



Ministry
of Defence



Head of Performance and Reward



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Our Reference: BAFO22PAY

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Dear colleagues,

DE&S AND SDA 2022 BEST AND FINAL PAY OFFER FOR CIVILIAN GRADES BELOW THE SENIOR LEADERSHIP GROUP

Introduction

1. This final pay offer for 2022 reflects DE&S' and SDA's freedoms to make a pay offer separate from the rest of the Ministry of Defence. 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.
2. This offer applies to DE&S and SDA staff at grades below the Senior Leadership Group (SLG).

Pay Award 2022

3. Reflecting our new Reward Frameworks and the principles agreed with Trade Unions under the Reward Review, the Pay Award for base pay increases will apply as follows and as shown in Table 1:
 - 3.1. **Movements to Salary Range Minimums:** This has already been communicated as part of the Reward Review and defined as movements to the respective year 1 pay range minimums and year 2 pay range minimums for each Success Profile. Pay Award increases described below are made in addition to reward review increases for eligible staff, with increases shown as a percentage of the salary after any Reward Review increase.
 - 3.2. **A Standard Increase:** All eligible employees who received less than a 1.75% increase as part of the Reward Review will receive a Standard Increase of **1.75%**.
 - 3.3. **A Progression Increase:** All eligible employees who achieved a performance rating of 2, 3 or 4 in their 2021/22 Performance Review **AND** whose base pay after the application of the Reward Review is below their new salary range threshold will receive a progression increase of **1.25%**. All eligible employees with a performance rating of 1 in their 2021/22 Performance Review, will receive a progression increase of **1.75%**.
 - 3.4. The combination of standard and progression increases for those below their new pay range Threshold after the application of the Reward Review, will equate to at least a 3.0% overall increase for those rated 2, 3, or 4, and at least a 3.5% overall increase for those rated 1. For employees who received an

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increase through the Reward Review of higher than 1.75% as a part of moving to their year 1 minimum, then their overall increase will be higher than these amounts.

- 3.5. Employees at or above their new pay range threshold will receive a 1.75% pay increase if their performance rating was 2, 3 or 4, and an increase of 3.5% if they achieved a performance rating of 1.
- 3.6. Employees rated 5 in their 2021/22 Performance Review, are not eligible for a 2022 pay award. These employees may be eligible for an increase to a year 1 pay range minimum if applicable under the Reward Review once any performance improvement plan has been concluded.

Position in New Salary Range	Performance Rating				
	5	4	3	2	1
At or above Threshold	Nil	Standard increase of 1.75%, no progression increase 1.75%			Standard increase of 1.75% plus progression increase of 1.75% 3.50%
Above the Minimum and below the Threshold		Standard increase of 1.75% plus progression increase of 1.25% 3.00%			
At the Minimum and received less than a 1.75% increase as part of the Reward Review		No standard increase, but a progression increase of 1.25% 1.25%			No standard increase but a progression increase of 1.75% 1.75%
At the Minimum and received at least a 1.75% increase as part of the Reward Review					

Table 1 – Pay Awards 2022

- 3.7. Eligible employees who do not have a performance rating due to joining after the 7th January 2022 will receive a standard increase of 1.75% unless they received more than or equal to this through the Reward Review.
- 3.8. All employees, including Apprentices, have already received increases to at least the National Living Wage with effect 1 April 2022, regardless of age where applicable.
- 3.9. Graduates and Apprentices will receive a 3.0% base pay increase, unless they have received more than this through the increase to National Living Wage, which was effective 1 April 2022.
- 3.10. Pay increases reflecting any increase from the Reward Review and the Pay Award will be backdated to 1 April 2022 and paid in July payroll.
- 3.11. The outcome for the Pay Award means that **87%** of employees will receive at least a 3.0% uplift in their base pay through this Pay Award when combined with the Reward Review implementation. The remaining **13%** of employees who are paid beyond their pay range threshold and not rated as a 1 will still receive a standard increase of 1.75%.

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- 3.12. The Pay Award base pay increases for both organisations reflect an overall 3% (£15.0m DE&S/£3.1m SDA) increase in the base pay paybill.

Performance Awards

4. Non-consolidated performance awards are to be paid to all eligible employees with a performance rating of 3 or higher.
- 4.1. Performance awards are defined as a percentage of salary as at 31 March 2022, with adjustment for corporate performance. This will cost circa £15.5m (3.1% of the base pay paybill) in DE&S and £4.0m (3.8% of base pay paybill) in SDA.
- 4.2. Both DE&S and SDA have taken into account organisational performance of DE&S OGSM at 63% and SDA KPIs at 84.25%, and, as necessary, any further adjustments to ensure that performance rating distributions do not exceed the overall affordability constraints of the scheme in each organisation. Tables 2 and 3 below show performance awards for non-industrial staff in DE&S and SDA. Table 4 shows the team performance awards based on site KPI outcomes, to be paid to eligible ex-industrial and shop floor staff who have an individual rating of 3 or higher.

Table 2 - DE&S Awards

Grade	Performance Rating		
	3	2	1
SP	6.30%	9.45%	12.60%
PI	4.41%	6.62%	8.82%
PII	3.15%	4.73%	6.30%
SAS	2.52%	3.78%	5.04%
AS	2.52%	3.78%	5.04%

Table 3 - SDA Awards

Grade	Performance Rating		
	3	2	1
SP	6.32%	9.48%	12.64%
PI	4.63%	6.95%	9.27%
PII	4.00%	6.01%	8.00%
SAS	3.37%	5.06%	6.74%
AS	3.37%	5.06%	6.74%

Table 4 - Team Performance Awards

Team	Maximum Award	KPI	Actual Award
BFPO	£780	100%	£780
Defence Munition	£780	96.17%	£750
Fuels	£780	97.83%	£763
Ships	£780	100%	£780

- 4.3. All staff should be informed of their end-of-year performance rating in early June.

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5. No other terms and conditions of employment, allowances or benefits are proposed to be changed as part of the 2022 Pay Award.

Conclusion

6. This final offer is provided following a period of positive and productive negotiations with our Trade Unions. Discussions have taken place between February and May 2022 resulting in significant improvements to the initial offer; we thank the Trade Unions for their constructive approach to seeking meaningful increases for all employees. We recognise that in the current period of higher inflation that this offer may not achieve the stated aims of the Trade Unions and the aspirations of some of our employees, however we do believe we have put forward a compelling and competitive 2022 Pay Award when considered alongside the Reward Review outcomes.

Yours sincerely,



DE&S Head of Performance and Reward