



Home Office

HOME OFFICE EVIDENCE TO THE NATIONAL CRIME AGENCY REMUNERATION REVIEW BODY

2024/25 PAY ROUND

March 2024

Contents

- 1. Introduction**
- 2. Strategic Context**
- 3. Economic Context**
- 4. The NCA's Proposals**
- 5. Conclusion**

1. Introduction

1.1 The purpose of this document is to supplement and contextualise from a Home Office perspective the National Crime Agency (NCA) 2024/25 pay award evidence provided separately to the NCA Remuneration Review Body (NCARRB).

1.2 The Crime and Courts Act 2013 and associated NCA Framework Document set out the mechanisms through which the DG NCA is accountable to the Home Secretary for the Agency's performance. As Principal Accounting Officer, the DG NCA is also accountable to HM Treasury in ensuring departmental spend is neither novel nor contentious and remains within delegated funding limits.

1.3 The NCA is a Non-Ministerial Department and is operationally independent of the Home Office. It has therefore, separately, submitted detailed evidence to the Review Body for consideration. The DG NCA is, however, accountable to the Home Secretary under the Crime and Courts Act, whilst maintaining operational independence.

2. Strategic Context

2.1 The NCA is a UK wide, intelligence-led crime-fighting agency, with a visible national profile and international reach. It is the lead law enforcement agency in the UK for serious and organised crime, which is a major threat to our national security and prosperity. It is accountable to the Home Secretary and through the Home Secretary to Parliament. The NCA is also subject to the scrutiny of the Scottish Parliament, Northern Ireland Assembly and the Northern Ireland Policing Board.

2.2 Serious and organised crime ruins the lives of victims and destroys communities. It is a transnational threat to international security, development, and prosperity. It extends and exacerbates conflicts and undermines the economy and stability of partners and allies.

2.3 Criminal networks are increasingly sophisticated, often concealed, and make full use of modern technology. They exploit the internet, often operating across borders and without concern for human life. The Government has taken significant action to strengthen the NCA and other law enforcement agencies. But the threats we face have continued to evolve, driven by global events such as the COVID pandemic, Russia's invasion of Ukraine, instability in other regions, climate change, and the pace of technological change.

2.4 Most serious and organised crime which directly affects the UK has an international element. This is because either the commodities or people being exploited are from overseas, the criminals are foreign nationals or their criminal activity is based overseas so as to make detection and capture harder. Much of the growing threat from online crime also emanates from overseas, but it has a direct impact on people in this country.

2.5 We know that the threats from many types of serious and organised crime are increasing, despite the concerted efforts of our intelligence and law enforcement agencies. Many of those threats are affected by changes in the global economic and political situation. Failing states, mass migration and economic uncertainty all help to create the conditions which organised criminals exploit.

2.6 That is why the Government published its updated Serious and Organised Crime Strategy: No Place to Hide¹ in December 2023. The strategy sets out the five lines of action we will take to protect our citizens and the critical role that the NCA must play in setting a clear strategic and operational direction and developing shared capabilities to drive efficiencies. A strong framework, covering the factors that support operational effectiveness, including pay, is vital to the NCA being able to deliver its role and achieve its mission.

2.7 The Home Secretary set six strategic priorities for the NCA for 2023/24. These were:

- Reduce serious and organised crime in our communities by leading the law enforcement system and improving coordination with policing and other partners to tackle organised crime groups in the UK.
- Reduce serious and organised crime in the UK by dismantling the highest harm organised crime groups, networks and individuals.
- Reduce organised immigration crime with a particular focus on the organised crime groups facilitating small boat crossings as part of the wider Government strategy to stop small boats under the Prime Minister's 10 point plan on Illegal Migration.
- Reduce fraud and combat corrupt elites, state threats, cybercrime, money laundering and other economic crime.
- Enhance the security of our borders and ports by working with operational partners to dismantle the organised crime groups and networks that seek to undermine their integrity.

¹ [CP 992 – No Place to Hide: Serious and Organised Crime Strategy 2023-2028](#)

- Play a full role in delivering the Government's objectives to reduce and prevent crime and respond to national security threats.

2.8 We have made significant progress in delivering the commitment to strengthen the NCA so that it can tackle the threats from serious and organised crime. Over the course of this parliament, since 2019, we have increased the NCA's budget by more than 44% to approx. £870 million in 2023/24, although the Agency is required to make £5m efficiency savings from within its core functions as was set out at the Spending Review.

2.9 This increase in budget and capacity supports the NCA to perform its operational role more effectively helping it to degrade the most technologically sophisticated and harmful criminals, those who enable their activities and those who launder the money they make. The budget uplift is complimented by an increased percentage of funding within the NCA's Core Vote. This provides greater authority and flexibility for the Agency to allocate and prioritise funding against the Strategic Priorities, following its Funding Reform project.

2.10 Despite the increase in budget, the NCA is still managing several significant pressures such as its forthcoming exit from Spring Gardens and its Digital Transformation Portfolio. Commercial procurement costs will only have increased since these portfolios were approved in 2022/24. When considering the affordability of any recommendations, this should be done in the context of the pressures that exist on the NCA budget. This is still developing as the NCA complete the business planning process for 2024/25.

3. Economic Context

3.1 When considering NCA officer remuneration, the NCARRB should have regard to HM Treasury's economic evidence. This sets out that the economy fared better last year than many forecasts had predicted at the start of 2023 and revisions to gross domestic product (GDP) show that the economy also recovered more strongly from the pandemic than previously thought. However, in recent months, the economy has been more subdued with increases in interest rates, necessary to bring down inflation, having weighed on growth in advanced economies including the UK. The economy ended 2023 in a technical recession, having contracted over the final two quarters of the year.

3.2 Inflation has more than halved from its peak in late 2022 but remains above the 2% target. Returning inflation to the 2% target is critical for sustainable growth, though it will not fall in a straight line to get there with domestically driven pressures continuing to have an impact. The Bank of England forecast that inflation will return

to the 2% target in the second quarter of 2024 before rising slightly again, towards the end of the forecast period. In its most recent November 2023 forecast, the Office for Budget Responsibility (OBR) expects Consumer Prices Index (CPI) inflation to continue to fall gradually and average 3% in 2024/25, before returning to the target rate of 2% by the first half of 2025.

3.3 To combat high inflation, the Bank of England has raised interest rates to 5.25%. This has resulted in additional borrowing costs for many mortgage-holders, businesses, and Government. The Government is committed to supporting the Monetary Policy Committee to bring inflation back to target by aligning fiscal with monetary policy. Further borrowing, above what is forecast, would add to inflationary pressure which would put upward pressure on interest rates potentially causing them to stay higher for longer.

3.4 HM Treasury's evidence also provides an overview of the labour market context. Settlement data are the most comparable data to Pay Review Body decisions, as they are a direct measure of consolidated pay awards, and so are not affected by broader labour market factors such as changes to working hours. According to XpertHR, median settlements across the economy have been between 5% and 6% so far in 2023/24, making the award for police officers slightly ahead of the wider economy.

3.5 Wage growth has started to ease from the historically high levels, seen in the summer of 2023, and is forecast to moderate further as the labour market loosens. In their November 2023 Economic and Fiscal Outlook, the OBR forecast that earnings growth will fall below 4% this year and to around 2% in 2025. This measure of average earnings growth has historically been higher than average pay settlements, as it is affected by compositional changes in the labour force and factors such as changes to working hours.

3.6 Indicators suggest that recruitment difficulties have continued to ease over the last year and the number of vacancies has declined for 19 consecutive months. There are challenges at present in interpreting recent labour market forecasts, with both the most recent Bank of England and OBR forecasts produced ahead of the re-introduction of the Labour Force Survey in February 2024, which had been suspended since October 2023. Nonetheless, recent forecasts anticipate that unemployment will rise over the coming year. The OBR forecasts that unemployment will rise to 4.6% in the middle of 2024, and remain at this rate until the end of 2025, before falling back to 4.1% at the end of the OBR's five-year forecast horizon

3.7 The increase in unemployment is expected to ease the level of vacancies across the private and public sector, supporting recruitment and retention across Pay Review Body workforces. HM Treasury's evidence suggests that public sector workforces will also benefit from higher job security over this period given

redundancies have historically been concentrated in the private sector during periods of rising unemployment.

4. The NCA's Proposals

4.1 In its 2023/24 report, the NCARRB recommended that the NCA implement a pay award amounting to 7% IRC for all officers within its remit group, alongside an average 7% uplift to London Weighting and Southeast Allowances. These recommendations were accepted in full and implemented across the entire NCA workforce in delegated grades. It was accepted that the NCA requires a fully developed workforce strategy to address the shortages in its specialist, niche, professional and technological roles which would enhance the Agency's capability to tackle the threat.

4.2 Pay awards given to NCA officers in 2022/23 and 2023/24 have reflected the extraordinary macroeconomic context and, in particular, cost of living pressures. The Spending Review 2021 provisioned funding for a 2% annual pay award for these years including for 2024/25.

4.3 Home Office budgets have come under pressure from the costs of Asylum and police pay which has required the department to carry out difficult reprioritisations over the past two years. Any pay award the NCA agrees to in 2024/25 will therefore need to be fully funded from the Agency's budget.

4.4 In 2024/25 the NCA's budget is expected to remain around £870m. Despite a challenging fiscal environment, the Government remains committed to tackling serious and organised crime and its desire to see the NCA grow as an organisation.

4.5 Staffing and recruitment remain critical to the future success of the Agency. The requirement to increase pay compensation for existing officers needs to be carefully balanced against the impact on the Agency's budget and its staffing aims, particularly in light of the vacancies the Agency is carrying. This must also be set in the context of the government policy to cap the number of civil servants, as announced by the Chancellor on 2 October 2023. The Agency is working with partners across government to better understand what this means for its headcount targets. It is likely that previously planned growth will need to be curtailed, to some extent.

4.6 For 2024/25 the NCA is proposing a one-year pay award package that matches or exceeds the award given to police officers. The NCA continues to regard the police forces as its closest comparator organisation. The Agency's evidence underlines its concerns around NCA officer pay falling behind, which impacts the Agency's ability to recruit and retain mid-career police officers.

4.7 Of particular concern is the NCA's spend on contingent labour which amounted to £14m in 2023/24 and £78m on professional services. Workforce spend should be targeted and cost effective to ensure value for money for the UK taxpayer. The Agency's evidence shows that its recruitment and retention allowance framework is not achieving the aims of retaining experienced staff in competitive recruitment areas such as Legal and IT.

4.8 Pay reform is a crucial part of the delivery of the NCA's strategy. The ambition remains to build on the previous years of progress, to be able to compete with its comparator markets, so that it can attract and retain the skills needed to lead the fight against serious and organised crime.

4.9 The Agency states its proposals will be cost neutral and will implement contractual reform via collective agreement. The Home Office remains committed to supporting the Agency to fulfil its mission effectively and will give any such proposals due consideration.

4.10 The delay in the NCA pay process for 2023/24 significantly impacted workforce relations within the Agency. With the assistance of the NCARRB, this year the Agency commenced its 2024/25 pay round without delay and remains on track to announce its pay award before the end of the summer.

4.11 Further work will be needed to refine the NCA pay process and resolve the existing issues of its two-tier pay structure. The Home Office stands ready to support the NCA in achieving these aims.

5. Conclusion

5.1 The threat to the UK from serious and organised crime is complex and growing, according to the NCA's latest assessment. The Agency is at the forefront of efforts to tackle that threat, with the public expecting the NCA to help keep them safe. The NCA's pay reform and proposals for this year will help meet that objective but this must be set in the context of the cap on civil servant headcount which the government has announced. The Agency has confirmed the proposals are affordable and the Home Office is supportive of them.