



Ministry
of Defence



Head of Performance and Reward

DESHR-COE-PS-ER@mod.gov.uk

Defence Equipment & Support
NH2 Poplar 0
MOD Abbey Wood
Bristol BS34 8JH

25 May 2021

Dear colleague,

DE&S AND SDA 2021 BEST AND FINAL PAY OFFER FOR CIVILIAN LEVELS BELOW THE SENIOR LEADERSHIP GROUP

1. DE&S and SDA have freedom to make a pay offer separate from the rest of the Ministry of Defence and previous pay awards have reflected this. This freedom is intended to allow DE&S and SDA to drive individual and corporate performance, enabling us to attract and retain the specialist skills we need in a competitive marketplace. However, in exercising our freedoms, we must continue to take account of the wider government pay policy, especially around the Spending Review announcements made by the Chancellor of the Exchequer - The Rt Hon Rishi Sunak MP and the communication issued by Government Chief People Officer - Rupert McNeil in November 2020.
2. This offer applies to DE&S and SDA staff **at levels below the Senior Leadership Group**. The final pay offer for 2021 reflects the wider government position for 2021.
3. Details of the offer are at **Annex A**, but the main headlines are:
 - a. Employees earning less than £24,000 as at the 31 March 2021, will receive a salary increase of £250. Exceptions to this includes employees with a performance rating of 5 or undergoing formal performance improvement, employees who have not completed 60 working days for DE&S or SDA prior to 31 Mar 21, and employees who have received at least a £250 increase as part of the National Living Wage increase applied with effect from 1 April 2021. See paragraphs 7 & 8 of Annex A.
 - b. An increase up to £249 will be given to employees earning between £24,000 and £24,249 who would otherwise be overtaken. See paragraph 9 of Annex A.
 - c. Non-consolidated performance awards to all eligible employees with a performance rating of 3 or higher. Performance Awards will be set as a percentage of salary as at 31 March 2021, with adjustment for Corporate performance. This will cost circa £12.54 million (2.8% of the pay bill) in DE&S and £3.15million (3.2% of pay bill) in SDA. See paragraph 11 of Annex A.
 - d. All eligible industrial and shop floor staff with an individual performance rating of 3 or higher to receive a Team Performance Award. See paragraph 12 of Annex A.
 - e. All employees, including Apprentices, to receive at least the National Living Wage, regardless of age. See paragraph 13 of Annex A.

NOT TO BE COMMUNICATED OUTSIDE DE&S OR SDA WITHOUT AUTHORITY

4. This final offer is provided following a period of engagement with our Trade Unions. Discussions have taken place between March and May 2021 and have resulted in an offer on consolidated basic pay that both organisations and the recognised Trade Unions understand reflects the wider government pay position for this year as well as an offer on non-consolidated pay which the Trade Unions have noted reflects a return to the DE&S/SDA approach to linking non-consolidated awards to individual performance.
5. The aim is for all staff to be informed of their end-of-year performance rating in early June.
6. We believe that this final offer is fair, extends as far as can be managed within our operating environment and is consistent with our Reward principles with regard to the Performance Awards.
7. We remain committed to engage in a meaningful reward review and will negotiate with a joint aim to implement a new reward structure inclusive of a review of the existing performance management rating process from 1 April 2022, subject to positive TU acceptance and the wider Civil Service pay environment.

Yours sincerely,



DE&S Head of Performance and Reward

Annex:

- A. Detailed Pay Offer for Civilian Levels Below Senior Leadership Group.

Annex A - Detailed Pay Offer for Civilian Levels Below Senior Leadership Group

Pay offer

1. DE&S and SDA propose a one year pay award consistent with the freedoms granted to both organisations, reflecting the wider Government position and affordable within the operating cost budget.

Employees covered by the offer

2. The offer applies to DE&S and SDA employees in levels below the SLG, including casual staff and fixed term appointments, but does not apply to staff covered by alternative arrangements. Eligibility principles remain unchanged from previous years; principally this means that salary increases (for those earning less than £24,249 per annum) and performance awards will be paid to those who were in scope for performance management, i.e. employed on or before 7 January 21.

Summary of main points of the offer

3. A one year pay award paid from 1 April 2021 to 31 March 2022 paid in July 2021 and backdated to 1 April 2021.

4. Employees earning less than £24,000 as at the 31st March 2021, will receive a salary increase of £250. A tapered increase of up to £249 will be given to employees earning between £24,000 and £24,249 who will otherwise be overtaken to bring them up to £24,249.

5. Non-consolidated performance awards to all eligible employees with a performance rating of 3 or higher. Performance Awards will be set as a percentage of salary as at 31 March 2021, with adjustment for Corporate performance. This will cost circa £12.54m million (2.8% of the pay bill) in DE&S and £3.15 million (3.2% of pay bill) in SDA.

6. All eligible industrial and shop floor staff with an individual performance rating of 3 or higher to receive a Team Performance Award.

Salary increases

7. In line with the Spending Review announcements made by the Chancellor of the Exchequer - The Rt Hon Rishi Sunak MP and the communication issued by Government Chief People Officer - Rupert McNeil in November 2020, salary increases of £250 will be paid to all eligible employees earning less than £24,000. Exceptions to this includes employees with a performance rating of 5 or subject to a formal Performance Improvement Plan, employees who have not completed 60 working days for DE&S or SDA as at 31 Mar 21, and employees who have received at least a £250 increase as part of the National Living Wage increase applied with effect from 1 April 2021.

8. Employees with a performance rating of 5 or who are subject to a formal Performance Improvement Plan as at 31 March 2021, will have their entitlement to the £250 increase withheld. The increase will be reinstated with effect from 1 April 2022, provided they do not receive another performance rating of 5 and are no longer subject to a formal Performance Improvement Plan.

9. A tapered increase of up to £249 will be given to employees earning between £24,000 and £24,249 who would otherwise be overtaken, to bring them up to £24,249, subject to the exceptions stated at paras 7 & 8.

10. Salary increases are not based on distance from the market. We remain committed to engage in a meaningful reward review and will negotiate with a view to implement a new reward structure from 1 April 2022, subject to positive TU acceptance and the wider Civil Service pay environment.

Performance awards

NOT TO BE COMMUNICATED OUTSIDE DE&S OR SDA WITHOUT AUTHORITY

11. DE&S corporate performance, measured through OGSM, has been confirmed as 59.8%. SDA corporate performance, informed by KPI performance, has been confirmed at 78.18%. Non-consolidated, non-pensionable performance awards will therefore be paid to all eligible staff as follows:

DE&S Performance awards

	Rating 3	Rating 2	Rating 1
Level 5	4.5%	6.8%	9.0%
Level 4	3.3%	5.0%	6.6%
Level 3	2.9%	4.3%	5.7%
Levels 1 & 2	2.4%	3.6%	4.8%

SDA Performance awards

	Rating 3	Rating 2	Rating 1
Level 5	5.9%	8.8%	11.7%
Level 4	4.3%	6.4%	8.6%
Level 3	3.7%	5.6%	7.4%
Levels 1 & 2	3.1%	4.7%	6.3%

Industrial Team Performance Award

12. All eligible industrial staff with an individual performance rating of 3 or higher will receive a Team Performance Award. Whether an individual has received a rating of 1, 2 or 3 will not be a further factor in calculating this, but each team's KPI performance will dictate the outcome, as shown in the following table:

Team	Maximum Award	KPI Achievement	Actual Award
BFPO	£780	99.14%	£773
Defence Munitions	£780	95.12%	£742
Fuels	£780	95.88%	£748
Ships	£780	97.48%	£760

National Living Wage

13. All employees will continue to be paid at or above the National Living Wage, regardless of age or whether they are employed on an Apprenticeship scheme. The National Living Wage from 1 April 2021 is £8.91 per hour. This has been applied since April 2021 and a further review will be undertaken to ensure that all employees earning less than £24,000 receive the greater of the adjustment to the new National Living Wage or a £250 increase. This is in line with our approach in previous years.

Salary band minima and maxima increases

14. There is no change to salary band minima or maxima, with two exceptions:

- Administrator/Specialist (Level 1) uplifted to £17,143 to reflect the change in National Living Wage for industrial and shop floor employees contracted to work 37 hours net.

NOT TO BE COMMUNICATED OUTSIDE DE&S OR SDA WITHOUT AUTHORITY

- Senior Administrator/Senior Specialist (Level 2) uplifted to £19,460 to reflect the change in National Living Wage for non-industrial employees contracted to work 42 hours gross.

15. The minimum and maximum of the salary bands by level are as follows:

Level	Minimum	Maximum
Senior Professional (Level 5)	£56,000	£120,000
Professional I (Level 4)	£42,000	£95,000
Professional II (Level 3)	£30,000	£70,000
Senior Administrator/Senior Specialist (Level 2)	£19,460	£50,000
Administrator/Specialist (Level 1)	£17,143	£35,000

Apprentices

16. Apprentices are not included in the annual performance management process. All apprentices earning less than £24,249 will be eligible for the greater of up to a £250 increase or the uplift to 2021 National Living Wage.

Graduates

17. Graduates are not included in the annual performance management process. Any graduates earning less than £24,249 will be eligible for up to a £250 increase.

Allowances

18. Notwithstanding any separate discussions, this offer proposes no changes in respect to allowances recognised and in payment within our organisations.