



National Crime Agency
Remuneration Review Body

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Fourth Report 2018

Chair: David Lebrecht

NCA Remuneration Review Body

The National Crime Agency Remuneration Review Body is an independent body which advises the Government on the pay and allowances of National Crime Agency (NCA) officers designated with operational powers.

Terms of reference¹

In considering its recommendations in relation to NCA officers designated with operational powers the Review Body must have regard to the following considerations:

- the operational crime-fighting role of NCA officers;
- the prohibition on NCA officers with operational powers taking strike action;
- the need to recruit, retain and motivate suitably able and qualified officers;
- the funds available to the NCA, as set out in the Government's departmental expenditure limits;
- the Government's wider public sector pay policy and the Government's policies for improving public services;
- the Government's inflation target;
- relevant legal obligations on the NCA in England, Wales, Scotland and Northern Ireland, including the Equality Act 2010.

The Review Body is also required to consider other specific issues as directed by the Home Secretary, and will be required to take account of the economic and other evidence submitted by the Government, professional representatives and others.

Reports and recommendations of the Review Body should be submitted to the Home Secretary and the Prime Minister, and they should be published.

Members of the Review Body

David Lebrecht (Chair)
Elizabeth Bell
Anita Bharucha
Paul Leighton
Christopher Pilgrim
Patrick Stayt

The secretariat is provided by the Office of Manpower Economics.

¹ The terms of reference were set by the Home Office following consultation with the parties on the National Crime Agency (Remuneration Review Body) Regulations 2013, Statutory Instruments 2013 No 1958.

NATIONAL CRIME AGENCY REMUNERATION REVIEW BODY

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Executive Summary

The National Crime Agency

1. The National Crime Agency (“NCA” or “the Agency”) is the UK’s lead organisation tackling organised crime; human, weapon and drug trafficking; cyber-crime; and economic crime that goes across regional and international borders. It is still a relatively new body, having been established in 2013 as a non-ministerial government department. It currently has just under 4,400 staff (headcount), of whom 1,950 are officers designated with operational powers. Its total operating expenditure in 2016/17 was in the order of £500m².
2. The NCA took on responsibilities from several other law enforcement organisations, including the Serious and Organised Crime Agency, the National Policing Improvement Agency and the former UK Border Agency. It has also taken on staff from these different predecessor bodies, who were on different terms and conditions. Assimilating these staff into a single new organisation, with consistent pay arrangements, has been a challenging task for NCA management.
3. The NCA operates against an ever-changing background of new serious and organised crime threats. It is essential for it to recruit and retain officers with the right skills, and in the right numbers. It also needs to deploy its workforce and resources in increasingly flexible ways. We have said in our previous reports that, if the NCA is to create the flexibility it needs in order to deliver its mission, significant pay reform is required. In particular, in our last report submitted in April 2016, we identified an urgent need for the NCA to move towards arrangements which offered meaningful performance-based pay progression for its staff.

Comments on our remit

4. Our initial remit letter of October 2016 was subsequently withdrawn by the Government before we could begin work on it which regrettably meant that NCA officers have not yet received a pay award in respect of the 2017/18 pay year. We received a further remit letter in October 2017, asking for our observations on the NCA’s proposals for pay reform, and for our recommendations on the basic pay uplift for 2017/18 and 2018/19 for NCA officers designated with operational powers.
5. We were given comparatively short notice of the Government’s intention to ask for this report, and we were invited to carry out our work over a much shorter time period than is usually available. We are concerned that the compression of the Review Body process on this occasion meant that parties were given less time than they could have normally expected to prepare evidence. We hope that future rounds can take place on a more stable and predictable timetable.

² National Crime Agency Annual Report and Accounts 2016-17. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/630521/NCA_Annual_Report_2016-17_WebAccessible-M_-final.PDF. [Accessed on 24 January 2018]

The evidence

6. The main points which we noted from the evidence are as follows:
 - All the parties to our process expressed a common view that police officers are the appropriate comparators for our remit group; (Paragraph 2.14)
 - The economic picture has changed since 2016, when we last reported. In particular, CPI inflation has risen from 0.3% to reach 3.0% in December 2017. Pay settlements in the economy have been stable, and the most recent median figure was 2.0%; (Paragraph 2.8)
 - The parties who gave evidence all had concerns regarding NCA recruitment and retention, and some considered a pay response was necessary. The NCA staff turnover rate for 2016/17 (8.4%) was higher than in previous years; (Paragraphs 2.34 to 2.37).
 - There has been a drop in the morale and motivation of the NCA workforce as measured by the NCA People Survey. Only 14% of responses to questions relating to pay and benefits were positive in 2017; (Paragraphs 2.45 to 2.47)
 - The NCA, like other public sector bodies, is working within significant financial constraints. Its management is trying to balance what they consider affordable against the real impact on the Agency's operational effectiveness if it cannot recruit and retain people with the right skills. (Paragraphs 2.54 to 2.56)

Observations on NCA pay reform proposals

7. The NCA presented proposals that amounted to awarding the workforce an average pay award of 3% in each year, proposing to re-direct savings being made from within the NCA's transformation programme. The Home Office supported these. (Paragraphs 2.54 to 2.56)
8. We have called for some time for pay reform within the Agency, so we are pleased to see these proposals from the NCA's management, and the support that the Home Office offered. We regard them as **a helpful first stage towards the significant changes which we have consistently said are necessary**. We note that the proposals cover the whole NCA workforce and not just our remit group, which comprises officers with designated powers. Since the definition of our remit group does not map cleanly onto the NCA management structures, we can understand why the NCA has taken this approach. (Paragraphs 3.1, 3.36 and 3.39)
9. We are particularly pleased that **the proposals would introduce some pay progression for those, even if only a minority, who will move onto spot rates** (which the NCA considered would be 24% of the workforce). This is something we have long considered a priority. However, we also note that **they do not enable the skills and experience gained by many officers who will remain on existing pay ranges to be recognised**. If these changes are not recognised within a pay system, recruitment and retention can become more difficult and motivating staff becomes a challenge. We consider that this is a matter that NCA management needs to address in future pay rounds, not least because of its potential incompatibility with requirements of the Equality Act 2010. (Paragraphs 3.28 to 3.30 and 3.38)
10. We also note that **the proposals will add further complexity into the NCA pay structure**. They will need to be supported by a strong communications plan, particularly with regard to members of the NCA workforce not currently eligible to move onto spot rates. (Paragraph 3.37)

11. We have serious doubts about the proposal that officers on the spot rate system should move to a 40 hour working week, excluding meal breaks. We are not aware of any other part of the public sector, including the police, where this is normal practice. The proposal does not extend to the entire NCA workforce, and we have not heard any operational effectiveness rationale for splitting the workforce in this way. We believe that it is likely to cause discontent within the workforce, which may undermine any potential benefits to morale from the NCA's proposals on pay, and make further pay reform more difficult. We invite the NCA to reconsider this part of their reform. (Paragraphs 3.31 to 3.33)
12. **Overall, subject to the comments above, we support the implementation of these proposals, as an important first stage on the path to further pay reform,** while recognising the extent of the further reform required and urgency with which it needs to be done. We are encouraged that NCA management understand the importance of this to operational effectiveness, and hope that they will receive the necessary support. We expect to receive proposals for further pay reform in evidence for our next report. (Paragraphs 3.39 to 3.40)

Basic pay recommendations for 2017/18 and 2018/19

13. We have been asked to provide recommendations for both 2017/18 and 2018/19, which we have considered in the light of the pay reform proposals. All parties agreed that the pay award for 2017/18 should be backdated to 1 August 2017 which is the normal pay settlement date for NCA officers.
14. The NCA and the Home Office supported pay reform proposals that would result in a variable pay award that would average 3% across the workforce and as a minimum provide a 1% non-consolidated uplift to all staff. The trades unions suggested different flat rate uplifts of between 3% and 5%. (Paragraphs 4.2 to 4.7)
15. Our recommendations on basic pay seek to balance the factors raised by the parties in evidence. The key factors we took into consideration are:
 - The aims of the NCA in reforming their pay system; (Paragraph 4.11)
 - Recruitment and retention concerns for key operational roles within the NCA; (Paragraph 4.10)
 - The results of the NCA People Survey suggesting that morale and motivation within the NCA is low, especially in relation to pay and reward; (Paragraph 4.9)
 - The sharp rise in cost of living since our previous report; (Paragraph 4.9) and
 - The level of affordability of any pay award in 2017/18 and 2018/19. (Paragraph 4.10)
16. We concluded that:
 - The NCA proposals provide a good first step on the road towards much-needed pay reform; (Paragraph 4.11)
 - The introduction of the spot rates should provide a significant benefit to those officers who choose to move onto them; (Paragraph 4.12) and
 - It is unsatisfactory for any member of the NCA workforce to receive less than a 1% minimum consolidated uplift. (Paragraphs 4.13 to 4.15)

17. **We therefore recommend that the NCA variable pay award proposal, which averaged 3% across the workforce, should be implemented for 2017/18 and 2018/19 but that it should include a minimum 1% consolidated pay award in each year. In order to facilitate this, the pay ranges maxima for Grades 1-6, and the pay ranges minima for Grades 1 & 2, should be increased by 1% each year.** (Paragraphs 4.15 and 4.21)
18. At the time of writing, the NCA continues to keep open the opportunity for those officers who remain on precursor terms and conditions to assimilate. We think it reasonable for the NCA to concentrate its resources on supporting a position where all its staff are on assimilated terms and conditions. **Therefore we recommend that for 2017/18 and 2018/19 those NCA officers designated with operational powers electing to remain on precursor terms should remain on their 2016/17 pay rates.** (Paragraph 4.27)
19. We considered these proposals as a package. If we had not considered these uplifts alongside the pay reform proposals, we would probably have reached different conclusions. However, if for any reason the NCA is unable to implement the pay reform package in this financial year, we would expect steps to be taken, prior to the end of this financial year, to ensure all NCA officers receive a pay award in 2017/18. (Paragraph 4.17)

Allowances

20. We note the NCA's intention to review the London Weighting Allowance in 2018/19 and therefore we have made no recommendation to uplift the allowance in that year. **However, ahead of that review we recommend that the London Weighting Allowance should be increased by 2% in 2017/18, and backdated to 1 August 2017.** The higher costs which the London Weighting Allowance is intended to recognise have increased, and we do not consider that NCA officers who receive London Weighting Allowance should be disadvantaged by seeing a freeze in this element of their pay. Since we are recommending a variable pay award for basic pay, there is no obvious reference point for an uplift in London Weighting Allowance. We have therefore used median pay settlements as a figure that is reflective of cost of living and recruitment and retention issues. (Paragraphs 4.35 to 4.40)
21. This year we were informed of the introduction of the 'Fresh Start' allowance being provided to NCA officers working alongside Police Service of Northern Ireland officers in relation to the 'Fresh Start' initiative. We fail to see how the work being undertaken by the 'Fresh Start' taskforce and the environment within which they operate differs significantly to that of NCA officers in Northern Ireland. We consider the introduction of this allowance has produced an inconsistent position on the use and rationale of allowances in Northern Ireland. There is scope for the Agency to present its rationale and its plans in a clearer way to its officers, and in doing so we suggest the NCA gives serious consideration to providing this allowance, or similar, to other NCA officers in Northern Ireland. (Paragraph 4.49)

Forward look

22. The reform of the NCA pay system will continue to be an important issue. We therefore welcome the start that is represented by the current proposals. We expect to be updated in evidence for the next pay round on the continuing work for the reform of the NCA pay model. (Chapter 5)

Our recommendations for NCA officers designated with operational powers:

- A variable pay award, reflecting the NCA proposal for 2017/18, is implemented, and backdated to 1 August 2017. The award should be modified so that officers on the existing pay ranges receive a minimum consolidated pay award of 1%. The maxima of all the pay ranges should be uplifted by 1% and the minima of Grades 1 and 2 should be uplifted by 1%.
- A variable pay award, reflecting the NCA proposal for 2018/19, is implemented from 1 August 2018. The award should be modified so that officers on the existing pay ranges receive a minimum consolidated pay award of 1%. The maxima of all the pay ranges should be uplifted by 1% and the minima of Grades 1 and 2 should be uplifted by 1%.
- NCA officers designated with operational powers electing to remain on precursor terms should remain on their 2016/17 pay rates.
- London Weighting Allowance for 2017/18 for NCA officers designated with operational powers should increase by 2% to £3,291 and be backdated to 1 August 2017.
- We make no recommendations as to the London Weighting Allowance for 2018/19, on the understanding that the NCA management will carry out a review of the allowance.

DAVID LEBRECHT (*Chair*)

ANITA BHARUCHA

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CHRISTOPHER PILGRIM

PATRICK STAYT

24 January 2018