



Review Body on  
Senior Salaries

# Forty-First Annual Report on Senior Salaries 2019

REPORT No. 91

*Chair:* Dr Martin Read, CBE

Executive Summary

## Summary

1. This year, our Report focuses on just two of the six remit groups specified within our terms of reference, namely the senior civil service (SCS) and the senior military.
2. In respect of our other remit groups:
  - For a second year, Executive and Senior Managers in the NHS remain temporarily removed from the SSRB's remit. This is at our request, as we consider that the current composition of this remit group needs to be reviewed. A government decision is awaited.
  - Also for a second year, we have been instructed by the government not to review the pay of chief police officers, notwithstanding the fact that legislation places them within the SSRB's remit. We continue to believe it is sensible for chief police officer pay to be considered separately from other officers and that the government should seek our advice next year.
  - Following our review last year of police and crime commissioners' (PCC's) pay, we were not asked to conduct an annual review for this group this year.
  - At the time of writing, the government has not yet responded to our Major Review of the Judicial Salary Structure and we have not been asked to consider a pay award for this remit group this year.
3. Compared to many private sector equivalents, the pension constitutes a more important element of the remuneration package for all our remit groups. It is outside our terms of reference to make recommendations on taxation or pension policy. However, where this affects the recruitment, retention and motivation of public sector workers, it is a matter of concern to us.
4. Over the last three years, we have looked in detail at the effect of pension taxation on the remuneration of our remit groups and have highlighted its negative impact in successive Reports.<sup>3</sup> This year, we have carried out detailed modelling of the changes in take-home pay and total net remuneration over the last decade for representative roles in our remit groups.<sup>4</sup> We consider that total net remuneration is the most comprehensive, and therefore the most appropriate, measure of remuneration because it takes account of both taxation and pension contributions, as well as pension benefits accrued in the year. Our analysis reinforces the seriousness of the pension issue for all our remit groups.
5. Based on our review this year of the SCS and the senior military, we make the following broad observations:
  - There are generally enough candidates to fill senior roles and there are no widespread or immediate recruitment difficulties. However, our analysis reiterates that members of these two remit groups have seen a reduction in total net remuneration over the last decade, mainly due to the changes to the pension tax regime. This could well be detrimental to future retention and recruitment. It is certainly already affecting morale. It is quite possible that retention and recruitment

<sup>3</sup> 39<sup>th</sup> Annual Report on Senior Salaries 2017 (Chapter 2). See: [www.gov.uk/government/publications/senior-salaries-review-body-report-2017](http://www.gov.uk/government/publications/senior-salaries-review-body-report-2017); 40<sup>th</sup> Annual Report on Senior Salaries 2018 (Appendix G). See: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/751903/Supp\\_to\\_the\\_SSRB\\_Fortieth\\_Annual\\_Report\\_2018\\_Major\\_Review\\_of\\_the\\_Judicial\\_Salary\\_Structure.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751903/Supp_to_the_SSRB_Fortieth_Annual_Report_2018_Major_Review_of_the_Judicial_Salary_Structure.pdf); and Supplement to the 40<sup>th</sup> Annual Report on Senior Salaries 2018. See: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/751903/Supp\\_to\\_the\\_SSRB\\_Fortieth\\_Annual\\_Report\\_2018\\_Major\\_Review\\_of\\_the\\_Judicial\\_Salary\\_Structure.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751903/Supp_to_the_SSRB_Fortieth_Annual_Report_2018_Major_Review_of_the_Judicial_Salary_Structure.pdf)

<sup>4</sup> See: Appendix A. Take-home pay is defined as annual gross pay (base pay plus any allowance) less employee national insurance contributions, income tax, employee pension contributions and any pension annual allowance tax charge. Total net remuneration adds on the pension benefits received in the year.

could deteriorate quickly and that remedial action could then prove both urgent and expensive. We therefore believe it is important for the government to consider seriously the options around pension flexibility.

- The members of both remit groups continue to be well-motivated. This reflects their commitment to public service and the challenges and interest of their work. We are, however, seeing more indicators of low morale in both the remit groups and the feeder groups from which they are recruited. While remit group members continue to believe that their jobs are important and worthwhile, many are becoming frustrated. They have high workloads and there is some evidence that, after 10 years of below-inflation pay rises, many feel undervalued by the government.
- We continue to stress the need for the government to take a more strategic approach. We believe that annual pay settlements need to be considered by employers in the context of their long-term objectives, their future operating model, and the reward and workforce strategies needed to support them. There should be more focus on maximising outcomes for lowest cost and less fixation on limiting basic pay increases across the board. While there have been steps in the right direction, progress in taking a more strategic approach, as assessed against our strategic priorities, has remained disappointing.<sup>5</sup>
- We are pleased at the improving robustness and quality of the data that we receive. Better data is crucial to enable the SSRB to offer sound advice on targeting limited resources to maximise outcomes and to provide early warning of problem areas and risks.

### *The senior civil service*

6. It has been useful to see the emerging plans for the development of a new SCS framework. However, we still feel there is a shortage of concrete proposals for reform. We would like to see greater pace and more commitment to a timetable for implementing change. We are additionally concerned that the current proposals may result in an over-complicated system that will create new problems and lead to further demoralisation of the workforce. We believe that the biggest current problem remains the lack of any form of pay progression in the SCS. We therefore recommend that the government develops and invests in a credible, robust and simple pay progression system for the SCS as a priority.

### *Senior Officers in the Armed Forces*

7. We acknowledge the increasingly difficult environment in which members of the senior military work. We also note their perception that the rewards from a career in the military are steadily declining in relation to equivalent roles in the civilian sector. We continue to highlight the increasing impact of pension taxation changes and their potential to affect individuals' decisions to remain in the military or accept promotion. Recruitment to the senior military is exclusively by progression from the feeder group. External recruitment is not an option. Significant rises in outflow rates would inflict considerable and long-lasting damage. The monitoring of recruitment and retention, in relation to both the numbers and the quality of personnel, together with long-term workforce planning, is therefore vital. This applies to the feeder group as well as to the remit group itself. For this reason, we welcome the Ministry of Defence's commitment to improve its evidence base on why members of the remit group and feeder group choose to leave the Armed Forces.

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<sup>5</sup> Our strategic priorities were first highlighted in our 2016 Report. These are set out in box 1.1. This is the third year remit groups have been assessed against them.

### *The judiciary*

8. We have previously noted that the SSRB can add significant value by undertaking periodic, detailed reviews of reward structures. We were therefore encouraged by the government's request to carry out a Major Review of the Judicial Salary Structure. We submitted our Report in September 2018. Four successive Lord Chancellors have assured us that the government would consider our recommendations seriously and in a timely fashion. However, at the time of writing, the government has yet to respond.

### *Executive and Senior Managers in the NHS*

9. We await the outcome of the government's review of whether to expand the SSRB's remit to advise on all senior managers working across the NHS, which we would welcome.

## Summary of recommendations

### Chapter 2: Pensions and total net remuneration

**Recommendation 1:** We again recommend that pension flexibility should be examined as a matter of urgency with the aim of reducing the perverse incentives<sup>6</sup> that senior public sector employees may be facing.

### Chapter 4: The senior civil service

**Recommendation 2:** We recommend an increase to the SCS paybill of 2.2 per cent, which should be allocated in accordance with the recommendations and priorities set out below:<sup>7</sup>

- Priority 1: To address the lack of pay progression and anomalies.
- Priority 2: To increase the pay band minima.
- Priority 3: To provide a pay increase to all those not benefitting from the increase to the minima.
- Priority 4: To help fund specialist pay.

**Recommendation 3 (Priority 1):** We recommend that 0.9 per cent of the paybill should be allocated to address pay progression and anomalies. This should be distributed to SCS members dependent on:

- Demonstration of sustained high performance, increased effectiveness and deepened expertise.
- Their position in the pay range.

This allocation to address pay progression and anomalies should be ring-fenced.

**Recommendation 4:** The Cabinet Office should provide evidence to demonstrate, in accordance with Recommendation 3, that the application of the award has resulted in higher awards to those:

- who demonstrated evidence of sustained high performance, increased effectiveness and deepened expertise; and
- who were relatively low in the pay range.

**Recommendation 5 (Priority 2):** We recommend that 0.2 per cent of the paybill should be used to increase the pay band minima from April 2019 to the following levels:

- Pay band 1: £70,000 (currently £68,000)
- Pay band 2: £92,000 (currently £90,500)
- Pay band 3: £115,000 (currently £111,500)

<sup>6</sup> Employees may face incentives to work shorter hours, decline promotion or retire early.

<sup>7</sup> Those SCS members who are currently subject to performance improvement measures should not receive any increase in pay. Therefore, the recommendations should not be applied to these staff until they have exited such measures.

**Recommendation 6:** We recommend that the pay band maxima should be reduced from April 2019 to the following levels:

- Pay band 1: £102,000 (currently £117,800)
- Pay band 2: £136,000 (currently £162,500)
- Pay band 3: £167,500 (currently £208,100)

**Recommendation 7 (Priority 3):** We recommend that all eligible SCS members not benefitting from the increase to the minima should receive a 1 per cent pay award. Those SCS members who benefit by less than 1 per cent from the minima increase, should receive an additional consolidated pay award to total 1 per cent.<sup>8</sup>

**Recommendation 8 (Priority 4):** We recommend that 0.2 per cent of the paybill should be allocated to help fund specialist pay, with the proviso that there is strong central control and consistency in how departments use these funds. If not all of the allocation is needed, it should be used in support of Recommendation 3.

**Recommendation 9:** We recommend that the government should develop and invest in a credible, robust and simple pay progression system as a priority in 2019-20, for implementation in 2020-21.

### *Chapter 5: Senior Officers in the Armed Forces*

**Recommendation 10:** We recommend that all members of the senior military, including Medical Officers and Dental Officers (MODOs), should receive a 2.2 per cent consolidated increase to base pay.

**Recommendation 11:** We recommend that the minimum guaranteed increase to base pay (excluding X-Factor) on promotion from 1-star to 2-star does not fall below 10 per cent.

**Recommendation 12:** We recommend no change to the current pay arrangements for MODOs:

- 2-star MODOs should continue to be paid 10 per cent above the base pay at the top of the MODO 1-star scale, plus X-Factor.
- 3-star MODOs should continue to be paid 5 per cent above 2-star MODO base pay, plus X-Factor.

<sup>8</sup> We estimate this would represent an increase of 0.9 per cent to the paybill as it would not apply to everyone.

### Box 1.1: Strategic priorities

- **Total reward:** In making pay recommendations, the SSRB needs to consider a range of factors alongside basic pay and bonuses, including pensions, relative job security and the value of benefits in kind.
- **Pay and workforce strategy:** Departments need to be clear about their long-term objectives, their future operating model and the pay and workforce strategy required to support them. Annual changes to pay need to be linked to longer-term strategy.
- **Focus on outcomes:** There should be more focus on maximising outcomes for lowest cost and less fixation on limiting basic pay increases across the board.
- **Action on poor performance:** Greater analysis is required of where value is being added and action taken where it is not.
- **Performance management and pay:** There needs to be demonstrable evidence that appraisal systems and performance management arrangements exist and are effective, and of a robust approach to reward structure and career development.
- **Better data:** Better decision-making requires better data, particularly in respect of recruitment, retention and attrition. Emerging issues and pressures need to be identified promptly and accurately so that appropriate action can be taken.
- **Feeder groups:** The feeder groups that will supply the next generation of senior public sector leaders must be closely monitored. The data relating to them needs careful scrutiny for early warning signs of impending problems.
- **Targeting:** Where evidence supports it, pay should be targeted according to factors such as the level of responsibility, job performance, skill shortages and location.
- **Central versus devolved tensions:** Tensions that exist in the system that hinder the development of a coherent workforce policy, such as between national and local control, need to be explicitly recognised and actively managed.
- **Diversity:** The senior workforces within our remit groups need to better reflect the society they serve and the broader workforce for which they are responsible.

# Chapter 1

## Report overview

### Context

- 1.1 In recent years, we have encouraged the sponsoring departments of our remit groups to take a more strategic approach to their pay and workforce strategies. We believe that annual pay settlements need to be considered by employers in the context of long-term objectives, their future operating model, and the reward and workforce strategies needed to support them. There should be more focus on maximising outcomes for lowest cost and less fixation on limiting basic pay increases across the board. Our strategic priorities were first set out in our 2016 Report. This is the third year we have assessed our remit groups against them. While there have been steps in the right direction, overall progress has been disappointing. We return to this issue in paragraph 1.17 below.
- 1.2 Following the financial crisis, many private sector workers as well as public sector groups experienced zero or low pay rises, redundancy or job insecurity. However, there has been a recent increase in private sector earnings, with median annual pay settlements at 2.5 per cent in both 2018 and 2019 across the private sector. Last year, median public sector pay settlements amounted to 2 per cent.
- 1.3 Pensions constitute a significant and important element of the remuneration packages of public sector workers. Although still relatively generous, public sector pensions have become less valuable in recent years. This is due to a combination of the 2015 public sector pension amendments and changes to pension taxation, which have particularly affected senior employees in both the private and public sectors.
- 1.4 For a number of years, our remit groups, in common with other public sector workers, experienced a 1 per cent cap on pay increases. In 2018, the government announced its intention to move away from that cap. However, government departments did not provide specific pay proposals for our remit groups. We therefore made our 2018 recommendations based on the evidence we received: 2.5 per cent for the senior civil service (SCS), senior military and judiciary,<sup>9</sup> and increases of £5,000 for the bottom four police and crime commissioner (PCC) pay levels.<sup>10</sup> None of these evidence-based pay recommendations was accepted in full, with the government awarding pay awards of between 1.5 to 2 per cent to our remit groups. We have not been given clear reasons for the rationale behind these decisions. Furthermore, our recommendation for the SCS emphasised the need to target a significant part of the pay award to address anomalies in the system. This element of the pay award was reduced, thereby markedly diminishing its effect.
- 1.5 We completed our Major Review of the Judicial Salary Structure in September 2018. At the time of writing, the government has yet to respond.

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<sup>9</sup> We proposed that all our pay recommendations from the Major Review of the Judicial Salary Structure ran with effect from April 2018. However, the government asked us to make a holding recommendation for a judicial annual pay increase for 2018-19 that could be announced and implemented in advance of the government's response to the full Report. The recommendation for the judiciary was contained in a letter from the Chair of the SSRB to the Prime Minister dated 28 September 2018. See: <https://www.gov.uk/government/publications/major-review-of-the-judicial-salary-structure-2018>

<sup>10</sup> In 2018, we were not asked to make recommendations for chief police officers or Executive and Senior Managers in the NHS. The evidence we considered and the rationale for our recommendations are set out in full in our last Report, 40th Annual Report on Senior Salaries 2018. See: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/740064/Fortieth\\_Annual\\_Report\\_on\\_Senior\\_Salaries\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/740064/Fortieth_Annual_Report_on_Senior_Salaries_2018.pdf)



## General themes

- 1.6 For the reasons noted in the summary, our Report this year focuses on just two of the six remit groups specified within our terms of reference: the SCS and the senior military. We make the following observations based on our consideration of these two groups.

### *Affordability*

- 1.7 In November 2018, the Chancellor of the Duchy of Lancaster wrote to the Chair of the SSRB to confirm the SSRB's remit in relation to the SCS for 2019-20.<sup>11</sup> The letter set out the government's need to balance fair pay for public sector workers with protecting funding for frontline services and ensuring affordability for taxpayers. Although we did not receive a remit letter for the senior military, we understand that this request was common across all pay review bodies and remit groups.
- 1.8 It has been normal practice for sponsoring departments to set out the budget they have for paybill increases and to provide us with their own thoughts on pay awards. This year, they have asked us to bear in mind 'affordability' as a general principle. As required by our terms of reference, we already do so. However, to calibrate our recommendations to our own assessment of affordability does not seem possible or sensible to us. It would require us taking a view about overall spending levels and making a number of 'political' decisions about competing priorities. We would prefer departments, on behalf of the government as a whole, to set out what they think is affordable in the round and over time, not just what is allocated in a single year's pay budget. This should lead to pay proposals from departments that are fully evidence-based and against which we can assess the data we receive on recruitment, retention, motivation and morale.
- 1.9 In the proposals we received, there was scant evidence on affordability and very little in the way of pay proposals. The Cabinet Office provided us with an indication of the funds that departments could afford above the 1 per cent budgeted in the last Spending Review. However, at the time of writing, we have not been provided with a pay proposal for the SCS. The Ministry of Defence (MoD) did not provide any information on affordability or a pay proposal.
- 1.10 In both cases, the SSRB was asked to consider compatibility with what was recommended or negotiated for the rest of the military and the civil service.<sup>12</sup> We are of course mindful, to the extent that we are aware of them, of awards in other parts of the public sector. However, we do not believe that simply following pay awards given elsewhere can be consistent with our duty to consider all the evidence put before us about our remit groups. Our focus is necessarily on what is required to recruit and retain enough senior leaders of suitable quality.
- 1.11 Our terms of reference include "having regard to government policies for improving the public service and the requirement on departments to meet the output targets for the delivery of public services". We believe that the government should consider affordability from a longer-term and wider-business perspective, rather than simply as an annual budgeting matter. Focussing solely on limiting annual pay awards does not lead to the best long-term results, either in terms of the recruitment and retention of high quality staff or in terms of business outcomes.
- 1.12 We stress that a short-term approach can lead to higher long-term costs. For example, demotivation of staff can result in higher turnover rates, which reduce efficiency and productivity. This was illustrated in the recent report by the Institute for Government

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<sup>11</sup> This letter and the Chair of the SSRB's response are reproduced in Appendices D and E.

<sup>12</sup> The MoD asked that the pay award be "presentationally consistent with, and linked to, the main award". The Cabinet Office asked that the "headline figure for the SCS should not be higher, on average, than that agreed for delegated grades through the annual pay remit guidance".

(IfG), which explored the effect of excessive internal staff turnover in the civil service, an issue about which the SSRB has previously raised concerns. The IfG estimated this cost to be between £36 million and £74 million each year in terms of recruitment, training and lost productivity.<sup>13</sup> To put this in context, a 2.5 per cent increase to the SCS paybill would cost approximately £13.3 million.

- 1.13 We would therefore encourage departments to focus on the efficiency and effectiveness of the public services they deliver and produce proposals setting out where innovative action over pay could support this. We consider this is an important aspect of affordability and discuss it in more detail in the individual remit group chapters.

### *Pensions*

- 1.14 Compared to many private sector equivalents, the pension constitutes a more important element of the remuneration package for our remit groups. Pension changes are of increasing concern to both the SCS and the senior military. These concerns are largely a result of pension taxation policy. Due to the interplay of the annual and lifetime allowances, high marginal tax rates are arising for many in our remit groups. There are now incentives for people to leave service earlier or decline promotion and these are starting to influence individual behaviour. We therefore believe there is a risk that the recruitment and retention position could deteriorate rapidly, particularly in the feeder groups.
- 1.15 It is beyond our remit to make recommendations on taxation or pension policy. However, where this affects the recruitment, retention and motivation of public sector workers, it is a matter of concern to us. Over the last three years, we have looked in detail at the effect of pension taxation on the remuneration of our remit groups and have highlighted its negative impact in successive Reports.<sup>14</sup> This year, we have carried out detailed modelling of the changes in take-home pay and total net remuneration over the last decade for representative roles.<sup>15</sup> We consider that total net remuneration is the most comprehensive, and therefore the most appropriate, measure of remuneration because it takes account of both taxation and pension contributions, as well as pension benefits accrued in the year.
- 1.16 Our analysis shows that SSRB remit group members have seen a reduction in total net remuneration due to the changes in the pension tax regime, even before taking into account reductions in the lifetime allowance. In addition, there has been a long period of below-inflation pay rises. This could well be detrimental to future retention and recruitment. It is certainly already affecting morale. The effects are likely to increase as individuals in feeder groups become more aware of the detailed workings of the pension tax regime. As we saw with the judiciary, it is possible that recruitment and retention can deteriorate quickly if behaviour changes in the feeder groups. This looming problem was very much in evidence from the discussions we had in oral evidence this year, as set out in the individual remit group chapters. **We therefore urge the government to consider**

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<sup>13</sup>Moving on: The cost of high turnover in the civil service. See: <https://www.instituteforgovernment.org.uk/publications/moving-on-staff-turnover-civil-service>

<sup>14</sup>39<sup>th</sup> Annual Report on Senior Salaries 2017 (Chapter 2). See: [www.gov.uk/government/publications/senior-salaries-review-body-report-2017](http://www.gov.uk/government/publications/senior-salaries-review-body-report-2017); 40<sup>th</sup> Annual Report on Senior Salaries 2018 (Appendix G). See: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/751903/Supp\\_to\\_the\\_SSRB\\_Fortieth\\_Annual\\_Report\\_2018\\_Major\\_Review\\_of\\_the\\_Judicial\\_Salary\\_Structure.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751903/Supp_to_the_SSRB_Fortieth_Annual_Report_2018_Major_Review_of_the_Judicial_Salary_Structure.pdf); and Supplement to the 40<sup>th</sup> Annual Report on Senior Salaries 2018. See: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/751903/Supp\\_to\\_the\\_SSRB\\_Fortieth\\_Annual\\_Report\\_2018\\_Major\\_Review\\_of\\_the\\_Judicial\\_Salary\\_Structure.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751903/Supp_to_the_SSRB_Fortieth_Annual_Report_2018_Major_Review_of_the_Judicial_Salary_Structure.pdf)

<sup>15</sup>See: Appendix A. Take-home pay is defined as annual gross pay (base pay plus any allowance) less employee national insurance contributions, income tax, employee pension contributions and any annual allowance tax charge. Total net remuneration is calculated as take-home pay plus the value of the additional amount added to the annual pension during the year.

seriously the options around pension flexibility.<sup>16</sup> We set out some possibilities in our previous Reports.<sup>17</sup> The issues are discussed further in Chapter 2.

## Strategic priorities

1.17 In recent years, the SSRB has encouraged a more strategic approach to pay. Our strategic priorities were designed to assist departments to focus on the areas where action is needed in respect of reward for their senior employees. Workforce matters need to be considered in the context of long-term objectives, the future operating model, and the pay and workforce strategies required to support them. Annual changes can then be shaped as incremental steps in a consistent direction. There should also be more focus on maximising outcomes for lowest cost and less fixation on limiting basic pay increases across the board.

1.18 An assessment of our remit groups' position in relation to our strategic priorities is set out in table 1.1 at the end of this chapter. We recognise the intention of the Cabinet Office and the MoD to address these issues and welcome their consideration of our strategic priorities in their evidence. There continues to be improvement in some areas. In particular, both departments have provided better workforce data. Nonetheless, this is the third year that there has been little or no tangible progress against some of the priorities. For example:

- There continues to be unresolved tension between national and departmental control within the SCS pay framework. While the Cabinet Office has sought to articulate how it sees the system operating, we are concerned that some of the proposals it has made will actually exacerbate the current problem. There are also tensions between a UK-wide SCS and the pay policies of the devolved administrations.
- The current performance management system in the SCS continues to be ineffective. We acknowledge that the Cabinet Office is beginning to take steps to address our concerns. However, progress in developing a robust approach to reward and career development is long overdue.
- There have been improvements to workforce data for the senior military. However, it is crucial that the MoD identifies better ways to track individual careers and measure the quality of the remit and feeder groups. Better exit interview data and more assessment of whether the feeder group is sufficient to meet future needs are also required.
- There has been little improvement in the diversity of the senior military. However, we recognise that positive steps and considerable efforts are being made to improve the diversity profile of the Armed Forces and that it will take time for changes in the recruitment of women and people from BAME backgrounds to feed through to the senior military. We also note the appointment of the first woman 3-star officer.

## The value and better use of the SSRB

1.19 In our 2018 Report, we commented on our own role and considered how the government could make better use of the SSRB. In particular, we called for a single

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<sup>16</sup>We note the impact this is having elsewhere in the public sector, particularly the NHS, the potential for which was highlighted by the Review Body on Doctors' and Dentists' Remuneration in their 2018 Report. More recently, see: *Time for a triple tax bypass to get doctors off the critical list*, John Ralfe, The Sunday Times March 10 2019.

<sup>17</sup>39<sup>th</sup> Annual Report on Senior Salaries 2017 (Chapter 2). See: [www.gov.uk/government/publications/senior-salaries-review-body-report-2017](http://www.gov.uk/government/publications/senior-salaries-review-body-report-2017); 40<sup>th</sup> Annual Report on Senior Salaries 2018 (Appendix G). See: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/751903/Supp\\_to\\_the\\_SSRB\\_Fortieth\\_Annual\\_Report\\_2018\\_Major\\_Review\\_of\\_the\\_Judicial\\_Salary\\_Structure.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751903/Supp_to_the_SSRB_Fortieth_Annual_Report_2018_Major_Review_of_the_Judicial_Salary_Structure.pdf); and Supplement to the 40<sup>th</sup> Annual Report on Senior Salaries 2018. See: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/751903/Supp\\_to\\_the\\_SSRB\\_Fortieth\\_Annual\\_Report\\_2018\\_Major\\_Review\\_of\\_the\\_Judicial\\_Salary\\_Structure.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751903/Supp_to_the_SSRB_Fortieth_Annual_Report_2018_Major_Review_of_the_Judicial_Salary_Structure.pdf)

ministerial lead on senior public sector pay, mirroring the Review Body's span of responsibility. We explained that this was needed to help the government adopt a more strategic approach to pay and reward. We still await the opportunity to discuss this further with the government and as yet we have had no response to our proposals.

1.20 We do note, however, the following positive developments:

- The Cabinet Office sought engagement with us earlier in the round than is normally the case on the development of the SCS pay reforms and provided discussion papers to elicit our views. We welcome this level of engagement.
- We welcome the MoD's commitment to carry out longitudinal studies of individuals' career pathways<sup>18</sup> to improve the evidence base of the quality of those remaining in Service as against those leaving. The MoD and our secretariat will also be seeking improved career-tracking data.
- We were encouraged by the request to carry out a Major Review of the Judicial Salary Structure. We believe it exemplifies the value the SSRB can bring in delivering periodic, wide-ranging strategic reviews of senior pay-related issues.

1.21 We note that the Department of Health and Social Care (DHSC) is considering the expansion of the SSRB's remit to include advising on the pay of all senior managers working across the NHS. Should this be agreed, we would consider this to be a positive development. The SSRB could deliver significant value and help facilitate a strategic and coherent approach to reward.

### **The senior civil service**

1.22 For a number of years, we have highlighted the need for an urgent and fundamental review of the SCS pay framework to address the serious flaws in the system. We have also highlighted that pay proposals have been too fixated on limiting basic annual pay increases and that there has been too little attention focussed on maximising outcomes for lowest cost.

1.23 In the evidence for our 2018 Report, the government presented the findings from its review of the SCS pay system and its proposals to move towards a future pay framework. This formed part of the government's vision for a future SCS workforce. This year, the government has provided further articulation of what a new framework would look like, stating that it wants a pay system which supports the senior leadership cadre in the civil service and meets the challenges of the future.

### *Government proposals for reform*

1.24 The government said that its objective for this year's pay award was to move towards the new pay framework, aligned to the core principles it identified last year.<sup>19</sup> There was a particular focus on specialist pay, capability-based pay progression, Director General pay and performance management.

1.25 In its evidence, the government set out its commitment to developing a new pay framework. We recognise the inherent cultural and structural difficulties that need to be overcome to achieve this. In general, we welcome the direction of travel. However, we note a shortage of concrete proposals for structural reform. We would like to see:

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<sup>18</sup>These would track individuals over time to see how their careers have progressed.

<sup>19</sup>The government's stated principles are to move to a set of consistent pay ranges by professional grouping over time; to provide greater reward for high performers and those who develop capability by remaining in role; and to provide clearer rules and control on how people move through and around the SCS pay system.

- A greater pace of reform and more commitment to a timetable for implementing change.
- More urgent action in the short term to address long-standing problems, to alleviate low morale and to incentivise greater productivity through longer tenure in post.
- Simpler proposals which are easy to understand and implement and avoid the risk of creating new problems.

1.26 In the last three years, we have become increasingly conscious of the tension between the centre of government wishing to control the pay system and the delegation of responsibility to departments. Following a request in our 2018 Report, the government set out in written evidence how it saw the system operating, with departments having the flexibility to address issues specific to their areas within centrally defined principles and Cabinet Office controls. We welcome this clarification but caution that the rules need to be clearly set out and mechanisms put in place to monitor adherence to them. Overall, we consider that there remains a lack of clarity between central control and departmental responsibility for SCS pay.

1.27 In terms of the specific government proposals that have been made:

- We support the proposals to raise the minima and reduce the maxima for all pay bands. We have been encouraging the government to move in this direction for a number of years.
- We believe that the government continues to underplay the strong evidence of a problem with individuals moving roles too frequently *within* the SCS (also described as ‘churn’). We understand the issue is under review. We think it should be prioritised and we therefore address this in our pay proposals.
- Churn is the main reason we wish to see faster progress in the development of a capability-based progression model. However, we strongly urge the government to keep the model simple, durable and accessible for the majority of the SCS. It should set achievable salary expectations and be easy to understand. This will support individuals remaining in post for longer, which is a key principle of the government’s vision for a reformed SCS pay system. **The development of, and investment in, a credible, robust and simple pay progression system should be a priority for 2019-20 for implementation in 2020-21.**
- Specialist pay for those with highly marketable professional skills and qualifications in areas such as digital, data and technology (DDaT), finance or property is important. However, it affects a minority of the SCS. We believe that specialist pay needs to be addressed by departments within a centralised framework. We stress, however, that the development of specific specialist pay ranges or allowances should not take precedence over the establishment of a pay progression system applicable to all.
- We support the principle of non-consolidated awards to reward high performance and believe they should continue to be used where available. We welcome the removal of the forced distribution for performance management. However, we would like to receive more details of how the government plans to ensure oversight and control of the application of these awards to ensure fairness and consistency.
- We endorse the government’s approach for Director General pay this year. This is on the proviso that the new pay committee is focused on handling the pay of individuals, while the SSRB retains the strategic and pay review role for the group as a whole.
- We would welcome further consideration of the Pivotal Role Allowance (PRA) process and whether it could be brought into line with the streamlined process for EU exit retention payments.

## *Pay recommendations for 2019-20*

- 1.28 While recruitment remains stable overall, there are pockets of concern emerging. These include recruitment challenges in some specialist areas and concerns from the internal feeder group on whether the SCS remuneration package and the associated pension tax implications are worth the increase in responsibility. The effect of these concerns on internal recruitment to the SCS needs to be monitored closely, as the situation could change rapidly. We welcome signs that this is starting to be taken seriously.
- 1.29 In terms of SCS retention, there is no significant outflow. However, there continues to be strong evidence of a problem with internal churn. We are concerned about the effect of churn on SCS productivity, on the availability of expertise and on the ability of the SCS to lead and complete implementation projects effectively. Ultimately, churn leads to higher long-term costs, as quantified by the IfG Report.<sup>20</sup> The conclusions reached by the IfG echoed ones we have been highlighting for a number of years. **We think that the right balance needs to be found between controlled movement between roles as part of a structured approach to developing talent and managing careers, and uncontrolled movement driven by individual preferences and higher financial reward. Pay incentives should align better to support that balance. We would like to see further evidence on this next year, including data on rates of controlled movement and rates of undesirable churn.**
- 1.30 The remit letter from the Chancellor of the Duchy of Lancaster asked us to consider affordability.<sup>21</sup> The government told us that 1 per cent was budgeted for basic pay increases. The Minister for Implementation confirmed in oral evidence that some departments could afford up to 2 per cent. The government's evidence said that the headline figure for the SCS should not be higher than that agreed for the delegated grades. At the time of writing, we have not been advised what that figure is.
- 1.31 We note the absence of any marked recruitment and retention issues. However, there has been a prolonged period of pay restraint, during which our remit group has received pay awards below the increases in the cost of living. At present, the annual growth in public sector average weekly earnings is 2.6 per cent and the CPI inflation rate is 1.9 per cent.<sup>22</sup> We also note that the Minister for Implementation stated in oral evidence that below-inflation pay rises should not be accepted as the new norm. In addition, we are concerned that the morale of this remit group is low. There is an increasing sense that members feel undervalued by their employer and we are concerned that this may be damaging staff effectiveness. On the basis of all of these factors, it is our view that all eligible members of the SCS should get some form of pay award this year.<sup>23</sup> However, we believe that the pay award should be focussed on allocating funding to enable pay progression for those high performing members who have been developing capability, particularly those who have been stuck in the lower end of the pay range for some time.
- 1.32 **We therefore conclude that a 2.2 per cent increase in the SCS paybill is needed.** This paybill increase should be apportioned in order of priority as follows:
- 0.9 per cent of the paybill should be used to address pay progression and anomalies. This should be used to enable progression for those members who have been developing capability, who are low in their pay range and who have not seen significant pay rises in recent years. It also needs to address anomalies, including

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<sup>20</sup> See: <https://www.instituteforgovernment.org.uk/publications/moving-on-staff-turnover-civil-service>

<sup>21</sup> See: Appendix D.

<sup>22</sup> Annual growth in public sector average weekly earnings: 2.6 per cent (three months to February 2019). CPI inflation: 1.9 per cent (March 2019).

<sup>23</sup> Those SCS members who are currently subject to performance improvement measures should not receive any increase in pay. Therefore, the recommendations should not be applied to these staff until they have exited such measures.

rewarding those with sustained high performance and who have increased their effectiveness and deepened their expertise. **Given that the priority for funding this year should be to address pay progression and anomalies, this allocation should be ring-fenced.**

- 0.2 per cent of the paybill should be used to increase the pay band minima.
- Those SCS members not benefitting from the increase to the minima (with the exception of those on performance improvement measures) should receive a 1 per cent pay award. We estimate this would represent an increase of 0.9 per cent to the paybill as it would not apply to everyone.<sup>24</sup>
- 0.2 per cent of the paybill should be allocated to help fund specialist pay. However, this is with the proviso that there is strong central control and consistency in how departments use these funds.

1.33 We are grateful for the opportunity to see the emerging plans from the Cabinet Office for the development of a new SCS pay framework which they have shared with us over the last year. This engagement has been helpful to expose the government's thinking and we appreciate the effort and commitment that has gone into it. We look forward to receiving and discussing with the Cabinet Office more developed proposals on the structure and reform of the SCS pay framework over the next year. However, while we recognise the government's intention to implement a long-term vision, our Report stresses that some immediate steps are necessary to address the pay issues currently affecting the majority of the SCS.

### Senior Officers in the Armed Forces

1.34 The evidence shows that recruitment and retention of the senior military remains at satisfactory levels. At present, the senior military appears to be able to attract sufficient numbers of personnel from the feeder group and there is no evidence of a decline in the quality of these individuals.

1.35 However, evidence from the results of the 2018 Armed Forces Continuous Attitude Survey (AFCAS) and from the discussion groups we held with members of the senior military, indicates a decline in the level of morale.

1.36 We remain concerned that members of the remit group and the feeder group perceive that the rewards from a career in the military are steadily declining in comparison to equivalent roles in the civilian sector. This, together with the increasing impact of pension taxation changes, could adversely affect individuals' decisions to remain in the military or accept promotion. We share the MoD's concern that this could lead to a decline in the number and quality of those available to fill the most senior roles.

1.37 Recruitment to the senior military is exclusively by progression from the feeder group. External recruitment is not an option. Significant rises in outflow rates would therefore inflict considerable and long-lasting damage through the loss of experienced people who cannot quickly be replaced. The monitoring of recruitment and retention, in relation to both the numbers and the quality of personnel, together with long-term workforce planning, is therefore vital. This applies to the feeder group as well as to the remit group itself.

1.38 We therefore welcome the MoD's intention to improve its evidence base. We stress that information is needed on the quality of those leaving and remaining in Service, and the factors affecting decisions to leave the Armed Forces by members of the senior military and the feeder group.

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<sup>24</sup> Those SCS members who benefit by less than 1 per cent from the minima increase should receive an additional consolidated pay award to make a total of 1 per cent.

- 1.39 We note the MoD's desire for the recommendation for the senior military to be "presentationally consistent" with the pay award recommended by the Armed Forces' Pay Review Body (AFPRB) again this year. This is particularly in relation to maintaining the minimum 10 per cent increase in base pay on promotion from 1-star to 2-star. There are, however, currently no recruitment and retention issues in the senior military, unlike elsewhere in the Armed Forces. The SSRB acknowledges that the increase to take-home pay on promotion from 1-star to 2-star has declined in recent years. If different pay awards are made to the AFPRB and SSRB remit groups, we suggest the MoD considers our other proposals for maintaining the 10 per cent increase to pay on promotion.<sup>25</sup>
- 1.40 The SSRB acknowledges the increasingly difficult environment in which members of the senior military work and the current demands placed on them, and their families, in terms of the tempo of deployments and the relentless workloads.
- 1.41 The above considerations lead us to recommend an across the board consolidated pay award of 2.2 per cent for all members of the senior military.
- 1.42 We note that some components of the X-Factor appear to be affecting members of the senior military to a greater extent than previously. This is because of the increasing likelihood of overseas deployments and heavier workloads. We therefore propose to work with the MoD and the AFPRB during the next round to gather evidence and consider whether changes to the X-Factor taper arrangements for senior officers, both within the AFPRB's remit group and within our remit group, are required.

### **Other SSRB remit groups**

- 1.43 Four groups mentioned within our terms of reference are not reviewed in detail in this Report.

### *The judiciary*

- 1.44 In September 2018, we submitted our Major Review of the Judicial Salary Structure.<sup>26</sup> Running a Review of this kind necessitated a different approach to that taken for our annual pay reviews. Over a two-year period, we gathered and analysed evidence and engaged with all levels of the judiciary across the UK. This was a significant and resource-intensive undertaking, for the SSRB and our secretariat, as well as for the judiciary and the government. We are grateful for the efforts and support of all those involved.
- 1.45 At the time of writing this Report, the government has not yet published its response to the Major Review. While we appreciate that some time is needed to consider such complex issues rigorously, we were given commitments by four successive Lord Chancellors that the government would consider our recommendations seriously and in a timely fashion. In this context, and given the considerable efforts of all those involved, we are therefore disappointed by the lack of a response. We also note that it is now 12 years since the government last took action in respect of a major review of judicial pay.
- 1.46 We have also not received a request to consider an annual pay award for the judiciary for 2019-20. Our Major Review made recommendations up to 2018-19 and the annual pay award for 2018 for the judiciary was less than we recommended.<sup>27</sup>
- 1.47 Our Report highlighted unprecedented difficulties in recruiting high quality legal professionals to the judiciary. We recommended pay increases to address these. We fear

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<sup>25</sup> See: paragraph 5.84.

<sup>26</sup> Supplement to the 40<sup>th</sup> Annual Report on Senior Salaries 2018. See: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/751903/Supp\\_to\\_the\\_SSRB\\_Fortieth\\_Annual\\_Report\\_2018\\_Major\\_Review\\_of\\_the\\_Judicial\\_Salary\\_Structure.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751903/Supp_to_the_SSRB_Fortieth_Annual_Report_2018_Major_Review_of_the_Judicial_Salary_Structure.pdf)

<sup>27</sup> The government reduced the SSRB's recommendation of 2.5 per cent to 2 per cent.



that, in the absence of government action, the difficulties may have worsened. The knock-on effects are increasing delays to cases and damage to the UK's reputation and attractiveness as an international centre for justice.

- 1.48 In the Major Review, we made observations on a number of issues, which, while not directly pay related, were relevant to judicial recruitment and retention. We are encouraged by the efforts of the Lord Chief Justice in respect of some of these non-pay matters. We believe the Major Review exemplifies the value that the SSRB can bring in delivering periodic, wide-ranging strategic reviews of senior pay-related issues. An update of these non-pay issues is provided in Chapter 6.

### *Police and Crime Commissioners*

- 1.49 In our 2018 Report, we carried out the first full review of police and crime commissioners' (PCC's) pay since the establishment of the role in 2011. For that review, the Home Office asked us to look at three specific areas, all of which we addressed. Our main recommendations were not accepted and we have not received a satisfactory response from the Home Office as to why this was the case. It is not therefore clear to us what the Home Office wanted the review to achieve. An update is provided in Chapter 7.

### *Executive and Senior Managers in the NHS*

- 1.50 The government accepted the SSRB's 2017 recommendation that it needed to develop a coherent proposition on how best to set the pay of Executive and Senior Managers (ESMs) in the DHSC's Arm's Length Bodies. We felt that the remit group was incoherently structured as it currently stands and that trying to treat it as a separate workforce was neither practical nor sensible.
- 1.51 A scoping study conducted by the DHSC looked at whether the SSRB's remit should be extended to include all senior health service managers. The DHSC is currently considering how to proceed. Should the decision be taken to expand this remit group, we consider that the SSRB could add significant value by looking at the senior health labour market as a whole. This would facilitate a more strategic and coherent approach to reward. However, considerable preliminary discussion with the DHSC and NHS organisations would be needed, before we were able to carry out a proper review. An update is provided in Chapter 8.

### *Chief Police Officers*

- 1.52 In 2017, the Home Office advised the SSRB that, for the following two pay rounds, chief police officer pay would be considered by the Police Remuneration Review Body. The rationale for this was to enable the development of, and transition to, a new pay structure for the police as a whole. Given that chief police officers are being covered by another Pay Review Body this year, we do not include a chapter on them in this Report.
- 1.53 The second of these two pay rounds is now ending. We have sought clarification from the Home Office on their plans for the SSRB's future role, but with little success. We believe that there is a strong rationale for having a separate independent body to address senior public sector pay. **Moreover, the SSRB has a statutory responsibility to review chief police officer pay and we therefore expect the consideration of this remit group to return to the SSRB for the 2020-21 pay round, for which remit letters would be expected in autumn 2019.** We are mindful of the observations we made in our last review of chief police officer pay in 2017 in relation to inconsistencies in the pay system for this group and the fragile nature of both recruitment and morale.

Table 1.1: Assessment of position for remit groups<sup>1</sup> against the SSRB's strategic priorities<sup>2</sup>

<b>Key</b>	<b>Green:</b> Area of little concern	↑: Improving trajectory
	<b>Amber:</b> Area of some concern	↔: Stable trajectory
	<b>Red:</b> Area of significant concern	↓: Declining trajectory

SSRB priority	Assessment of position in 2019	
	Senior civil service	Senior Officers in the Armed Forces
<b>Pay and workforce strategy:</b> Departments need to be clear about their long-term objectives, their future operating model and the pay and workforce strategy required to support them. Annual changes to pay need to be linked to longer-term strategy.	There has been some further articulation of a new SCS pay framework. However, limited proposals have been received and there is concern that the pace of reform remains too slow.  ↔	A plan exists for future size and structure of the workforce, linked to strategic priorities.  ↔
<b>Focus on outcomes:</b> There should be more focus on maximising outcomes for lowest cost and less fixation on limiting basic pay increases across the board.	The Cabinet Office has said it is continuing to reinvest savings from operating more consistent pay policies. However, no figures have been provided as to what savings have been made to date.  ↔	This is a small cohort which provides limited scope for innovation in pay. Many roles are difficult to evaluate as outcomes are not easily measurable (e.g., operations/ defence engagement).  ↔
<b>Action on poor performance:</b> Greater analysis is required of where value is being added and action taken where it is not.	A review of poor performance has been conducted. The removal of forced rankings will enable clear differentiation between poor and low performers. However, there remain concerns that poor performance is not being properly addressed.  ↔	No evidence that it is an issue. Poor performance is tackled appropriately either by informal, appraisal, administrative or disciplinary action. There have been instances where individuals have been required to resign due to poor performance. Poor performers are also unlikely to be given a second posting.  ↑

SSRB priority	Assessment of position in 2019	
	Senior civil service	Senior Officers in the Armed Forces
<p><b>Performance management and pay:</b> There needs to be demonstrable evidence that appraisal systems and performance management arrangements exist and are effective, and of a robust approach to reward structure and career development.</p>	<p>There continues to be low staff confidence in the performance management system. Although a review has not been conducted, interim measures have been taken to address some aspects including the removal of forced rankings. However, the development of a robust approach to reward and career development is long overdue. If significant progress is not made in the next 12 months, we would expect to move this assessment to red next year.</p> <p style="text-align: center;">↔</p>	<p>The appraisal process is robust. Progression into the senior military is based on performance and potential. Annual increments are conditional on satisfactory performance.</p> <p style="text-align: center;">↑</p>
<p><b>Better data:</b> Better decision-making requires better data, particularly in respect of attrition, retention and recruitment. Emerging issues and pressures need to be identified promptly and accurately so that appropriate action can be taken.</p>	<p>We have received good and improved workforce data. However, better data on internal staff turnover is required. If this is not forthcoming next year, we would expect to move this assessment to amber.</p> <p style="text-align: center;">↔</p>	<p>There have been improvements to workforce data. However, it is crucial that the MoD identifies better ways to track careers and measure the quality of the remit and feeder groups. The MoD is working with the OME on this. Better exit interview data and more assessment of whether the feeder group is sufficient to meet future needs is also required.</p> <p style="text-align: center;">↔</p>
<p><b>Feeder groups:</b> The feeder groups that will supply the next generation of senior public sector leaders must be closely monitored. The data relating to them needs careful scrutiny for early warning signs of impending problems.</p>	<p>Some data on the motivation and pay of the feeder group has been provided.</p> <p style="text-align: center;">↔</p>	<p>The evidence showed that the situation is being kept under review: further analysis of data on the feeder groups was provided this year. However, there is a growing concern around retention. The MoD is working with the OME to identify better ways of tracking career paths of the feeder group and the quality of those that remain/leave.</p> <p style="text-align: center;">↔</p>

SSRB priority	Assessment of position in 2019	
	Senior civil service	Senior Officers in the Armed Forces
<b>Targeting:</b> Where evidence supports it, pay should be targeted according to factors such as the level of responsibility, job performance, skill shortages and location.	The evidence shows that most departments used the anomalies pot in 2018 to target awards. However, the size of the anomalies pot was reduced, thereby markedly diminishing its effect. The Cabinet Office has set out proposals and criteria for targeting 2019 awards.  ↔	n/a (targeting is argued to be inappropriate for this group.)
<b>Central versus devolved tensions:</b> Tensions that exist in the system that hinder the development of a coherent workforce policy, such as between national and local control, need to be explicitly recognised and actively managed.	There has been some articulation of where control in the system lies. However, there is concern that some of the proposals may exacerbate these tensions between the centre and departments. The tension between a UK-wide SCS and the devolved administrations' pay policies is a cause for concern.  ↔	No evidence that such tensions exist.  ↔
<b>Diversity:</b> The senior workforces within our remit groups need to better reflect the society they serve and the broader workforce for which they are responsible.	We have seen an improved performance on gender but it is still not satisfactory. We look forward to receiving data on socio-economic backgrounds next year.  ↔	Poor diversity profile, although considerable effort is being made to improve the position across the Armed Forces. There is a slight increase in the proportion of female personnel and BAME individuals in the feeder group which could eventually feed through to the remit group.  ↔

Notes:

- <sup>1</sup> This year, the SSRB was asked not to conduct an annual review of the judiciary, chief police officers, police and crime commissioners and Executive and Senior Managers in Arm's Length Bodies.
- <sup>2</sup> The focus of the first strategic priority, total reward, is for the SSRB rather than evidence providers to consider. It is therefore not included in this table.

# Review Body on Senior Salaries

## Terms of Reference

The Review Body on Senior Salaries (previously known as the Review Body on Top Salaries) was formed in 1971 and is appointed by the government to provide it with independent advice.

The government wrote to us in September 2014 to confirm changes to the SSRB's terms of reference to reflect:

- The transfer of responsibility for MPs' pay, allowances and pensions from the SSRB to the Independent Parliamentary Standards Authority following the 2009 Parliamentary Standards Act.
- The addition of Police and Crime Commissioners to the SSRB's remit in 2013.
- The addition of senior police officers in England, Wales and Northern Ireland to the SSRB's remit from 2014.
- The removal of the requirement to maintain broad linkage between the remuneration of the SCS, judiciary and senior military.

Our terms of reference are now as follows:

*The Review Body on Senior Salaries provides independent advice to the Prime Minister, the Lord Chancellor, the Home Secretary, the Secretary of State for Defence, the Secretary of State for Health and the Minister of Justice for Northern Ireland on the remuneration of holders of judicial office; senior civil servants; senior officers of the Armed Forces; Very Senior Managers in the NHS;<sup>1</sup> police and crime commissioners, chief police officers in England, Wales and Northern Ireland; and other such public appointments as may from time to time be specified.*

*The Review Body may, if requested, also advise the Prime Minister from time to time on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975. If asked to do so by the Presiding Officer and the First Minister of the Scottish Parliament jointly; or by the Speaker of the Northern Ireland Assembly; or by the Presiding Officer of the National Assembly for Wales; or by the Mayor of London and the Chair of the Greater London Assembly jointly; the Review Body also from time to time advises those bodies on the pay, pensions and allowances of their members and office holders.*

*In reaching its recommendations, the Review Body is to have regard to the following considerations:*

- *the need to recruit, retain, motivate and, where relevant, promote suitably able and qualified people to exercise their different responsibilities;*
- *regional/local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion of staff;*
- *government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;*
- *the funds available to departments as set out in the government's departmental expenditure limits; and*
- *the government's inflation target.*

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<sup>1</sup> NHS Very Senior Managers in England are chief executives, executive directors (except medical directors), and other senior managers. The SSRB's remit group is now called Executive and Senior Managers in the Department of Health Arm's Length Bodies.

*In making recommendations, the Review Body shall consider any factors that the government and other witnesses may draw to its attention. In particular, it shall have regard to:*

- *differences in terms and conditions of employment between the public and private sector 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; and*
- *the relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.*

*The Review Body may make other recommendations as it sees fit:*

- *to ensure that, as appropriate, the remuneration of the remit groups relates coherently to that of their subordinates, encourages efficiency and effectiveness, and takes account of the different management and organisational structures that may be in place from time to time;*
- *to relate reward to performance where appropriate;*
- *to maintain the confidence of those covered by the Review Body's remit that its recommendations have been properly and fairly determined; and*
- *to ensure that the remuneration of those covered by the remit is consistent with the government's equal opportunities policy.*

*The Review Body will take account of the evidence it receives about wider economic considerations and the affordability of its recommendations.*

Members of the Review Body are:

Dr Martin Read CBE, *Chair*  
Sir Adrian Johns KCB CBE DL  
Pippa Lambert  
Peter Maddison QPM<sup>2</sup>  
Dr Peter Westaway  
Sharon Witherspoon MBE

The secretariat is provided by the Office of Manpower Economics.

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<sup>2</sup> Ex Officio: Chair, Armed Forces' Pay Review Body.