teachers.' But they were doubtful about whether this could be transferred into a civil service

context as a whole. Their preference was to do so 'by profession and function' and possibly even by region. They thought that the system of performance-related pay was the wrong approach and should be replaced by what they call 'capability-based pay'. Their dislike of performance-related pay, they pointed out, was because they regard it as 'highly subjective and [it makes it] very hard to distinguish individual output.' They elaborated and said that such systems end up 'spending a lot of time working out who the top 2% are.' They also felt that what they called 'the ideology of forced distributions' was discredited. Their preference was that instead of individual performance-related bonuses, there might be team bonuses instead.

The agency's reward principal felt that addressing progression was more important than the question of what sort of pay setting mechanism. This, they felt, would solve the problem of having to pay premiums to recruit and retain whole groups of specialists, with premiums only going to a minority of staff with more marketable skills and a track record elsewhere. They felt that this was central to any reforms. They thought that it did not have to be expensive since the maximum could be set at the fully competent rate, so progression would only be required for those relatively recently-recruited or new recruits per se.

They were less than enamoured of the current set of proposals around 'competence'-based progression, at least in part because of some of the features it shares with traditional performance-related pay. First, they thought that it is better to examine outputs or delivery rather than input. Second, they felt that because the costs are fixed, this means that giving more money to people at the top requires less being given to people at the bottom, which they described as 'anti-progression' and demotivating for staff.

They would be happy with a spine or scales, but they are aware that's forbidden because of, as they put it, 'Treasury prejudice against time[-served progression]'. But they felt this could work if it was linked to people's contribution. The final approach they mentioned was one where for higher levels of contribution or delivery, those lower down the range get relatively greater consolidated increases while those higher up the pay range get their reward, or more of the reward, in the form of non-consolidated payments. The latter might be more appropriate for higher-level jobs.

The senior figure felt that this was a major issue. They said: 'If you can see that it's staying in your job and getting better at your job, [that] it leads to a pay rise, then you will want to stay in your job and the attraction of going to another department for that small bump when you can stay in your job and you don't have to go through the aggro of the job application, learning a new team, etc. And surely acts as a break in a deterrent to doing so.'

They thought that linking progression to time served is no longer possible but that there is 'a strong argument for saying that there should be a link to capability, and it should be this and not performance because capability should be your underlying ability to do the job.' They thought this was better reflected in long-term rewards, ie salary, whereas their view was that performance was a short-term aspect of jobs that is better suited to short-term rewards.

They added that the lack of progression seemed contradictory in the light of pay ranges. Otherwise, they said, 'what you should have is a spot rate for every job and with the flexibility to add a add a top-up for individuals if they've got particular skills.'

How aware are you of issues at the interface between the upper reaches of delegated (non-SCS) pay structures on the one hand and the bottom of the SCS grades that are covered by the SSRB? [Need to explain this, mainly in terms of the relatively small differential between the top of 'grade 6' and the bottom of SCS 1, even given the relatively higher pay rises for the latter in 2023] Does this indicate that there might be a case for combining the two systems, or bringing both under the same system for pay-setting?

The departmental informant said that their organisation does not 'have an overlap and that is purposeful. However, doesn't mean that people can't earn more than the maximum if they've got allowances on top of that and that can cause promotion headaches when you lose an allowance and might only get a 10% pay rise, or go up to the minimum, which is lower than you were getting overall before. The system should cover up to and including SCS2 but keep SCS3/permanent secretaries separate.'

Those from the NDPB thought that this is all a bit of a muddle, with little clarity about what to do about such 'boundary' issues. They provided an example of what they termed 'the inefficiency of the whole process [and] the time it chews up at all different layers across

government [which] is just eye watering.’ Their conclusion was that they while they have to abide by rules (such as over the increase in remuneration cost or IRC), they do not have sufficient responsibility to take decisions over pay. When asked if they thought there was a case for combining the two pay structures, they thought that ‘in some ways it could help. There's a slight disparity at the moment between what the payment guidance for the delegated grades is and what the senior guidance is and that causes rumblings. I mean it's not that different, but it is different... So bringing them together would be interesting.’ They drew attention to the fact that previous SCS uplifts had been lower than those under the pay remit guidance, but that the most recent is higher and, they said, ‘is causing a lot of consternation amongst staff...And because people are under so much pressure at the moment, pay is a little bit of a boiling point.’ In addition, though, one of these informants thought there were ‘nuances’ within senior pay which might not make it appropriate to have an across-the-board approach, and therefore it might not be their first priority. And while they also said there might be advantages in ‘having more join-up’, they said the main priority would be a separate PRB for specialist staff.

The agency’s reward principal referred to the latest SSRB report on this and seemed to concur with it. They felt that the SCS could be smaller (in terms of staff numbers) but better paid with higher minimum rates than currently. They also felt that a workforce strategy was needed to retain people and reduce churn. They were not unhappy about overlaps in every case, such as cyber specialists in Grade 6, or important operational roles in, say, HMRC. But they felt that this was not the main problem. Rather, they argued, ‘the SCS pay system is broken. You've got far too many people clustered there on the minimum.’ Any reform that takes place at delegated levels could make overlaps worse. They felt that there was little could be done due to an inability to bring the necessary influence to bear on the Cabinet Office.

When asked if they thought the two structures should be merged, they replied that they thought that SCS 1 (the lowest Senior Civil Service grade) should be delegated, with staff above this on individual salaries, with pay reflecting track record in respect of delivery.

The senior figure felt that the increase in the minimum for SCS grade 1 has eased the problems slightly, but the other problem was among the delegated grades with, as they put it (and in their experience), ‘most grade sixes have been in the grade for so little time.’

They continued: ‘The constant prioritisation of money for those in lower grades, which I can see on the presentational point, is understandable. And it's fine if you do it for a year or two. But after 15 years you get this concertinaing of salaries... And indeed, as I said, people are looking to move around and get promoted. You could easily end up with people actually saying, actually I don't want the aggro for the small amount of extra money I'm getting... And so trying to ensure we retain differentials and there is that clear step change in pay when people move is problematic.’

What rationale might there be for replacing the current system with an evidence-based approach such as that conducted under the PRBs elsewhere in the civil service and the broader public sector?

The interviewee from the central government department felt it was worth exploring but did not think it would necessarily affect outcomes, on the basis that it still involves ‘government money’.

The NDPB informants thought in part, it would depend, crucially, on how much control any PRB exerted over its own recommendations and their contents. It would only be worthwhile if the outcomes were different. They were interested in the possibility of a PRB or PRBs that covered different government functions. Then, the question for them was: ‘Would there be any flexibility within the organisation to target the money to where we need it to? Or would it be very prescriptive in how we were to apply it?’ They felt that an evidence-based approach might be more helpful since it would involve ‘more narrative’ [about why a finding has been reached]. They also thought they would like their own organisation to be more rather than less detached from the civil service in respect of decisions around pay.

The former senior civil servant thought that a PRB would provide more coherence and maybe also more conventions around the management of pay.

The agency's reward principal felt that a PRB would not change anything in respect of the central or highest decision-makers and the issues at that level. One issue they raised was that principals in those areas that are covered by PRBs are 'constrained about what they're allowed to ask for in the evidence production process.' They felt that if a PRB were established for the civil service, '[the] Treasury would just knock it down to the lowest common denominator and block any spending.' They thought the solutions should be more subtle and based on thoroughgoing reforms of the existing approaches to pay and workforce planning, rather than merely a change to the pay-setting process. They referred back to their earlier idea for merging (Whitehall) policy departments. With this, the money for producing common pay arrangements would come from removing duplication of effort in areas like HR or finance. They added that they felt the unions would be opposed to such a major change of the employment framework. But it could lead to centralised bargaining, which they thought the unions might be interested in, or even keen to re-establish. And it could allow a renewed examination of issues like progression.

The senior figure similarly thought the proposal would not represent a fundamental change, because, as they put it, 'first of all, the government says this is what number we think it should be. Now I know there is the line that the review bodies are independent and the government should accept their advice. I think over the past 10 years that's been more honoured in the breach than in the observance and particularly with the SSRB, for example, and in leading to the latest year, them getting quite cross about how much they've been ignored and therefore the government feeling they've got to sort of lay down the law and say yes, actually we will just follow what the survey says. But in part that was helping them get out of a tricky situation given the level of industrial unrest about pay, and they could therefore have somebody to point to. That and the way how you define that money is spent again.'

They also reiterated the point about the metrics and, 'the fact that the number the PRB comes out with for the SCS is not the same in real terms as the one it comes out with for the NHS or anybody similar. And again, the fact that the government can dislike the number and decide that it will insert its own.'

What are the alternatives to the PRB mechanism? How do they compare, in your view?

Those from the NDPB talked about an overall paybill uplift rather than the average uplift to an individual in post... an alternative model which allows for greater flexibility in how we distribute money.’ They explained: ‘It’s a model which allows us to actually look at our headcount. And use any savings from reduction in headcount to actually increase the pay bill. There are other models out there, models more akin to the private sector where you know, they look at the total budget. Rather than a sort of notional uplift to an individual.’ They described the current approach as a ‘disempowering system’ and welcomed anything that would give them greater responsibility [over pay].

The senior figure at the department we spoke to had two alternatives to a PRB. One was to ‘rip up delegation, you bring everything back to the centre, you would have everybody on the same pay ranges across the civil service and all those covered by all the civil service covered, etc. You then have the stuff will be set centrally. Yes, you would lose on the facility departments, but you’d gain a degree of efficiency, a degree of competency hopefully and actually... resolve the issues about pay tourism and whether or not you then see a mass exodus, because there’s no way to increase your salary is another matter entirely, but I think that one way of running it is to get rid of delegation.’

Their other alternative was, as they put it, to ‘do delegation properly’: ‘You’d say to departments, look, here you go, this is the money you have to spend... You don’t get anymore. Here’s what you need to deliver all that’s agreed.’

When asked how this would differ from the current system, they replied: ‘One is I think you would need to give up the idea that you would guarantee that civil servants moving between departments would keep their salary and therefore employees moving to a new department would need to accept whatever those new departments offered. Departments would then have that flexibility. You would then be able to swap people for money so as it currently stands, and this again goes back to the metrics and the way things are measured, what is measured is the average increase that somebody sees on a particular date... Whereas if you’ve got paybill control and what you’re saying is you have a payroll budget of £XX million,

you can spend it how you like. You can spend £XX million on one individual who will then deliver everything to the department or £1 each on XX million people to deliver everything in the department. Then you need to account for the number of staff you have, the grades you have, etc. Rather than just saying we have a problem, will therefore recruit more people or will change the grade of a job or whatever it is to be able to fill it. So it would be almost the exact opposite of the first scenario posited, and it would be one in which, rather than there being central control, there would be complete decentralisation and departments could set their own their own rates of pay and take their own approach to how pay was structured and so on. [But] you wouldn't have complete departmental control. You still need that discussion and agreement with treasury about what your budget was and what part of that budget would be pay, etc. And again, it is sort of relying on departments to then manage their budgets.'

Appendix 1 Semi-structured interview questionnaires

Interview questions for those with experience of civil service pay-setting process

1. What are the chief advantages of the current system of pay determination for non-SCS grades in the civil service, ie the combination of delegated bargaining with the Cabinet Office Pay Remit Guidance?
2. What are the main **disadvantages** of this system?
3. How does the current system operate? What principles is the current system of 'remit pay guidance' based on? In particular, how is the annual percentage figure (for pay increases) arrived at? What principles guide its establishment? What is missing from the approach, if anything?
4. How transparent would you say the Cabinet Office PRG system is, in terms of the rationale(s) involved in drawing it up each year? Could it be made more transparent? If yes, how?
5. How effective has it been from first, the point of view of the main stakeholders, the Cabinet Office and the Treasury, second, the chiefs and principals of those departments and bodies subject to it, third, the HR principals of those departments and bodies subject to it, and finally the civil servants working in those departments and bodies subject to it?
6. What are the reasons for your answers in each case?
7. Could the Cabinet Office PRG process be said to reflect a 'reward strategy' on the part of the Government? If yes, how would you describe this strategy? Is it congruent with the strategies of individual departments or might there be instances where the two could in conflict? Does the current system support or hinder individual departments in respect of any reward strategies they might have?
8. One issue with the system of pay delegation is that in some cases staff need to move to a different department in order to improve their salary. How significant a problem is this? Is it the case for particular professions or roles only? Or does it affect a broad spectrum of jobs?
9. How well does the current system (delegated bargaining plus Cabinet Office PRG) take account of the extent of cross-service skills needs?
10. Does the Cabinet Office Pay Remit Guidance process contribute to this issue, for instance by allowing some departments or bodies the flexibility to depart from the guidance but not others? Is the Cabinet Office PRG working as intended?
11. To what extent does the current system take account of issues connected to external comparability, that is pay comparisons for roles where the main or significant comparators are in the **private sector**, eg engineers, lawyers, scientists?

12. If it is not working as intended, could this change in any way under the current system and if so, how?
13. To what extent is the lack of pay progression within grades/roles an issue for recruitment and retention of staff? Does the Cabinet Office PRG process contribute to this in any way? If yes, how could it ameliorate the issues involved?
14. Should civil servants receive pay progression? If yes, which roles? What might be the basis for progression?
15. How aware are you of issues at the interface between the upper reaches of delegated (non-SCS) pay structures on the one hand and the bottom of the SCS grades that are covered by the SSRB? [Need to explain this, mainly in terms of the relatively small differential between the top of 'grade 6' and the bottom of SCS 1, even given the relatively higher pay rises for the latter in 2023] Does this indicate that there might be a case for combining the two systems, or bringing both under the same system for pay-setting?
16. What rationale might there be for replacing the current system with an evidence-based approach such as that conducted under the PRBs elsewhere in the civil service and the broader public sector?
17. Do you have any views on whether and how such a system (PRB) might cover staff in the devolved administrations?
18. What are the alternatives to the PRB mechanism? How do they compare, in your view?

Interview questions for those with experience of PRB process

1. What are the advantages of the PRB mechanism?
2. What are the disadvantages of the PRB mechanism?
3. What prompts PRBs to recommend pay awards that appear to go beyond official policy on pay or are otherwise above increases elsewhere?
4. What prompts governments' attempts to influence PRB processes? Why do they amend or reject recommendations?
5. Is the current approach to appointing members the correct one? Do PRBs reach the right balance in terms of the background and expertise of members?
6. Are PRB remits sufficiently wide or not wide enough? What other topics should they include? For instance, should they always include comparability, and is there a need to make more explicit reference to the cost of living?
7. Should their recommendations be concerned with pay rises only or also cover the structure of pay and other terms and conditions too? If remits are narrow, how are other issues addressed? What should also be included? If a broader remit were to be considered, how would this work in practice? And where remits are regarded as relatively broad, is there anything that could or should be omitted? What impact would this have in term of outcomes, from the point of view of each of the RB, the Government and the remit staff group covered?
8. How well do you consider the PRB system deals with pay rises for remit groups that contain a wide range of roles (examples here might include the AFPRB or NHSPRB)?
9. Conversely, how helpful has the PRB process been in aiding the recruitment and retention of particular specialist roles?
10. How independent of Government are the PRBs? Are they sufficiently independent? If not, why not? How might this change?
11. Should the current system be reformed in any way? If so, how?
12. Do you have any views on coverage of staff in the devolved administrations?
13. What are the alternatives to the PRB mechanism? How do they compare, in your view?



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