

07 December 2017

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Dear David

National Crime Agency 2017/18 NCARRB Submission follow up

Further to my evidence session on the 28th November 2017, I am writing to provide the follow up information requested by the Review Body.

The case for change

In my evidence I highlighted the significance of the changing nature of the serious and organised crime threats and why the NCA needs to transform in order to be able to respond effectively and with agility to meet them. New criminal techniques are emerging, crime patterns are shifting and criminality is becoming more complex.

I used my evidence session to highlight three recent operations where my officers have been tackling the most serious criminals targeting the UK and its communities. I did this to illustrate how they need to work at the apex of law enforcement's response and the breadth of skills and capabilities required to do so. Reforming the NCA's pay structure is a vital enabler to our ability to transform the agency and deliver its strategy by attracting, developing and retaining a highly skilled workforce. This will ensure we can continue to tackle criminality which has a significant impact on all parts of our society, threatening the UK's critical national infrastructure, harming and exploiting the vulnerable and undermining our economic wellbeing.

I spoke about Operation Cacam, in which we worked with our partners to identify and bring to justice one of the most serious and prolific sexual predators that this country has ever seen. The offender made highly anonymised use of the dark web and recently pleaded guilty to 137 offences with over 50 victims. I detailed our work with policing partners to tackle the emerging threat to the UK of the synthetic opioid fentanyl which we know has killed at least 100 people in the past year alone; and I raised our recent work with the National Cyber Security Centre to identify the cyber criminals whose attack so seriously impacted the NHS

In order to be able to continue to deliver operations where we pursue criminals operating at the highest end of high risk, I need a workforce that is highly skilled, located nationally and internationally, and can work in partnership with fellow law enforcement agencies. In each of the operations I outlined there will have been examples of my officers working alongside colleagues in different organisations, experiencing significant negative pay differentials.

Reforming the agency's pay structure is crucial to our ability to reform at pace, as new criminal techniques and threats emerge. Without pay reform there remains a significant risk that the NCA, which, in some areas, has fallen behind its competitor markets, will not be able to attract and retain experienced officers with the skills needed to undertake our vital task. This will affect our ability to deliver transformation and its associated operational benefits, as well as threatening the resourcing that is critical to key operations.

Targeted model

A differentiated approach to our pay framework is vital because of the diverse comparator markets which impact differently on distinct areas for the workforce, and the breadth of skills needed to tackle the wide ranges of serious and organised crime threats facing the UK. A 'one size fits all' approach will neither enable us to address the areas where the imperative is greatest, nor have an impact on the equality issues we face. It will simply compound our existing challenges. You asked me if we have considered the potential risk to 'one workforce' of a targeted model. I firmly believe that developing a unified workforce is about more than pay, but goes to the core of the cultural development which is central to our transformation programme.

During my session, Board members asked me specifically whether our proposals shaped our budget or we allowed our budget to shape our proposals. I responded that, as a leader, I felt it was my responsibility to put forward proposals that addressed the areas where our challenges are most stark, in order that we ensure that our investment has the most impact within the budget available. Whilst I recognise that some of our officers will be disappointed, I believe that our proposals, which ensure that everyone will receive at least a 1% pay uplift and an average of 3% across the workforce, represent the best balance both for our officers and the public we serve. The detail I provided to you is set out in Annexe A so that you can see the proportion of officers that will benefit from these proposals.

Recruitment and retention

I was also asked about recruitment and retention challenges across the agency. In support of the targeted approach that we propose, we have differing recruitment and retention challenges depending on the relevant comparator markets. Whilst overall the agency's attrition rate is healthy, we are not losing and recruiting the right people. For example, in the National Cyber Crime Unit attrition stands at 13 per cent, whereas for the rest of the agency this is at 8 per cent. We plan to move to a more systematic workforce planning approach which will support the changes proposed in our pay case.

You have asked for further information about our recruitment and retention allowances. I explained how important investment is in our non consolidated pot to enable us to target reward to areas of the organisation where we have the most significant challenge with recruitment and retention. Whilst not a decision for NCARRB, our approach to increase and allocate recruitment and retention allowances is critical to our pay reform. Further detail is at Annexe B. This represents our initial analysis and we will continue to keep it under review through our Remuneration Committee to inform the future shape of our pay model.

Equality and diversity

In relation to the proposals' impact on equality and diversity, I have included the additional information requested at Annexe C. Equality and diversity are core to the NCA's values and our pay case will address the principal equality risks arising from the length of existing pay ranges, which have led to large pay differentials. Whilst compression will not eliminate this inequality, it will move the agency in the right direction. The new spot rate structure should decrease inequality as equally skilled officers will receive the same rate of pay.

Whilst we have undertaken work on the gender gap, we have more work to do on our equality impact assessment so that we can fully understand the impact on other areas of our workforce. This will be carried out during the assignment of spot rates and the opt in process over the coming months in parallel with our implementation planning.

Allowances

In your questions to me, you noted that we have not recommended an increase in London weighting, or changes to shift allowances. This is because our case takes into account our vision of a national, rather than London centric agency, which recognises officers regardless of their location. I noted that we are planning to carry out a formal review of all our allowances and shift patterns in 2018/19 following the outcome of our current business planning and transformation design, when we will have a clearer idea of our estate footprint and can better understand the impact of allowances on our workforce. At present, our analysis indicates that London weighting is not a defining issue, however our use of the non consolidated pot will enable us to apply interventions where there are specific recruitment/ retention issues. The exception to this is Northern Ireland, where our officers face very specific environmental restrictions due to the nature of the security situation in that location. This allowance is met entirely through external funding.

Deliverability

Finally, the Board asked me whether I had confidence in the deliverability of the proposals. As I have set out, pay reform in the NCA is vital to enabling the agency's ability to reform at pace. Failure to deliver this will have significant consequences for our ability keep the UK citizens safe from the serious and organised crime threats that impact on them. We have therefore been working in very close collaboration with all our stakeholders and have put in place detailed implementation plans to secure confidence of delivery to the extremely challenging timescales we have set ourselves. We are working informally with our trades unions and have timetabled discussions, including three weekends, over the coming months until the final implementation deadline. Our Remuneration Committee has been established and has already met twice, with weekly meetings scheduled for the foreseeable future. We do not underestimate the scale of the implementation challenges that face us, but have dedicated resource to enable us to meet our commitments given their centrality to the future of the agency. Further detail is provided at Annexe D.

I hope that this additional information is of assistance in your consideration. The National Crime Agency sits at the pinnacle of law enforcement. A bold ambition and rightly so. My leadership team and I will be severely restricted in our ability to deliver for the British public if we are unable to recruit, develop and retain officers with the skills we need. I believe our pay case represents our best chance of achieving that in the context of the agency's current position. By implementing a targeted pay framework, that enables us to develop a workforce that can work in step with law enforcement and other partners, together we will be able to tackle those threats that impact on the UK and combat even our strongest adversaries.

Please note that whilst I am happy for this letter to be made available on your website, the annexes will need to remain confidential as they contain a range of sensitive data and will be subject to negotiation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lynne Owens'. The signature is written in a cursive, flowing style.

Lynne Owens CBE QPM MA
Director General



NCA

National Crime Agency

NCA Evidence to the NCA Remuneration Review Body

2017-18 and 2018-19 Submission

NCA Evidence to the NCA Remuneration Review Body

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Executive Summary

The National Crime Agency's (NCA) mission is 'Leading the UK's fight to cut serious and organised crime'. The NCA is a law enforcement agency with global reach, tackling some of the most complex and high risk serious and organised crime threats.

Serious and organised crime is changing, as criminals exploit developing technologies and vulnerabilities. To keep pace, the agency needs to be more agile and deploy its workforce and resources in increasingly flexible ways. The NCA is undertaking an ambitious transformation of its intelligence and investigative processes, its underlying IT and re-defining the shape and skills of its workforce.

Whilst asking more from our officers, there is compelling evidence that in core intelligence and investigative roles, as well as in a range of very specialist and technical roles, the NCA cannot compete effectively for the right talent using existing pay structures. Long and outdated pay ranges are significantly impacting on the agency's ability to motivate existing officers as well as causing worsening equal pay risks.

The NCA is recommending an evidence based, targeted approach to reforming current pay structures. At the heart of this is the operational requirement to build diverse and high performing teams with the capabilities to keep pace with the changing nature and complexity of the threat.

The agency proposes an integrated set of measures to address this situation:

- Investing 1% annual pay award into compressing the existing pay ranges. This will shorten the time it takes to progress from minimum to maximum and will reduce salary discrepancies between the lowest and highest paid within grade;
- Implementing a spot rate structure for Grade 4 and Grade 5 investigations and intelligence officers. The implementation of spot rates will be phased over three years. The spot rates are based on skills and capability.
- Increasing the value of the non-consolidated pot (to increase flexibility for recruitment and retention allowances across the whole workforce).
- Ensuring the agency fully utilises existing flexibilities contained within public sector pay policy

These measures will be underpinned by improved internal governance through the creation of an NCA remuneration committee chaired by an operational director.

The changes have been fully costed and will be funded through savings realised from the NCA's wider transformation programme.

Introduction

- 1.1. The National Crime Agency's (NCA) mission is 'Leading the UK's fight to cut serious and organised crime'. The NCA is a law enforcement agency with global reach, tackling some of the most complex and high risk serious and organised crime threats.
- 1.2. Established under the Crime and Courts Act 2013, the NCA became operational on 7 October 2013. The agency conducts intelligence operations and criminal investigations across the range of serious and organised crime threats and against the most serious crime groups and individuals. It also has niche capabilities which can only be accessed through a rigorous and sophisticated legal framework.
- 1.3. The NCA's focus is on building the best possible intelligence picture of all serious and organised crime threats; using that knowledge to relentlessly pursue those who operate at the high end of high risk; and developing and delivering specialist capabilities on behalf of law enforcement and other partners.
- 1.4. Serious and organised crime is changing as criminals exploit developing technologies and vulnerabilities. The agency will require pace and agility to respond to and tackle these complex, challenging areas of criminality. To meet this need, the NCA is transforming intelligence and investigative processes. This significant portfolio of change will also evolve the agency's underlying technologies and change the shape and capabilities of the workforce.
- 1.5. Constrained by its current pay structure, the agency cannot compete effectively for talent in its key employment markets. This is creating recruitment and retention issues across intelligence, investigations and niche and specialist roles, including cyber. Pay reform is an essential component of the NCA's change portfolio.
- 1.6. In NCARRB's 2016/17 report, a number of recommendations were proposed which this submission seeks to address, including the NCA's proposals for pay reform. NCARRB pushed NCA to address issues with the existing pay structures; *"the current system is flawed and pay reform needs to be progressed with some urgency to sustain operational capability and to avoid undermining the NCA's aims to be a world class crime-fighting agency"*.
- 1.7. The NCA believes that to deliver its mission, it must be an employer of choice, attracting officers from more diverse backgrounds at different stages in their careers, including first time entrants, specialists in the middle of their careers and experienced officers.

- 1.8. Currently 45% of new recruits into investigations are aged over 50 and predominantly experienced officers seeking a second career once a first pension has been secured. Over time, this has caused tension in the workplace primarily due to inequities in the pay of skilled officers. Potential applicants are deterred by significant pay differentials.
- 1.9. The agency provides highly sought after and costly accredited training programmes in both investigations and intelligence. Data shows that increasingly, first time entrants leave the NCA for other sectors once they are trained. This is creating a costly skills drain.
- 1.10. Conversely, the agency can retain officers who have more traditional skills. However, this adds to growing equal pay risks and continuously declining people survey scores in relation to pay and benefits.
- 1.11. The NCA sits at the centre of the UK law enforcement response. However, tackling the breadth of serious and organised crime requires a national response. The NCA and its partners work in close collaboration, including through joint deployments and the sharing of assets, capabilities and intelligence, to maximise their collective ability.
- 1.12. In being deployed jointly with their counterparts from the UK Intelligence Community (UKIC) and police forces, NCA officers are working alongside colleagues who are paid up to £13,000 more. The impact of pay differentials between officers working side by side, risks the ability to retain and motivate officers who have the responsibility for leading the national response to serious and organised crime.
- 1.13. In forming these proposals, the NCA has had due consideration for affordability within the agency's budget, including concern to not create unaffordable increases to the pensions' bill. The NCA has made difficult choices to invest predominantly in the areas of the workforce where the impacts of uncompetitive pay and benefits are felt most keenly and where the biggest impact on operational effectiveness can be found.
- 1.14. In summary, the NCA's proposals on pay reform are to:
 - Modernise existing pay scales to compress pay range lengths.
 - Implement a new spot rate structure for G5 and G4 investigations and intelligence officers.
 - Grow the non-consolidated pot to provide additional scope to target pay to specialist roles across the whole workforce.
- 1.15. The NCA recognises that officers are yet to receive a pay award this financial year and that due to recent precedent there is an expectation amongst the workforce of a minimum 1% award. The NCA has made a commitment to the workforce that any due award would be backdated to August 2017.

1.16. Context

This section sets out the overall context for the NCA's 2017/18 submission and significant developments in the position of the agency since the last submission.

NCA strategy and performance

2.1. The six goals in the NCA's Five-Year Strategy are:

Intelligence:

- We have an enhanced intelligence picture of the serious and organised crime threats to the UK, and we use it to flex law-enforcement's collective resources against the changing threats.

Response:

- We operate proactively at the high end of high risk, undertaking investigations which result in offenders being brought to justice through prosecution or, if that is not possible, being disrupted against other means.
- We lead, task, coordinate and support activity against the most serious SOC groups and individuals.

Capabilities:

- We have developed, deployed and maintained specialist capabilities and services that are best delivered nationally.

Enablers:

- We equip our officers with the right skills, workplaces and technology to lead the UK's response to serious and organised crime.
- We have the trust and confidence of the public.

2.2. In 2016/17, the agency achieved 1,738 disruptions against serious and organised criminals, groups and vulnerabilities. It led and coordinated activity resulting in:

- 1,441 UK arrests, 1,176 overseas arrests and 657 UK convictions.
- The seizure of over 89 tonnes of Class A drugs; 58 tonnes of Class B drugs, and 599 firearms (528 of which were guns).
- £28,3m of assets recovered in the UK from criminals and access denied to £82.8m.
- 1,896 children safeguarded or protected as a result of NCA activity/

Legislative changes affecting NCA officers

Policing and Crime Act

- 2.3. The Policing and Crime Act received Royal Assent in January 2017. The principal provisions which impact upon the agency are set out below;
- 2.4. The Act amends section 10 of the Crime and Courts Act 2013, to provide NCA officers with the powers of a 'general customs official', when carrying out functions in relation to customs matters.
- 2.5. It introduces changes to limits on pre-charge bail to make them shorter and more stringent. Also, to introduce the presumption for release of a subject without bail.
- 2.6. The Act also introduces new maritime enforcement powers, including the power to stop, board and search a vessel. Also, amendments to the Sexual Offences Act 2003 to include the live streaming or transmission of child sexual abuse images.

Investigatory Powers Act

- 2.7. The Investigatory Powers Act received Royal Assent in November 2016.
- 2.8. The Act updates the legislation governing the ability to operate in a digital environment making use of current technology.

Criminal Finances Act

- 2.9. The Criminal Finances Act received Royal Assent in April 2017. It aims to improve law enforcement's ability to recover the proceeds of crime; tackle money laundering and corruption; and counter-terrorist financing.

Exiting the European Union

- 2.10. The ongoing negotiations will have an impact on the work which the agency undertakes in relation to Europe.

2016 People Survey results

- 2.11. 75% of officers completed the survey, which is consistent with results from the previous year and 10% higher than the overall Civil Service response rate.
- 2.12. The overall engagement score was 56%, which is an increase of 4% on the previous year. This is significant because any change to this score requires improvement across a broad range of areas.
- 2.13. It is encouraging that all key theme areas have increased by 2-4%, apart from pay and benefits which has decreased by 2%.
- 2.14. Engagement scores are higher at the more senior grades (Grade 3 and above) with Grades 4 and 5 reporting lower than the NCA's overall engagement score.
- 2.15. Questions which generated a high percentage of positive responses included:
- I am interested in my work – 89% positive.
 - I am trusted to carry out my job effectively – 84% positive.
 - The people in my team can be relied on to help when things get difficult in my job – 85% positive.
 - I have a clear understanding of the NCA's purpose – 82% positive.
 - My manager is considerate of my life outside work - 82% positive.
 - The people in my team work together to find ways to improve the service we provide - 80% positive.
 - I have a clear understanding of the NCA's objectives - 80% positive.
 - I have the skills I need to do my job effectively – 79% positive.
- 2.16. Questions which generated a high percentage of negative responses included:
- I feel that my pay adequately reflects my performance – 21% positive.
 - Compared to people doing a similar job in other organisations, I feel my pay is reasonable – 19% positive.
 - I am satisfied with the total benefits package – 19% positive.
 - I feel that change is managed well in the NCA – 15% positive.
 - I have the opportunity to contribute my views before decisions are made that affect me – 27% positive.
 - There are opportunities for me to develop my career in the NCA – 35% positive.
 - When changes are made in the NCA they are usually for the better – 18% positive.
 - I feel that the NCA as a whole is managed well – 30% positive.
 - Senior leaders in the NCA are sufficiently visible – 36% positive.
 - I think it is safe to challenge the way things are done in the NCA – 33% positive.
- 2.17. The NCA's business case for pay reform highlights officer dissatisfaction with pay and benefits as reported in the 2016 People Survey. Over 60% of officers

responded negatively to questions related to pay and benefits. The agency's overall score in this regard was 19% which is 11 points lower than the civil service average.

- 2.18. The table below provides detail on the percentage of positive responses to the questions regarding pay and benefits broken down by officers with powers, non powers and partial powers. The percentage responses are within 10% of the responses overall across the NCA.
- 2.19. 2017 People Survey is currently open for completion before 31st October 2017. Results are unlikely to be available before the beginning of 2018.

Table 1 – Pay and benefits questions by designated powers

	I feel that my pay adequately reflects my performance	I am satisfied with the total benefits package	Compared to people doing a similar job in other organisations I feel my pay is reasonable
National Crime Agency (n=c.3,600)	21%	19%	19%
powers (n=c.1,400)	14%	13%	11%
partial powers (n=c.140)	15%	17%	15%
non powers (n=c.2,000)	25%	23%	24%

**n = number of completed people surveys received.*

- 2.20. The table below provides detail on the percentage positive responses to the question regarding pay and benefits broken down by command area (correct at the time of the 2016 People Survey). The structure of the organisation has since changed.

Table 2 - Pay and benefits questions by Command within the NCA

	Pay & benefits
CEOP	21%

Change & Finance	42%
Corporate Affairs	36%
Corporate Services	33%
Deputy DG Office	32%
ECC	15%
Intelligence & Operations	15%
Legal	20%
NCCU	16%
OCC	17%
Technology	20%

2.21. When the data is broken down further into teams, some areas within Intelligence and Operations, reported satisfaction levels for pay and benefits as low as 11%.

Workforce Composition

2.22. Annexe A provides a more complete breakdown of the workforce composition data.

2.23. As at 31st August 2017, the total workforce FTE was 4,288¹, which represents a slight increase on last year's submission. FTE in the NCA's 2016/17 submission was 4193. The increase in overall headcount is as a result of Project 500.

2.24. 1,950 officers in post (rather than FTE) have powers compared to 2,434 who do not. Tables 19-22 provide more detailed analysis of officers with powers by command, gender, grade and working pattern.

2.25. The agency has seen an annualised turnover rate of 8.4% in the 2016/17 year.

¹ Figure presented is most up to date headcount. Modelling work to develop proposals was done based on March 2017 data.

- 2.26. Tables 27-29 (Annexe A) provide further information on leavers broken down by grade, command and business area within the Intelligence and Operations command and the reasons for leaving.
- 2.27. Whilst the turnover and vacancy rate of core NCA officers might appear to be healthy, these statistics are concealing significant issues around the diversity of the workforce and the agency's ability to invest in cutting edge capabilities.
- 2.28. 75% of leavers have fewer than 10 years' service with the NCA. 69 officers left having not completed one year of service. Anecdotal data suggests that this is overwhelmingly due to unhappiness with pay and reward. The agency is developing improvements to exit data to enable better analysis in the future.

Diversity & Inclusion

- 2.29. The NCA is committed to growing the diversity of its workforce to increase its ability to reflect modern Britain and the communities that it serves, strengthen its performance and diversity of thought. This is currently driven through recruitment, talent management and ongoing development of officers. There is still significant work to do and reforming the pay structures to attract a more diverse workforce is central to making further progress.
- 2.30. Declaration rates continue to be below the Civil Service average, impacting on the reliability of data. The NCA is carrying out awareness campaigns to improve future data.
- 2.31. The NCA workforce is 62% male; only at the lowest grade (Grade 6) is the proportion of female officers higher. At the critical operational grade - grade 5, the representation of male officers is 16 percentage points higher than female. This increases to 30 percentage points at first line manager grade 4. Amongst officers with powers, only 22% are female. Comparatively, in policing (March 2016), the ratio of female police officers has increased over the last ten years from 22.3% to 28.6%. Only in the 'staff' element of the workforce is there a higher proportion of female to male ratio, the former being 56.9% the latter 43.1%. The Civil Service workforce is 54.2% female.
- 2.32. The 6.9% overall declared BAME (Black, Asian and Minority ethnic) population of the NCA is significantly below the Civil Service average which stands at 11.2%. The police declared BAME figure is one percentage point lower than the NCA at 5.9%. However, in 2016, 12.1% of police joiners were BAME. Constables have the highest representation of BAME at 6.4%. The highest BAME representation within the NCA is at Grade 6 which is predominately an administrative grade, with only 3% at Grade 3.
- 2.33. 47% of the workforce is aged over 46 and 17% over 55. This is largely due to difficulties in recruiting younger officers at key operational grades. Currently, 45% of new recruits into investigations are aged 50 or over. In the next five

years, 12.1% of the workforce will reach retirement age. Of those eligible to retire in five years' time, 40% are currently in investigations and intelligence roles. 22% of officers are in the 18-34 age bracket.

- 2.34. Declaration rates of LGBT+ and officers with a disability are very low which makes it difficult to provide detailed analysis of the workforce makeup. Current evidence demonstrates that:
- less than 5% of the workforce declares as LGBT+.
 - less than 5% of the workforce declares as having a disability.

Performance management

- 2.35. The performance management process remains the same. There have been some improvements to internal process in the recording of objectives and ratings. This will deliver a more robust way of gathering information of compliance throughout the year and will reduce the administrative burden of collating ratings at mid and end of year.
- 2.36. In light of the 2015/16 performance ratings, additional scrutiny was placed on the validation of end of year ratings for officers at more senior grades. This resulted in a better alignment of ratings across the grades in 2016/17 in which the agency broadly met its guided distribution.
- 2.37. In the 2016/17 performance year, officers in receipt of an 'exceeded' performance rating received a flat rate award of £510 in August 2017. This was paid to circa 640 officers.

Benefits package

- 2.38. Feedback from consultation with officers in 2016 indicated a lack of awareness of the full range of existing benefits (pay and non-pay).
- 2.39. In response, and following extensive consultation with Trade Unions, and agency stakeholders, including the chairs of the diversity groups, a benefits package has been developed which captures all available benefits within a single document.
- 2.40. The total benefits package sets out NCA specific opportunities, terms, conditions and benefits under headings; 'celebrating success', 'pay', 'terms and conditions' and 'beneficial schemes' as well as wider civil service benefits. Under 'beneficial

schemes', access to the Blue Light Card is available, allowing officers to access hundreds of on-line and high-street discounts.

- 2.41. The benefits package communications pack was launched agency wide in January 2017 and has been made available to officers internally on the intranet to increase their awareness and encourage the take-up of benefits. It is also being used as part of the NCA's recruitment strategy.
- 2.42. Royal Assent was achieved in 2016 for the NCA to award Long Service and Good Conduct medals to officers who have completed 20 years' service and good conduct within the NCA and precursor agencies. As of October 2017, in excess of 1,000 officers received their medals.

Recruitment

- 2.43. Recruitment and retention across the NCA, as identified in NCARRB's last report, remains at a healthy level other than in specialist areas. A significant challenge remains securing the right calibre of candidate particularly at Grades 4 and 5.
- 2.44. At March 2017, the agency held a vacancy rate of 15%. Whilst the agency has since baselined core funded headcount, significant vacancies still exist in project funded posts.
- 2.45. The agency has responsibility for the recruitment of externally funded posts; currently resourced at only 75%. This is primarily through a failure to attract suitably qualified individuals to the roles. This is affecting intelligence and investigations roles supporting critical externally funded investigations.
- 2.46. Numbers of applications have decreased sharply over the last 18 months representing a reducing pool of candidates prepared to accept the salary on offer. The numbers of applicants per available post have reduced from 4.5 to 0.8 in this period however, the effect of this is compounded by the reduced diversity in the applicant pool.
- 2.47. The pragmatic solution to this has been to recruit recently retired police officers who have the flexibility to accept a lower salary. Whilst this approach meets the agency's immediate resourcing need, it presents major limitations in constructing a diverse investigative capability which is sustainable and effective for future operations.
- 2.48. The NCA typically recruits investigators operating at the level of an experienced detective constable who in a police force would earn £38,001. The NCA grade maximum for G5 is £36,821. However, to recruit officers at that rate of pay would compound equal pay risks and damage morale amongst existing officers who are paid at the lower end of the pay range.

- 2.49. Issues stemming from uncompetitive reward packages are impacting on both recruitment and retention across firearms, cyber, child sexual exploitation and abuse, financial investigations, technologists, modern slavery, intelligence, investigations and in niche capabilities.
- 2.50. Data from recruitment and retention demonstrates significant difficulties in recruiting mid-early-career officers. Over 50% of new recruits into investigations command in the last 12 months are over 45. Whilst the agency places huge value on the experience of tenured police officers this must be balanced with developing more diversity in order to remain at the forefront of cutting edge techniques and to build a sustainable workforce. Resolving this issue is critical to the success and sustainability of the agency.

Learning and Development

- 2.51. The Learning, Development & Talent team deliver a varied portfolio of learning across commands and across a number of sites. In 2016/17 over 11,000 learning opportunities were delivered to NCA officers, both internally and externally procured. The newly formed Leadership and Talent team has launched the first cohort of the G1/2 Leadership Talent Group and will extend to lower grades over the next 12 months.

Apprenticeships

- 2.52. The NCA target for the financial year 2016/17 was 91, of which 85 were delivered. This was achieved through the recruitment of 11 officers and 74 existing officers joining an apprenticeship. The target for the 2017/18 financial year is 92.
- 2.53. Apprenticeship standards are created by way of cross employer 'Trailblazer' groups. The NCA is chairing a trailblazer group for a 'serious and complex crime investigator standard' and is a member of the 'intelligence analyst' trailblazer group.
- 2.54. It is anticipated that the NCA will meet its apprenticeship target this year entirely through existing officers, approximately 60 of whom will be part of the Intelligence Analyst Apprenticeship.

Initial Operational Training Programme (IOTP)

- 2.55. The agency currently has 462 officers undertaking the IOTP. Since January 2016, 23 trainee officers have joined the agency, with a further 60 having been selected for training from within the agency. This has been managed in cohorts.

2.56. The NCA cohorts perform highly in terms of pass rates for the National Investigators Exam (NIE) and NCA Specific Powers Exam (SPE) (See Annexe C) however, attrition rates amongst IOTP graduates is higher than the NCA average. Anecdotal evidence suggests that this is due to limited salary progression on achieving occupational competence.

2. NCA response to NCARRB recommendations (Third Report)

In its third report (2016), NCARRB made a number of recommendations and comments which this section will provide an update on.

Assimilation

- 2.1. The NCA reported in its last submission a total of 64 officers on precursor terms – excluding border investigators. This figure has now reduced to 37 officers and is expected to reduce further.
- 2.2. The following table provides a breakdown of officers and their precursor organisations.

Table 3 – Numbers of officers on precursor terms

Pre-cursor organisation	No. of officers
FSS	2
HMRC	2
ARA	4
NCS	1
NCIS	2
Police	3
PECU	7

- 2.3. In addition, the NCA retains 3 border investigators (BIs) who opted out of a recent exercise to assimilate to NCA terms and conditions.
- 2.4. Since the last NCARRB report, all BIs have been offered transfer terms to assimilate onto NCA terms and conditions. In total, 191 officers were given the option to choose between two offers at the end of March 2017.
- 2.5. 188 officers formally accepted NCA terms and conditions. 165 officers chose Option A, three chose to retain an offer that they had previously accepted in 2016 and 20 selected Option B (see below).

Table 4: Assimilation options provided to BI officers in March 2017

Option	Basic pay	BI allowance	On call	Overtime
A	Where previous package allowed, uplift of 21% (puts BI salaries generally in the middle of NCA pay scales.)	Fixed sum specific to each individual. Works as a balancing payment after basic pay, on-call and LWA has been deducted. (Not directly linked to salary so will not increase with annual pay awards.) Paid to compensate for flexibility in working outside normal hours. Additional hours compensated for at plain time TOIL.	Claim as worked	Not applicable unless in very exceptional circumstances outside normal business.
B	As option A	No allowance	Claim as worked	Additional hours compensated for by overtime or TOIL as agreed with

				management.
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- 2.6. All NCA officers on precursor terms have now been offered (and rejected) the opportunity to assimilate onto NCA terms and conditions. Any officer moving on promotion will be expected to accept NCA terms. The NCA will monitor the position and no pay award will be made to officers who have opted out.

Annual hours

- 2.7. The NCA's previous submission outlined in detail the proposals for annual hours working in terms of benefits to operational efficiency as well as the remuneration benefits to officers through regular payments for enhanced levels of flexibility.
- 2.8. Extensive consultations took place with Trade Unions who formally rejected proposals to introduce annualised hours for the 2017/18 remit. The NCA continues to defer further discussions pending the implementation of pay reform proposals.
- 2.9. The business case for pay reform outlines a return on investment in the proposed pay structure, which will provide a platform to renegotiate on other parts of the employment package and align it to operational need. There are no plans to revisit annual hours until the agency has embedded a new pay structure.

London Weighting Allowance

- 2.10. The NCA is not recommending an increase to London Weighting Allowance (LWA). In developing the pay reform proposals, the agency has made difficult decisions in where to focus the investment in pay, which is affordable and will have the most significant impact, as well as considering the strategic vision of a national rather than London-centric agency in the future.
- 2.11. LWA is currently paid to 1,941 officers to compensate for the cost of living in London and the surrounding areas and as a recruitment and retention incentive. The current amount is £3,226 and is pensionable.
- 2.12. The NCA continues to benchmark LWA with comparative organisations. The Metropolitan Police Service (MPS) pays an allowance of £3,216 to its Zone 1 police staff, with those in Zone 2 receiving £1,617. Police officers receive London Weighting of £2,373; an allowance of £1,011 and an additional

allowance of £3,327 (both pensionable and non-pensionable). Rates correct from 1 September 2016.

- 2.13. A light touch review has been conducted into London Weighting which has resulted in a change in how officers on a formal alternative working arrangement are treated. London Weighting will no longer be deducted on a pro-rata basis for officers whose primary place of work is within a qualifying zone but who have an alternative working arrangement resulting in fewer days spent at a London location i.e. working from home. Officers who work part-time will continue to have their London Weighting reduced on a pro-rata basis accordingly.
- 2.14. As part of the initial review into London Weighting, the NCA has proposed to Trade Unions that the definition is changed to the following "*London Weighting Allowance is paid as an incentive to recruit and retain officers at London locations*".
- 2.15. As part of the on-going estates strategy and development in digital working solutions, a formal review into London Weighting is proposed for the 2018/19 financial year which will explore the future of qualifying locations and its continuation as a separate pay element.
- 2.16. There are currently 155 officers who work outside designated LWA locations and have retained LWA for various historical reasons; these mainly relate to estates closures.

Shift Allowance

- 2.17. In its third report, NCARRB endorsed NCA proposals to make an interim increase in shift allowance by 2.5% to 15% funded through the non-consolidated pot. Pending the implementation of a new pay structure, there has been no further impetus to review this arrangement which continues.

Special Duties Bonus Payments (SDBPs)

- 2.18. The NCA continues to use the non-consolidated pot to award Special Duties Bonus Payments to key roles where there is an evidenced business case.
- 2.19. Proposals on the allocation of the non-consolidated pot will be covered in more detail under Section 4 (point 4.31).

Northern Ireland (NI)

- 2.20. In its third report, the NCARRB requested an update on the position in Northern Ireland.
- 2.21. The NCA is currently assessed to be at 'Moderate' threat ("an attack is possible, but unlikely") from Northern Ireland Related Terrorism (NIRT) in NI, which reflects the assessment of the threat from dissident republican terrorist groups.
- 2.22. This assessment is distinct from partners in the Police Service of Northern Ireland (PSNI), Military and Northern Ireland Prison Service, who are all assessed as 'Severe' ("an attack is highly likely"). Intelligence continues to be monitored dynamically in relation to NCA officers working alongside PSNI officers on a daily basis as part of the government sponsored 'Fresh Start' joint agency taskforce to tackle paramilitary criminality. The NCA has negotiated an allowance of £3,000 for officers who will be co-located at PSNI sites and will therefore see environmental restrictions likely to impact on the ability to resource the 'Fresh Start' taskforce. The funding for this allowance will be met entirely through external funding.
- 2.23. The introduction of the 'Fresh Start' allowance does not affect the agency's position on pay in Northern Ireland. Threats against NCA officers continue to be monitored by NCA's security department in association with key partners including MI5 and PSNI. Intelligence continues to be monitored dynamically and there are agreed procedures in place should there be a change in threat levels.

Update on Project 500

- 2.24. Project 500 was a time bound recruitment project aimed at recruiting 500 investigators. It resulted in 399 appointments during 2015/16 with a further 180 candidates identified for the 2016/17 recruitment pipeline. This was a result of both generic and role-specific recruitment campaigns.
- 2.25. The recruitment campaign recruited officers using increased flexibility on higher starting salaries. This has increased the gap between the salaries of equally skilled officers and impacted on morale. A noteworthy success from Project 500 has been the increased diversity amongst successful candidates (See Annexe E).

- 2.26. The project has now closed. The NCA's recruitment strategy has now adopted a more generic approach to recruitment for core roles, building a pipeline of candidates and offering a more flexible and responsive resourcing strategy. This approach is supported by workforce planning analysis and directed by the workforce planning committee.

3. Pay Proposals

- 3.1. The NCA has made clear its commitment to delivering a reformed pay structure for the workforce. In the period since the NCA's last evidence submission to NCARRB, significant work has been done to prepare reform proposals which are targeted to address issues with the current structure, and are affordable within the NCA's budgets.
- 3.2. The case for change is clear. This section will present the NCA's transformation case and present pay reform as a critical enabler to the people elements of transformation. This section will also summarise the impacts of pay reform across the whole workforce including non-consolidated elements which fall outside NCARRB remit but constitute a fundamental part of the proposals.

NCA Change Portfolio

- 3.3. The NCA has embarked on an ambitious programme of change.
- 3.4. The NCA needs to transform to:
 - Keep pace with the changing threat from serious and organised crime.
 - Tackle enablers and vulnerabilities more effectively: (dark web, borders, prisons, professional enablers).
 - Adapt to develop new capabilities and enhance existing ones adapting to advances in technology (criminal use of encryption).
 - Address costly legacy IT, estates and fleet issues.
 - Maintain sustainability and affordability during continued public spending restraint.
- 3.5. In order to deliver this programme of change, the NCA will;
 - Deliver a new operating model that ensures the right capabilities are built to deliver the agency's mission, and which can adapt and flex as threats and demand change.
 - Significantly boost the agency's ability to fight crime in the digital age, enhancing intelligence and investigative capabilities.
 - Establish the NCA as the pinnacle of law enforcement, attracting and retaining the best talent.
 - Equip officers with the right skills, workplaces and technology to lead the UK's response to serious and organised crime.
 - Ensure that sophisticated and specialist capabilities are built or enhanced which are capable of being deployed nationally and across the LE community.

- Drive down cost base to build a sustainable and affordable agency for the future.
- 3.6. Since its establishment in 2013, the NCA has fallen behind its key competitors in terms of pay, particularly in Grade 4 and 5 roles, and in specialist areas which are no longer able to recruit and retain at the levels required to ensure operational effectiveness and build sustainable capabilities.
- 3.7. Pay reform will enable transformation in the following ways:

Sustainability:

- Increase opportunities to surge capability nationally.
- Drive interoperability of the workforce and encourage omni-competence across investigations and intelligence.

Retention:

- Succession planning based on developing the right people for leadership roles.
- Minimum employment term for those on development programmes.
- Encouraging development within grade.

Flexibility:

- Contribute to the development of law enforcement professionals and specialist capabilities through facilitating fluidity of talent between NCA, UKIC and policing.
- Shift the age profile of the workforce to invest in future capabilities.

Engagement:

- Develop pay equity amongst existing officers.
- Recognise deepening of expertise and skills through career paths and remuneration.

Recruitment:

- Be the pinnacle of law enforcement and compete for talent with policing and UKIC.
- Develop a compelling employment offer (pay and non-pay benefits).
- Have the capacity to deliver the NCA's strategy.

Pay Reform Proposal

- 3.8. Due to the need for any award to be affordable for the agency both immediately and over the long term, the NCA has carefully considered the approach to pay reform.
- 3.9. The pay reform proposals are over three years and therefore this section shows proposed rates of pay for 2017/18, 2018/19 and an initial view on 2019/20. NCARRB are asked to make recommendations for the 2017 and 2018 pay award, and as such the government evidence is designed to support the award for these years only.
- 3.10. The pay proposals are a holistic approach across the whole workforce and targeted towards enabling the development of sustainable and specialist capabilities. The approach is targeted and segmented and comprises three distinct recommendations and one additional update.

Recommendations

- Introduce a spot rate structure for G4 and G5 intelligence and investigations officers.
- Compress existing pay structures.
- Increase the non-consolidated pot.

Additional update

- Creation of NCA remuneration committee.

Recommendation 1: Implement a spot rate structure for G4 and G5 Investigations and Intelligence Officers

- 3.11. Many officers are currently trapped at the bottom of the pay range, while equally skilled colleagues who were brought into the NCA through different routes are paid closer to the top. This creates pay discrepancies within the workforce of up to almost £13k in the largest operational grade.
- 3.12. One third of the workforce is employed at G4 and G5. This is the agency's key operational grade. Currently the pay band is 47% long which is creating significant equal pay and morale issues due to the length of time (up to 40 years) it takes officers to move from minimum to maximum. By implementing spot rates at these grades, the agency will create a 'rate for the job' which will mitigate the morale and diversity challenges currently faced.
- 3.13. Compounded by the effects of increasing salaries in key comparator markets, having an open pay range is creating significant challenges in recruiting the right calibre of officer as well as morale issues amongst the workforce. After carefully balancing the evidence, the NCA proposes that

the most value can be derived from investing in a new pay structure for these critical operational grades.

- 3.14. The current pay structure is impeding the agency's ability to recruit from a diverse pool. Salaries which are significantly behind police comparators mean that the agency has an increased reliance on recently retired police officers who are in receipt of a first pension and can afford to take a lower paid role. By investing into the salaries for key operational grades, the agency will be able to attract more entry-level and mid-level candidates.
- 3.15. The issues outlined above are most acutely felt at G4 and G5. Based on affordability, significantly shorter pay ranges at G3-G1 and the need for more flexibility at higher grades it is not proposed to implement a spot rate structure at these grades.
- 3.16. The objective of the spot rate structure is to reward development in role linked directly to experience and skills.
- 3.17. This is a capability-based model which rewards development in role and allows the NCA to grow talent and capability within grade.
- 3.18. This model will allow the agency to recognise development within role and therefore to retain younger talent that has been developed in-house at significant cost. This is a key element of the diversity strategy. These modernised reforms are a key strand of the NCA's reform agenda, including reducing current reliance on discretionary overtime.
- 3.19. There will be three spot rates per G4 and G5 grade which will be open to officers in qualifying roles. This is specifically linked to capability and does not represent a powers/ non-powers split although in practice, most G4 and G5 officers holding powers will fall in scope.
- 3.20. The spot rates will be as follows:
 - Spot rate 1: Developing in role
 - Spot rate 2: Occupationally and operationally proficient
 - Spot rate 3: Specifically reserved for niche capabilities
- 3.21. Due to affordability, the spot rate values will be implemented over a period of three years. In subsequent years the spot rates will be revalorised in keeping with affordability and public sector pay policy.
- 3.22. Officers who are eligible for the spot rate structure will have the flexibility to decide on whether to remain on their current pay structure and terms and conditions.

Table 5: Grade 4 investigations and intelligence officers

Year	Spot rate 1	Spot rate 2	Spot rate 3
2017/18	£35,985	£39,318	£41,387
2018/19	£37,536	£40,800	£42,500
2019/20	£37,911	£41,290	£43,010

Table 6: Grade 5 investigations and intelligence officers

Year	Spot rate 1	Spot rate 2	Spot rate 3
2017/18	£27,000- £28,800*	£31,455	£33,110
2018/19	£30,154- £31,410*	£33,504	£34,900
2019/20	£30,455- £31,724*	£33,906	£35,319

**Officers in SR1 will get a small increment once they have achieved occupational competence.*

- 3.23. Officers moving to the new structure will be expected to accept an increase to the working week of 3 hours (up to 40 hours excluding lunch breaks), modernised terms and conditions and enhanced flexibility clauses. The agency will also seek to implement minimum length of service for officers who undergo expensive operational training (e.g. IOTP).

- 3.24. Due to affordability and recruitment data, the values of the spot rates have been set at below the current grade maximums. This will impact on the numbers of officers who will move onto the new structures (see Annexe J).
- 3.25. The spot rate structure will be underpinned by a skills and accreditation framework. In order to access higher spot rates, officers will need to go through a skills gateway to demonstrate that they have reached the required level of occupational and operational proficiency.
- 3.26. The investment required in this segment of the pay bill will result in an increase to remuneration cost (IRC) of over 1%.

Recommendation 2: Average 1% award targeted at compressing existing pay structures to shorten the pay ranges

- 3.27. The NCA is concerned that the current length of the pay ranges is resulting in increasing equal pay risks. This is created by the length of time that it currently takes officers to advance from the minimum to the maximum of the range. The Grade 6 and Grade 1 pay ranges are currently 47% and 28% long respectively.
- 3.28. Officer morale is suffering as a result of perceived inequity built into the pay structures with no viable way for individuals to overcome pay discrepancies.
- 3.29. The NCA has lagged behind the Civil Service in compressing pay scales. Shorter pay scales will reduce the time it takes for officers to reach the top of the pay scale. This will mitigate increasing equal pay risks created by the length of time it currently take officers to catch up with more highly paid colleagues.
- 3.30. By targeting the annual award at the bottom of the pay range, the NCA will compress the ranges. This will be done by retaining the current values of the maximums, and increasing the values of the minimums.
- 3.31. In order to invest in the shortening of the pay ranges, officers who are currently on the pay range will retain their relative position and will therefore not all receive the same value of pay award.
- 3.32. In recognition of officers who are at the top of the range and their continued contribution to the agency, a minimum award of 0.5% will be underpinned by the non-consolidated pot.
- 3.33. The length of the current pay scales is an issue that disproportionately affects the lower grades. Allocation of the 1% envelope will therefore be targeted towards achieving pay range lengths which are more consistent across the grading structure.

3.34. This principle will mean that percentage pay awards will decrease proportionately as officers progress up the scale. All officers will retain their relative position on pay range. The outcome of compression being targeted in this way is that officers at the lower end of the pay range and of the grading structure will benefit more. This is achieved by enabling lower paid officers to move faster up the pay scale than their more highly paid colleagues.

Table 7: pay range minimum compression over 3 years

Grade	Year	Pay range Minimum		Pay range Maximum	Pay range length
1	Current	£63,709		£81,829	28.4%
	2017/18	+0.75%	£64,187	£81,829	Compressed by 8.0%
	2018/19	+0.75%	£64,668	£81,829	
	2019/20	+0.75%	£65,153	£81,829	25.6%

2	Current	£52,008		£66,822	28.5%
	2017/18	+0.75%	£52,398	£66,822	Compressed by 8.0%
	2018/19	+0.75%	£52,791	£66,822	
	2019/20	+0.75%	£53,187	£66,822	25.6%
3	Current	£41,607		£54,727	31.5%
	2017/18	+2.00%	£42,439	£54,727	Compressed by 19.4%
	2018/19	+2.00%	£43,288	£54,727	
	2019/20	+2.00%	£44,154	£54,727	23.9%
4	Current	£33,286		£43,809	31.6%
	2017/18	+2.50%	£34,118	£43,809	Compressed by 24.3%
	2018/19	+2.50%	£34,971	£43,809	
	2019/20	+2.50%	£35,845	£43,809	22.2%
5	Current	£24,965		£36,821	47.5%
	2017/18	+3.00%	£25,713	£36,821	Compressed by 19.3%
	2018/19	+3.20%	£26,536	£36,821	
	2019/20	+2.70%	£27,252	£36,821	35.1%
6	Current	£17,866		£26,341	47.4%
	2017/18	+3.00%	£18,402	£26,341	Compressed

	2018/19	+3.50%	£19,046	£26,341	by 20.7%
	2019/20	+3.00%	£19,617	£26,341	34.3%

Recommendation 3: Increase the non-consolidated pot to extend flexibility to award allowances across the workforce

- 3.35. The non-consolidated pot is the mechanism through which the NCA can target non-pensionable and reviewable allowances to specific roles where compelling recruitment and retention evidence exists.
- 3.36. The NCA has lagged behind in its interpretation of public sector pay policy and, since the establishment of the agency, has not increased the value of the non-consolidated pot as a fixed percentage of the pay bill.
- 3.37. The proposal is to increase the value of the pot from 0.6% of the pay bill to 1%. The cash value of the pot will vary annually along with the total value of the pay bill.
- 3.38. The NCA currently pays Special Duties Bonus Payments to officers in specific qualifying roles (specialist surveillance, lawful intercept and cyber). The value of these allowances (see Annexe H) will remain fixed pending the implementation of pay reform and will be reviewed in advance of the next NCARRB submission.
- 3.39. £535k will be set aside for the creation of role-specific recruitment and retention allowances open to the whole workforce. The allowance can be awarded to a specific role where there is compelling evidence of difficulties in recruitment or retention. Current evidence suggests that this will be in hard to fill roles including firearms, cyber, child protection advisors and technology.
- 3.40. To access the new allowance, a business case, demonstrating value for money and compelling role-specific recruitment or retention pressures, will need to be approved by the NCA's newly set up remuneration committee (see 4.41).
- 3.41. NCA procedures have been revisited to allow for more flexibility in advertising and starting salaries of specific roles where there is a compelling case. This is tightly overseen by HR and the remuneration committee who ensure that the business case evidences affordability and value for money.

- 3.42. Combined with the use of recruitment/retention allowances and pay range compression, the NCA is satisfied that this provides sufficient flexibility to recruit and retain senior operational officers and non-operational officers in critical enabling functions.

Update 1: Creation of NCA remuneration committee

- 3.43. NCARRB continues to have the remit for all officers holding powers across all pay structures.
- 3.44. The implementation of pay reform will be contingent on the development of a suitable skills framework and career paths overseen by the Change programme.
- 3.45. The NCA will set up a Remuneration Committee, chaired by a senior operational director, which will report to the NCA's Investment Committee. The role of the Remuneration Committee will be to:
- Oversee the implementation of the spot rate structure.
 - Govern the use of recruitment and retention allowances, higher starting salaries and higher advertising salaries.
 - Establish and endorse the management of an appropriate gateway process for access to higher spot rates.
 - Oversee pay bill management, ensuring that the NCA allocation of pay is balanced with the budget and affordable long term.

Impacts on officers

- 3.46. In determining the proposals for pay reform, the NCA has ensured that both segments of the workforce (officers on compressed structures and officers on spot rate structure) are in receipt of an average overall minimum 1% increase to remuneration.
- 3.47. Additional investment over and above 1% is required in order to implement the spot rate structure resulting in an average award across the total workforce in excess of 1%.

Table 8 - average individual pay award per segment of proposals

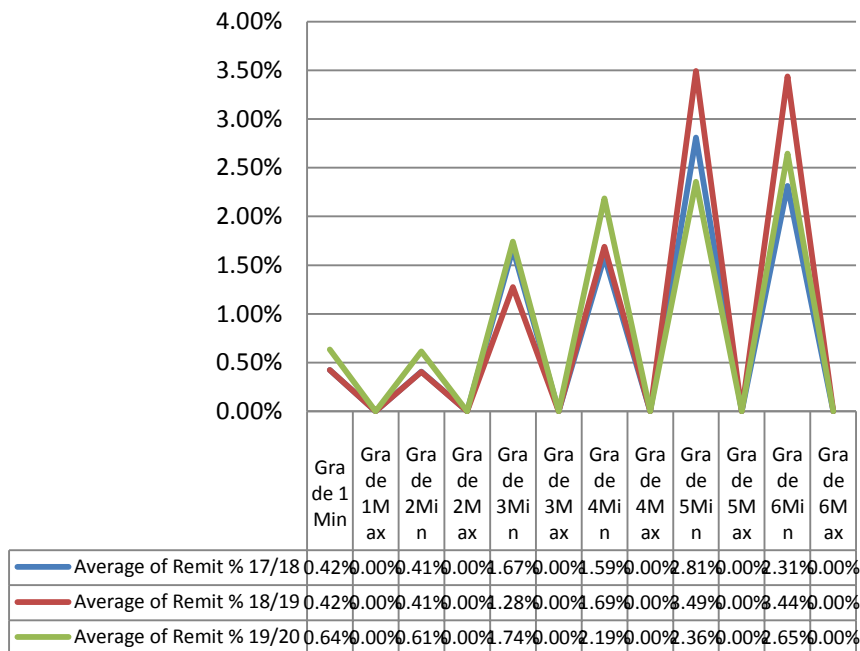
	Average individual pay award		
	2017/18	2018/19	2019/20
Compressed pay scales	1.0%	1.0%	1.0%
Spot rate structure	10.6%	6.9%	2.2%
Workforce aggregate	3.0%	3.0%	1.7%

- 3.48. At an individual level, officers remaining on current terms and conditions in receipt of a lower than 0.5% consolidated award will have a minimum award of 0.5% underpinned by a non-consolidated payment.
- 3.49. Approximately 39% of the workforce will be eligible for spot rate structure. Based on modelling assumptions, it is expected that only 24% would move across during the three-year implementation. 15% of the workforce are eligible but are currently paid more than the new spot rates and would therefore opt out. 9% of the workforce would benefit financially from the new structures but may still opt out (e.g. lower hourly pay, increase to working week etc.).
- 3.50. The increase to the working week of up to 40 hours will impact on all officers who are paid the spot rate structure. Officers working alternative working arrangements will be given the option to retain their specific contracted hours, or their FTE equivalent.
- 3.51. The value of spot rate 1 at both G5 and G4 reflects a pro rata uplift of 37 to 40 hours of the current pay range minimum.
- 3.52. Officers, including those who are eligible for spot rates but who opt out, remaining on current pay structures will stay on their current terms and conditions.
- 3.53. Officers who fail to maintain the occupational and operational competence required of the 'proficient' spot rate will be managed through the performance management process.
- 3.54. Further detail is provided at Annexe F.

Average individual pay awards

- 3.55. To maximise the ability to compress the ranges, the agency proposes to maintain officers' relative position on the pay scale. This will impact on the percentage pay award officers will receive. Officers will benefit differently dependent on where on the pay scale they are currently positioned.
- 3.56. The following graph demonstrates that the higher up the pay scale, the lower the percentage consolidated award received. Any consolidated award of under 0.5% will be underpinned by a non-consolidated award.

Graph 1: Illustration of varying pay awards within grade dependent on position on the pay range 2017/18



- 3.57. The table below gives an example of how the underpinning will work to ensure that officers in the compressed structures will get a minimum 0.5% award (made up of a blend of consolidated and non-consolidated awards).

Table 9: Example scenarios for G5 non-operational officers on compressed structures in 2017/18.

Current salary	Position on pay scale	New salary	% consolidated	Non-consolidated
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(2016/17)	(maintained)	(2017/18)	pay award	payment
£24,965	0% (grade min)	£25,713	3.00%	n/a
£30,626	47.7% (TR min)	£31,017	1.30%	n/a
£35,050	85.1%	£35,162	0.30%	0.20%
£36,821	100% (Grade max)	£36,821	0.00%	0.50%

3.58. As demonstrated in Table 42, officers remaining in the compressed pay structures will receive an average of 1% but will receive awards of varying values depending on where they are in the current pay range and grading structures. The following table demonstrates the average and maximum consolidated awards across this segment of the workforce.

Table 10: Pay awards across compressed pay ranges

	2017/18	2018/19	2019/20
Average pay award across all grades (£)	£357	£354	£348
Highest pay award given	£833	£853	£874

3.59. The cost of implementing the spot rate structure takes into account an average award of 1% for officers in scope as well as additional investment (over and above the 1%) to ensure that the spot rates are competitive against the market (primarily policing and UKIC).

3.60. Circa 40% of the officers who are eligible for the spot rate structure will not benefit financially. It is therefore expected that they will elect to remain in the current compressed pay structures.

3.61. Officers who move to the spot rate structure will receive different pay awards dependant on their current salary level. Due to the phased implementation, the values of the spot rates will increase by more than a base pay award of 1% in implementation years 1 and 2. This means that officers will see higher increase to remuneration in year 1 and 2 than a pay award of 1% in year 3.

Table 11: Increase to remuneration across spot rates

	2017/18	2018/19	2019/20
Average pay award across grades 4 and 5 (£)	£2,967	£2,194	£895*
Highest pay award given across grades 4 and 5	£8,146	£4,815	£3,754

*Officers who are already in the spot rate structure in year 3 will benefit from the 1% revalorisation of the 2018/19 spot rate values. This figure is higher than the value of the 1% valorisation due to the number of officers who are expected to transition from the compressed structures to spot rate in year 3.

Equality impact assessment

- 3.62. The NCA is committed to increasing the diversity of its workforce and this is reflected through the pay reform proposals. The proposals have been developed with regard to meeting the requirements set out under the public sector equality duty.
- 3.63. The introduction of a spot rate approach to pay determines salaries at a rate which is competitive with the 'going rate for the job' within the sector. Decisions relating to the positioning of individuals within the pay structure will be evidenced through skills and capabilities and overseen by the NCA's remuneration committee to ensure equity and openness.
- 3.64. The proposals are underpinned by the continuation of the NCA's performance management system and the agency's bespoke job evaluation system which is built on objective analysis of the role.
- 3.65. The risk of equal pay litigation is rising, in part, due to the historic length of the pay scales. The impact on officers is that it currently takes a significant amount of time to progress from minimum to maximum of the pay range, and therefore, to catch up with equally skilled colleagues who are higher on the pay scale.
- 3.66. Compressing the pay ranges will result in, dependent on public sector pay policy and affordability, officers being able to progress through the open pay range at a faster rate (see table 7 for detail).
- 3.67. Officers with powers are overwhelmingly male, at a ratio of 3:1 with female counterparts. Whilst the introduction of the spot rate structure is capability based (not powers based), it is expected that, in the short term, more male

officers will benefit from larger increases to salary. The agency's view is that whilst salaries remain uncompetitive, it will continue to be difficult to recruit officers from diverse backgrounds into investigations and intelligence. Making salaries more competitive is the first step towards growing the diversity (age, gender, BAME, disability and sexual orientation) within critical operational roles.

Gender Pay Gap

3.68. The NCA will be meeting its requirement to publish its gender pay gap in April 2018.

3.69. Current analysis of male and female average salaries demonstrates that the implementation of pay reform proposals will have the following effect in year 1:

- Narrow the gender pay gap between male and female salaries of officers remaining in the compressed pay scales.
- All officers in spot rates will be paid at the same rate.
- Overall gender pay gap will increase due to officers in the spot rate structure receiving higher pay awards.

3.70. The introduction of the spot rate structure is based on compelling recruitment and retention evidence. The introduction of competitive salaries will allow the agency to reduce its reliance on officers seeking a second career and to actively diversify its recruitment pipeline.

Implementation plans

3.71. As part of the NCA Change Portfolio, the implementation of pay reform will be supported by strong project and programme governance with specific focus on managing change to the workforce. Trade Unions will form a critical part of successful implementation, and the NCA will work closely to achieve a collective agreement on reform proposals wherever possible.

3.72. The NCA is committed to implementing pay reform in the 2017/18 financial year and has made the commitment to backdate any due pay award to officers to August 2017.

Cost & affordability

3.73. The NCA will fund the additional costs of pay reform from within its Spending Review settlement and from £25m savings generated from the NCA Change Portfolio. In parallel, the agency is currently undergoing detailed business planning work to determine the sustainability of operational outcomes with the current level of workforce and capabilities over the medium term.

- 3.74. The non-pay budget currently represents about 48% of agency's gross spend (with 52% being 'Pay') and it therefore provides scope for additional savings in future. Such savings may come from the NCA scaling down non-critical work internationally, redeploying its resources in the way that enables further estates closures and reduction in the size of the fleet, travel and subsistence; it may also involve further economies in the operating costs involved in the intelligence and investigations work and prioritising these budgets to realise most effective outcomes.
- 3.75. The forecast cost pressures in the overall budget are offset by the planned savings in the non-pay budgets (e.g. estates, ICT, projects, and operational costs). This will be delivered through the change portfolio which will deliver a more agile, flexible and technology enabled organisation.
- 3.76. By the end of the implementation period, the workforce will be smaller, structured by capability and paid competitively. The agency is currently planning to reduce its FTE headcount to 3,920 in 2019/20 from 4,290 as at end of 2016/17. Reductions in headcount, achieved through natural wastage, will result in a decrease in the overall pay bill despite the costs of implementing the spot rate structure.

Table 12 - The cost of delivering pay reform

Year	Cost £m	Paybill £m	IRC %
2017/18	£4.4m	£147.3m	3.0%
2018/19	£4.4m	£146.9m	3.0%
2019/20	£2.5m	£143.8m	1.7%

4. Conclusions

- 4.1. The NCA is undergoing an ambitious transformation of its intelligence and investigative processes, its underlying IT and the shape and skills of its workforce. This will require more agility and flexibility from the workforce.
- 4.2. The NCA is in a unique position because of the nature of its work, tackling some of the highest harm threats and individuals impacting our society. The NCA needs to be able to attract the highest calibre investigators and analysts to take on those threats.
- 4.3. The strength of the agency is in bringing together officers from multiple sectors across law enforcement, security, cyber etc. In competing across various labour markets, NCA pay and reward for a number of specialist capabilities has fallen behind that of its competitors (predominantly in policing and UKIC). This is significantly impacting the resourcing of critical operations and the ability to maintain capabilities which keep pace with the changing nature and scale of the threats, as well as NCA officer engagement.
- 4.4. The proposals contained within this document are strongly evidence based and target affordable funds at the following:
 - Implementing a spot rate structure for G4 and G5 investigations and intelligence officers in order to resolve significant morale, recruitment and equal pay risk issues.
 - Compressing the existing pay structures to reduce equal pay risks.
 - Increase the non-consolidated pot to provide further resilience to recruitment and retention issues through targeted non-pensionable allowances.
- 4.5. As a result, the agency will become more competitive in the recruitment market and narrow the gap with the salaries in core competitor markets.
- 4.6. The pay reform proposals are entirely self-funded through efficiencies driven out of the NCA Change portfolio.

Annexe A – workforce composition²

Table 13: Workforce FTE by Command (31st August 2017)

Command	Total
NCA Margin	25.0
NCA Change	52.8
NCA Chief Information Officer	165.9
NCA Corporate Services	256.4
NCA DG Board & Corporate Affairs	78.4
NCA Intelligence	1,075.1
NCA Investigations	1,513.7
NCA Legal	42.1
NCA Prosperity	567.2
NCA Security & Standards & PPR	129.3
NCA Vulnerabilities	363.6
Total	4,287.6

Table 14: Workforce FTE by Grade (31st August 2017)

Grade	Total
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² Data provided is most up to date. Modelling work completed in Q2 and uses March 2017 data.

DD & Above	35.6
NCA Grade 1	86.6
NCA Grade 2	190.0
NCA Grade 3	576.0
NCA Grade 4	1,121.7
NCA Grade 5	1,960.1
NCA Grade 6	317.6
Total	4,287.6

Table 15: Workforce by Full-Time/Part-Time officers in post (31st August 2017)

Grade	Full-Time	Part-Time	Total
DD & Above	35	1	36
NCA Grade 1	84	3	87
NCA Grade 2	185	6	191
NCA Grade 3	557	25	582
NCA Grade 4	1,065	80	1,145
NCA Grade 5	1,838	168	2,006
NCA Grade 6	278	59	337

Total	4,042	342	4384
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Table 16: Workforce by Gender (31st August 2017)

	Sex		Total
	F	M	
Grand Total	39.05%	60.95%	100.00%

Table 17: Workforce by Ethnicity (31st August 2017)

	Ethnicity				Total
	White	BAME/Other	Prefer not to say	Not Declared	
Grand Total	68.79%	7.52%	1.62%	22.07%	100.00%

Table 18: Workforce by Disability (31st August 2017)

	Disability			Total
	Disabled	Not Disabled	Not Declared	
Grand Total	3.77%	39.84%	56.39%	100.0%

Table 19: Workforce by Sexual Orientation (31st August 2017)

	Sexual Orientation				Total
	Heterosexual	LGBT+	Prefer not to say	Not Declared	
Grand Total	63.08%	2.10%	31.03	3.72%	100.0%

Table 20: Workforce by Religion (31st August 2017)

	Religion				Total
	Christian	Non-Christian	Not Declared	Prefer not to say	
Grand Total	34.18%	24.01%	38.09%	3.72%	100.0%

Table 21: Workforce by Age (31st August 2017)

	Age Band			Total
	18 - 34	35 - 54	54 & over	
Grand Total	23.06%	58.74%	18.19%	100.0%

Table 22: Powers vs. Non Powers by Command (31st August 2017)

Command	Powers*	Non Powers*	Total
NCA Margin	12	13	25
NCA Change	13	41	54

NCA Chief Information Officer	22	151	173
NCA Corporate Services	24	245	269
NCA DG Board & Corporate	2	78	80
NCA Intelligence	396	699	1095
NCA Investigations	1024	540	1564
NCA Legal	1	44	45
NCA Prosperity	261	315	576
NCA Security & Standards & PPR	52	82	134
NCA Vulnerabilities	143	226	369
Total	1950	2434	4384

Table 23: Powers vs. Non Powers by Gender (31st August 2017)

Gender	Powers	Non Powers	Total
Female	507	1199	1706
Male	1443	1235	2678
Total	1950	2434	4384

Table 24: Powers vs. Non Powers by Full Time/Part Time (31st August 2017)

	Powers	Non Powers	Total
Full Time	1870	2172	4042
Part Time	80	262	342

Total	1950	2434	4384
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Table 25: Powers vs. Non Powers by Grade (31st August 2017)

Grade	Powers	Non Powers	Total
DD & Above	8	28	36
NCA Grade 1	32	55	87
NCA Grade 2	97	94	191
NCA Grade 3	309	273	582
NCA Grade 4	594	551	1145
NCA Grade 5	901	1105	2006
NCA Grade 6	9	328	337

Table 26: Powers vs. Non Powers by part-time/full time (31st August 2017)

Grade	Powers		Non Powers		Total
	Full-time	Part-time	Full-time	Part-time	
DD & Above	8	0	27	1	36
NCA Grade 1	32	0	52	3	87

NCA Grade 2	97	0	88	6	191
NCA Grade 3	308	1	249	24	582
NCA Grade 4	566	28	499	52	1,145
NCA Grade 5	851	50	987	118	2,006
NCA Grade 6	8	1	270	58	337
					4,384

Table 27: Joiners and Leavers by Command and shown as annual % of turnover (01/09/2016-30/08/2017)*

Command	Joiners	Leavers	Officers at start	Annualised % Turnover
NCA Change	9	13	75	17.33%
NCA Chief Information Officer	14	30	207	14.49%
NCA Corporate Services	37	34	314	10.83%
NCA DG Board & Corporate Affairs	15	10	87	11.49%
NCA Intelligence	81	89	1150	7.74%
NCA Investigations	191	101	1662	6.08%
NCA Legal	2	3	50	6.00%
NCA Margin	0	1	43	2.33%
NCA Prosperity	70	64	599	10.68%
NCA Security & Standards & PPR	20	9	136	6.62%
NCA Vulnerabilities	51	40	392	10.20%
Total*	490	394	4715	8.36%

*data in this table is based on the total workforce including secondments and contingent labour.

Table 28: Reasons for leaving the agency (01/09/2016 - 30/08/2017)

Reason for leaving	Number of officers
Death in Service	2
End of Attachment	0
End of Contract	2
End of Fixed Term Contract	5
End of secondment	2
End of Temp	0
Medical retirement	6
Retirement	73
Resignation	153
Dismissed	1
Civil Service Transfer	75
Grand Total	319

Table 29: Leavers by grade with years in service (01/09/2016 - 30/08/2017)

Length of service calculated from employment start date, not continuous service date.

Grade	Length of service (years)			
	Less than 2 years	2-5 years	5-10 years	Over 10 years

Grade 1	0	1	3	1
Grade 2	3	4	4	18
Grade 3	2	2	5	24
Grade 4	10	8	11	33
Grade 5	32	46	21	48
Grade 6	19	17	4	5
Total	66	76	48	129

Table 30: Reasons for leaving - Intelligence and Operations Command (01/09/2016 - 30/08/2017)

Leaving reason	Number of officers
Death in Service	2
End of Attachment	0
End of Contract	4
End of secondment, return to parent org	3
Medically Retired	6

Normal Retirement	44
Resignation	70
RTF - Retirement	0
Dismissed	0
Civil Service Transfer	38
Total	163

Annexe B – workforce earnings data³

Table 31: Current workforce positioning on 2016/17 pay ranges (31st March 2017)

³ This data is used to underpin the modelling work, and therefore uses March 2017 data

Grade	Range location				Total
	Range min - TR min	Within TR	TR max - range max	Range Max	
Grade 1	58	14	0	1	73
Grade 2	137	43	3	1	184
Grade 3	414	95	16	4	529
Grade 4	731	304	104	14	1,153
Grade 5	1,344	387	198	46	1,975
Grade 6	276	116	15	7	414
Total					4,328

Graph 2: Current workforce positioning on 2016/17 pay ranges (31st March 2017)

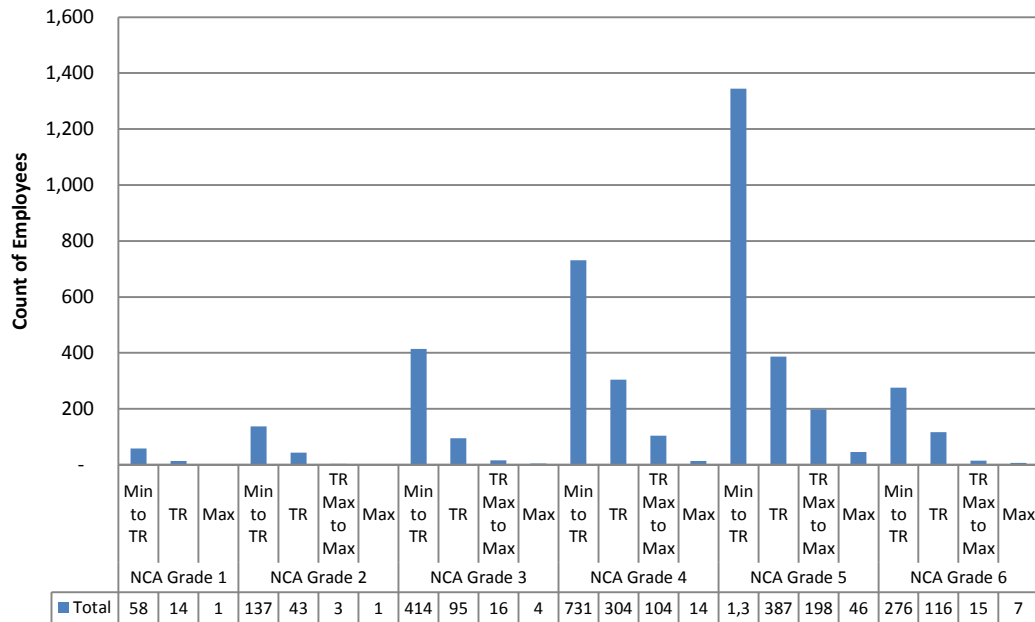


Table 32: Average earnings for officers with powers (31st March 2017)

Grade	Range location		Average of overtime (including on-call)
	Number of employees	Average of base pay	
Grade 1	27	£66,683	-
Grade 2	96	£56,192	£2,000
Grade 3	295	£44,851	£5,610
Grade 4	630	£37,802	£6,170
Grade 5	936	£30,060	£4,416
Grade 6	55	£22,412	£1,095

Annexe C - Apprenticeships

Table 33: Apprenticeship pay

Apprenticeship Standard	Level	Duration	Pay Structure	
			Salary during	Upon Completion
CSFTAS Digital Forensic	4	2 Years	£24,965	£24,965
Electronic and Engineering	3/4	4 Years		£24,965
		Year 1	£14,998	
		Year 2	£17,689	
		Year 3	£20,048	
		Year 4	£22,407	
CSFTAS Cyber Technologists	4	2 Years	£19,500	£22,407
NCCU (SIA)	4	2 Years	£19,500	£22,407
IOTP	5	2 - 3 Years	£22,407	£24,965

*Apprentices do not hold powers and therefore are not part of the remit group.

Annexe D: IOTP

Table 34: Trainee officer in-take

Cohort	Intake	No. and Composition of Trainees
Cohort 9	Jan-16	13 Existing officers
Cohort 10	Apr-16	27 Existing officers
Cohort 11	Jun-16	12 Existing officers, 16 Trainee officers
Cohort 12	Sep-16	8 Existing officers, 7 Trainee officers
Cohort 13	Apr-17	20 Existing officers 1 Trainee officer

Cohort 14	Jun-17	6 Existing officers, 8 Trainee officers
Cohort 15	Sep-17	11 Existing officers, 5 Trainee officers

Table 35: National Investigators' Exam (NIE) Pass Rate

	Home Office/Forces Average	NCA
Nov-15	68.60%	100%
Mar-16	66.50%	66.70%
Jun-16	57.80%	60.90%
Sep-16	63.80%	88.60%
Nov-16	68.20%	91.20%
Mar-17	65.10%	72.70%
Jun-17	60.20%	88.90%
Sep-17	66.40%	83.30%

Table 36: NCA Specific Powers Exam (SPE) Pass Rate

Nov-15	66.70%
Mar-16	86.80%
Jun-16	90.40%
Sep-16	75.90%
Nov-16	86.20%
Mar-17	84.91%
Jun-17	83%
Sep-17	77%

Table 37: Attrition rates post IOTP

Cohort	No. of officers	Leavers post IOTP	Attrition rate
Cohort 1	26 officers	3	11%
Cohort 2	13 officers	1	8%
Cohort 3	91 officers	1	1%
Cohort 4	100 officers	9	9%
Cohort 5	68 officers	5	7%
Cohort 6	56 officers	4	7%
Cohort 7	16 officers	3	18%
Cohort 8	26 officers	1	4%

**Annexe E – Diversity Breakdown
for Project 500**

Table 38: Diversity breakdown for Project 500

Gender of new joiners (399 joiners)		Workforce profile at 30 Sept 2015
Female	43.86%	37.9%
Male	56.14%	62.1%

Age bracket of new joiners (399 joiners)		Workforce profile at 30 Sept 2015
Under 25	15.54%	3.80%
25 - 29	20.05%	8.91%
30 - 34	15.04%	11.11%
35 - 39	12.78%	15.43%
40 - 44	6.77%	14.19%
45 - 49	8.52%	18.46%
50 +	17.79%	28.11%
Data to be validated	3.51%	-

Ethnicity of new joiners (399 joiners)		Workforce profile at 30 Sept 2015
BME	8.77%	7.0%
Non-BME	45.86%	66.3%
Undeclared	45.36%	26.0%
Prefer not to say	-	0.6%

(NB this is self-reported data so with the exception of age may not be verified.)

Annexe F – Spot rate descriptors

Table 39 – Spot rate descriptors

	Description	Detail
Spot Rate 1	Developing	This is the trainee spot for the grade. At Grade 5, officers on a trainee programme will enter at this point. On becoming accredited they will see a slight uplift in pay, but will not progress to Spot Rate 2 (SR2) until they have passed a skills gateway and are deemed operationally and occupationally proficient.
Spot Rate 2	Proficient	This is where the majority of operational officers will sit providing they can demonstrate operational and occupational proficiency. Most officers moving on promotion will do so from this spot rate.
Spot Rate 3	Expert	Access to this spot rate is limited to those officers who have a niche or highly specialised skills set.

Table 40 – Roles in scope

	G5 Intelligence and Investigations officers	G4 Intelligence and Investigations officers
Spot Rate 1	Trainees and officers recently accredited. Experienced officers awaiting accreditation.	Newly promoted officers undergoing specific training or assessment.
Spot Rate 2	Fully accredited and operationally independent officers (subject to change pending internal business planning process) Investigators, financial investigators, specialist surveillance, cyber investigators, lawful intercept, intelligence officers	Fully accredited and operationally independent officers (subject to change pending internal business planning process.) Investigations and Intelligence managers.
Spot Rate 3	Fully qualified and operationally independent specialists e.g. tech ops and forensics	Fully qualified and operationally independent specialists e.g. tech ops and forensics.

Annexe G – Spot Rate values

The spot rate values have been set in accordance with the following principles:

- Developing spot rate equates to at least a pro-rata increase of the value of the current band minimum.
- Spot rate two set at a rate of pay which is sufficient to compete in the market without seeking to match police pay.
- Spot rate three set to reflect the additional difficulty in recruiting to niche and highly specialist roles.

Table 41 – G5 pay range comparison year 1

2016/17	2017/18 spot rate rates	SR as a % up the 2016/17 pay structure
Min: £24,965		
	SR1: £27,000	17.2%
	SR1.5: £28,800	32.3%
	SR2: £31,455	54.7%
	SR3: £33,110	68.7%
Max: £36,821		

Table 42 – G5 pay range comparison year 2

2016/17	2018/19 spot rate rates	SR as a % up the 2016/17 pay structure
Min: £24,965		
	SR1: £30,154	52.2%
	SR1.5: £31,410	54.4%
	SR2: £33,504	72.0%
	SR3: £34,900	83.8%
Max: £36,821		

Table 43 – G5 pay range comparison year 3

2016/17	2019/20 spot rate rates	SR as a % up the 2016/17 pay structure
Min: £24,965		
	SR1: £30,455	46.3%
	SR1.5: £31,724	57.0%
	SR2: £33,906	75.4%
	SR3: £35,319	87.3%
Max: £36,821		

Table 44 – G4 pay range comparison year 1

2016/17	2017/18 spot rate rates	SR as a % up the 2016/17 pay structure
Min: £33,286		
	SR1: £35,985	25.6%
	SR2: £39,318	57.3%
	SR3: £41,387	77.0%
Max: £43,809		

Table 45 – G4 pay range comparison year 2

2016/17	2018/19 spot rate rates	SR as a % up the 2016/17 pay structure
Min: £33,286		
	SR1: £37,536	40.4%
	SR2: £40,800	71.4%
	SR3: £42,500	87.6%
Max: £43,809		

Table 46 – G4 pay range comparison year 3

2016/17	2019/20 spot rate rates	SR as a % up the 2016/17 pay structure
Min: £33,286		
	SR1: £37,911	44.0%
	SR2: £41,290	76.1%
	SR3: £43,010	92.4%
Max: £43,809		

Annexe H – Summary of spend (non-consolidated pot)

The agency currently pays Special Duty Bonus Payments across operational roles. Pay reform proposals are to increase the ability to extend flexibility to pay role specific recruitment and retention allowances across the business where there is a compelling business case. This will be overseen by the Remuneration Committee.

Table 47: forecast spend against non-consolidated pot.

	Pressure	Forecasted (£)
Special Duties Bonus Payments (existing)	Specialist Surveillance (£1,200-£2,400 p/a)	£430k
	Cyber (£1,200 p/a)	
	Lawful Intercept (£1,500 - £3,000 p/a)	
Other payments	Shift allowance top-up	£470k
	Honoraria	
	Performance management	
Recruitment & Retention Allowances	Role specific allowance (rate dependant on business case – max payment £7k per role)	£535k
Annual award top up	Underpinning of minimum 0.5% consolidated award	£65k
	Total:	£1.5m

Annexe I – Modelling assumptions

In developing the model underpinning the pay reform proposals, the following assumptions were used:

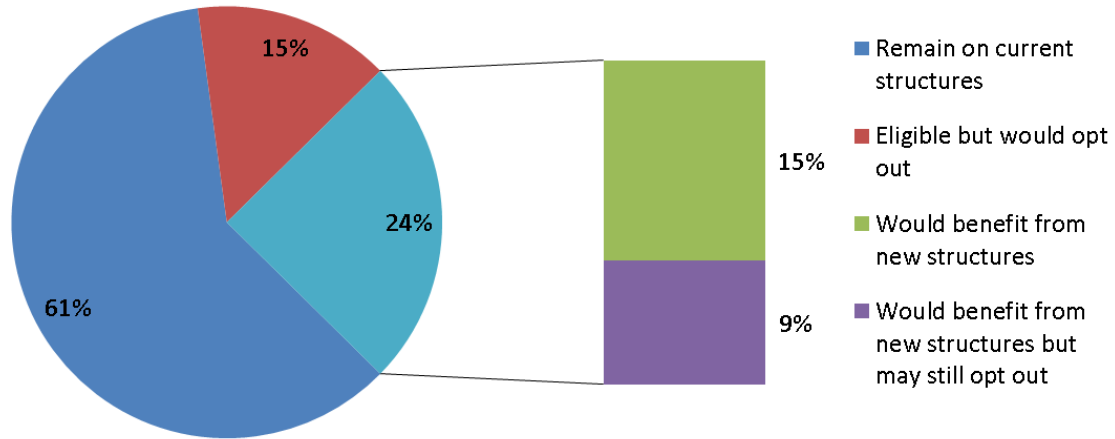
- Total paybill includes all project and core funded posts including fixed term appointments, apprentices and permanent officers, but excludes secondments, contingent labour and officers currently loaned to other organisations.
- Base data is taken from April 2017.
- Officers on temporary promotion returned to their substantive grade for modelling.

Specific to the costing of the transition to the spot rate structure, assumptions were made around the likelihood of officers accepting revised terms and conditions:

- Officers eligible for the spot rate structure opting to remain on current terms and conditions will still be eligible for pay award on the compressed structures.
- Officers who currently earn more than the spot rate values are expected to opt out.
- Officers who would gain financially, but see their hourly rate decrease by opting into new structures will potentially opt out however, the model costs them as moving across.
- Some officers may benefit financially and see an increase in hourly pay but still opt out on the basis that they do not want to increase their hours worked.

Annexe J – Impacts on officers

Graph 3: proportions of officers moving onto new structures



The table above demonstrates the following assumptions:

- 61% of officers will remain on current pay structures.
- 39% of the workforce are eligible to accept new terms and conditions and can move onto the spot rate structure.
- 15% of the workforce are eligible for the spot rate structure but are likely to opt out on the basis that their current salary is higher than they would earn by opting in.
- 15% of the workforce will receive an increase to overall base pay by moving onto the spot rate and will also see an increase to hourly pay.
- 9% of the workforce will receive an increase to overall base pay by moving onto the spot rate, but due to decrease in hourly pay or personal value judgment on increase to hours, may opt out of the new structures.

Annexe K – Cost breakdown

Table 48 - Cost to implement pay award by recommendation

	2017/18	2018/19	2019/20
Opening base pay	£153.12m	£152.69m	£149.67m
Cost to meet transition to Spot Rates	£2.94m	£2.93m	£1.06m
Cost to meet compression increase	£1.48m	£1.47m	£1.44m
Average individual increase to remuneration costs	3.0%	3.0%	1.7%