

Pay Freeze in the UK Civil Service

An Overview of the pay freeze policies in place 2011/12 – 2012/13

Who is covered by the freeze

The Home Civil Service:

- Government departments/ministries
- Executive agencies
- Most non-departmental public bodies (NDPBs)

(Above covers: 40 Permanent Secretaries, 80 special advisors, 4000 Senior Civil Servants & 480,000 junior Civil Servants)

The wider public sector:

- Ministers and Members of Parliament (5% pay cut not a freeze)
- Local government
- Health workers
- Teachers
- Police
- Judiciary
- Other public sector employees

What were the freeze measures?

- Applies to those earning more than £21k
- No base pay increases
- No upward salary repositioning
- Non-Consolidated Performance Related Payment ('Bonus') reductions for the SCS
- Chief Secretary to the Treasury - senior pay approval process

Exceptions:

- Contractual payments
- 'Tapering' of payments above £21k

Post Freeze & Reform of Civil Service Reward

Reform of pay

The Government's principles for reform of pay are:

- Top performers should receive better cash rewards than average performers
- Financial incentives for meeting key business objectives
- Best performers should take on the most demanding assignments
- Assessment should be relative to ensure continuous improvement
- Consolidated pay increases should maintain position with the 'market'
- Team bonuses and gainsharing

Will Hutton's Fair Pay Review

In March 2011, the Government welcomed recommendations by Will Hutton for reform of senior pay in the public sector.

HM Treasury and Cabinet Office are now working on a number of these recommendations:

- **Transparency**: Senior remuneration and performance-related pay should be disclosed to the public to hold Government to account for its reward strategy
- **'Earnback'**: An element of senior base pay should be put at risk and earned back through achievement of objectives.
- **'Gainsharing'**: The rewards of productivity increases should not be monopolised by senior staff, but distributed to all staff through achievement of shared efficiency objectives

Total reward

The Civil Service is looking to develop a more structured approach to, and understanding of, total reward – ‘the deal’:

