

# Annex 13C

## Disclosure of salary, pension, and compensation information for 2023-24

### Departmental Remuneration Report

Please note: all the figures in this report are fictitious, exclude names, and are included only to illustrate how the data could be laid out in your report. Please also note that the information in the example goes further than what is required by the FReM. However, you must consult Cabinet Office if you propose to omit any significant details.

### Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

### Remuneration Policy

[Provide details of remuneration policy]

### Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board members) of the department.

### Remuneration (salary, benefits in kind and pensions)

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>1</sup>		Total (to nearest £1,000)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Minister 1 <i>Secretary of State</i>	67,505	67,505	7,400	7,400	16,000	16,000	91,000	91,000
Minister 2 <i>Minister of State</i>	31,680	31,680	-	-	8,000	8,000	40,000	40,000
Minister 3 <i>Minister of State</i>	31,680	31,680	-	-	8,000	8,000	40,000	40,000

<sup>1</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

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<b>Single total figure of remuneration</b>										
<b>Officials</b>	<b>Salary (£'000)</b>		<b>Bonus payments (£,000)</b>		<b>Benefits in kind (to nearest £100)</b>		<b>Pension benefits (to nearest £1000)<sup>2</sup></b>		<b>Total (£'000)</b>	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23 <sup>3</sup>	2023-24	2022-23
Permanent Secretary	170-175	165-170	5-10	5-10	4,000	3,900	34,000	32,000	210-215	210-215
Director General	130-135	130-135	0-5	0-5	-	-	26,000	25,000	160-165	155-160
Director	110-115	105-110	0-5	0-5	-	-	24,000	22,000	140-145	135-140

### Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP £86,584 (from 1 April 2023) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department, and is therefore shown in full in the figures above.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. Minister 1 received living accommodation provided at public expense and chargeable to tax under s163 of the Income and Corporation Taxes Act 1988. The Permanent Secretary had the private use of an allocated car in the circumstances permitted by the Civil Service Management Code.

### Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the

<sup>2</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

<sup>3</sup> The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 on the basis of **alpha** membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023-24 on the basis of PCSPS membership for the same period.

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individual. The bonuses reported in 2023-24 relate to performance in 2023-24 and the comparative bonuses reported for 2022-23 relate to the performance in 2022-2023.

[Note - If the appraisal process does not allow enough time to accrue for individual bonuses relating to 2023-24 performance in the 2023-24 financial statements, then the remuneration report should disclose bonuses based on 2022-23 performance and comparative bonuses for 2022-23 should be based on 2021-22 performance.]

### Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in [the organisation] in the financial year 2023-24 was £175-180,000 (2022-23, £170-175,000). This was 6.4 times (2022-23, 6.4) the median remuneration of the workforce, which was £27,500 (2022-23, £27,000).

In 2023-24, 1 (2022-23, 1) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £20,000 to £190,000 (2022-23, £19,000-£180,000).

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

[Explanation of the changes on either side of the ratio]

### Pension Benefits

Minister	Accrued pension at age 65 as at 31/3/24	Real increase in pension at age 65	CETV at 31/3/24	CETV at 31/3/23	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Minister 1 <i>Secretary of State</i>	5-10	0-2.5	29	8	12
Minister 2 <i>Minister of State</i>	0-5	0-2.5	9	4	3
Minister 3 <i>Minister of State</i>	0-5	0-2.5	4	0	4

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Minister 4 <i>Minister of State</i>	0-5	0-2.5	19	18	1
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### **Ministerial pensions**

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available at <https://mypcpfpension.co.uk/wp-content/uploads/2019/09/ministerial-pension-scheme-rules.pdf>.

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report).

Benefits for Ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 Ministerial pension schemes.

### **The Cash Equivalent Transfer Value (CETV)**

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits, they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **The real increase in the value of the CETV**

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

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<b>Officials</b>	Accrued pension at pension age as at 31/3/24 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/24	CETV at 31/3/23 <sup>4</sup>	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
<i>Permanent Secretary</i>	<b>55-60 plus lump sum of 165-170</b>	<b>0-2.5 plus lump sum of 2.5-5</b>	<b>983</b>	<b>940</b>	<b>21</b>	-
<i>Director General</i>	<b>50-55</b>	<b>0-2.5</b>	<b>680</b>	<b>647</b>	<b>15</b>	-
<i>Director</i>	<b>15-20 plus lump sum of 55-60</b>	<b>0-2.5 plus lump sum of 2.5-5</b>	<b>332</b>	<b>325</b>	<b>- 5<sup>5</sup></b>	-

### Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – **classic**, **premium**, and **classic plus** provide benefits on a final salary basis, whilst **nuvos** provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and **alpha** are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the **partnership** pension account.

In **alpha**, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to **alpha** from the PCSPS had their PCSPS benefits 'banked', with

<sup>4</sup> The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 on the basis of **alpha** membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023-24 on the basis of PCSPS membership for the same period.

<sup>5</sup> Taking account of inflation, the CETV funded by the employer has decreased in real terms.

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those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of **classic**, **premium**, and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. The pension figures in this report show pension earned in PCSPS or **alpha** – as appropriate. Where a member has benefits in both the PCSPS and **alpha**, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to **alpha**. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy<sup>6</sup> is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of **alpha** from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as “rollback”.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or **alpha** benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

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<sup>6</sup> [www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension](http://www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension)

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### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### **Compensation for loss of office**

X left under [Voluntary Exit] terms on XX Month Year. They received a compensation payment of £XX-XX 000.

X left under [Voluntary Redundancy] terms on XX Month Year. They elected to take early retirement. The cost to the Department of buying out the actuarial reduction on their pension was £XX-XX 000. They did not receive any additional compensation.

### **Ministers**

X left under severance terms on XX Month Year. They received a compensation payment of £XX-XX 000.



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### Reporting of Civil Service and other compensation schemes – exit packages

Comparative data to be shown (in brackets) for previous year

1	Exit package cost band	Core Dept			Core Dept. & Agencies			Departmental Group		
		Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
2	<£10,000									
3	£10,000 - £25,000									
4	£25,000 - £50,000									
5	£50,000 - £100,000									
6	£100,000 - £150,000									
7	£150,000 - £200,000									
8	Total number of exit packages									
9	Total cost /£									

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

[Note: entities should provide additional text if any payments are not covered by the CSCS, for instance, ex-gratia payments agreed with the Treasury or scheme details where using another scheme. Other schemes are most likely to apply in other designated bodies not listed in Schedule 1 to the Superannuation Act 1972 and may apply different statutory compensation terms]