



Senior Civil Service Pay and Performance Management

NEWSLETTER

Issue 11
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To all SCS members

The Senior Salaries Review Body's 2004 Annual Report

We are pleased to tell you that on 12th February the Government published its response to the 26th Annual Report by the Senior Salaries Review Body (SSRB). It has accepted all the SSRB's recommendations for SCS pay.

This Newsletter summaries the recommendations and explains what they mean for you.

Summary of the recommendations

The main recommendations on SCS pay are:

- SCS pay ranges are to be **revalorised by 2%** from 1 April 2004;
- individual base pay awards will range from **0% to 9%** depending on performance and position on the pay range;
- the minimum non-consolidated **bonus** payment will be **3%** of salary or **£2,500**, whichever is the higher; and
- the **Permanent Secretaries'** new pay range will be £121,100 to £256,550.

Pay Bands

From 1 April 2004 the new SCS pay ranges and target rates will be :

Pay Band	Minimum £	Progression Target Rate (PTR) £	Recruitment & Performance Ceiling (RPC) £
1	53,451	74,298	112,248
1A	62,004	83,384	122,938
2	73,762	99,419	155,008
3	90,867	129,352	192,424

If your Department offers higher **London rates**, the minima and PTR for Pay Bands 1 and 1A will be £3,500 higher than shown above. The RPC remains unchanged.

Base Pay

In previous years the Cabinet Office has set a central matrix for base pay awards according to an individual's relative performance and position on the pay range. Departments were concerned that this produced 'cliff edges', whereby small differences in performance result in significant differences in the size of awards. The Improving Leadership Capacity Programme also reinforced the need for base pay awards to reflect performance better. To address this, your Department now has discretion, if it wishes, to differentiate levels of reward more closely. This will allow closer differentiation between levels of performance and fewer 'cliff edges'.

The pay matrix below is an example of the **range of awards** Departments can make that would lie within the overall cost envelope. The actual ranges may vary from Department to Department but in all cases will be within the range of individual performance awards recommended by the SSRB of **0% - 9%**.

These **flexibilities** have made the Mid Points and Higher Progression Target Rates used in previous matrices obsolete. Your Department will however continue to enhance **progression** by ensuring that those low on their pay ranges receive higher awards for a similar level of performance than those further up the pay range. Your position on your pay range is calculated on the basis of the April 2003 rates and not those applicable from April 2004.

Performance Tranche	Position in Pay Range	
	Below PTR	Above PTR
Top Tranche (25%):	5%-9%	3%-4.5%
Middle Tranche (65-70%):	2.5%-4.5%	3%
Bottom Tranche (5-10%):	0% to 2%	0% to 2%

SCS Pay Matrix from 1 April 2004 (Illustrative)

Your Personnel Unit can provide further information on your Department's SCS pay strategy and how your pay award will be calculated.

Bonuses

Your Department's **bonus pot** will increase to **4%** of the SCS paybill from 3.8% last year. Ministers had intended to increase the pot to 4.9%, but given tight financial constraints, they decided to use the limited funds available for 2003/4 to maintain the market position on consolidated base pay. It remains our aim to build up the bonus pot to higher levels when resource constraints allow.

Your Department has discretion, starting if it wishes for the 2003/4 pay round, to **remove the automatic link** whereby top tranche performers always receive a bonus, about half the middle tranche receive one and bottom tranche performers are ineligible even in exceptional circumstances. This change was widely supported in the recent consultation on Improving Leadership Capacity and will allow greater flexibility in recognising achievement of priority in-year business objectives regardless of overall tranche allocation.

The minimum bonus payment will be **3%** of salary or **£2,500** whichever is the higher. The maximum bonus that can be given to outstanding performers is 20% of base pay. Bonus payments are non-consolidated and non-pensionable.

Permanent Secretaries' Pay

Permanent Secretaries' pay is determined by the Permanent Secretaries Remuneration Committee on broadly the same basis as for the SCS. The pay range will increase to £121,100 to £256,550 from April 2004.

Further information

Further details about the SCS pay and performance management systems can be obtained from <http://www.cabinet-office.gov.uk/civilservice/scs/index.htm> .

If you have any **queries** you should speak, in the first instance, to your local SCS pay contact or your Personnel Director.

Cabinet Office