18th December 2023

Dear FCA and PSR Chair, CEO and People Committee

RE: FCA and PSR Unite Branch 2024 Pay Claim

We write to you on behalf of our members of Unite the Union at the Financial Conduct Authority and the Payment Systems Regulator to make our annual claim ("ask") on staff pay for 2024-25.

This letter outlines requested improvements to pay passed unanimously by our FCA and PSR Unite members at our most recent Branch Meeting.

Our members' priority for 2024-25 is that every FCA and PSR staff member should receive a baseline pay increase at least in line with inflation, regardless of performance grade.

This is the only means to maintain the value of FCA and PSR work during two years of extraordinarily high costs of living and appears to be a proportionate and reasonable ask in line with recent pay awards made in both the public and private sector across the UK.

The FCA's 2023 Employee Survey showed that the majority of staff did not agree that 'people here are paid fairly for the work they do' - one of the persistent poorest outcomes in the Survey. Our pay claim therefore aims to be helpful in outlining where staff have identified harms and unintended consequences in current pay practices and policies that drive these poor outcomes and propose solutions to address these.

In this claim we have tried to take into account the business needs of the FCA and PSR as well as your ability to pay. Unfortunately, much of the data we had requested from the FCA and PSR on pay was not provided (see Annex). This information request is standard practice in discussing pay with Staff Representatives and severely limits our ability to model, prioritise and offer fully informed representations on pay for 2023-24.

We acknowledge that the FCA has yet to permit staff the ability to collectively bargain or negotiate on their pay. Collective bargaining is ubiquitous across the public sector and the FCA's political position on this stands at odds with established best practice.

This means that FCA and PSR staff have some of the fewest rights and protections of any public sector employee in the UK when it comes to having a voice and say on our pay and contractual terms.

Within your existing Staff Consultation Committee (SCC) framework, we therefore kindly request that the FCA meets its commitments to specifically ‘enhance’ consultations on pay in the absence of a collective bargaining agreement. We are committed to taking full part in these consultations on pay through the SCC for the time-being.

We look forward to discussing this claim further in good faith in the hope that you will be able to incorporate these asks into your offer for next year. Once you have made an initial offer on Staff pay in January 2024, we will ballot our members on whether or not they accept your offer.

Yours sincerely,

FCA & PSR Unite Branch
Oliver Rice
Georgina Deilaki
Cliff Zattoni
Caryl Regnault
Mark Burkett

Content

Summary of our Claim

Ask 1 - General pay uplifts:

A. A minimum guaranteed pay increase at least in line with inflation (RPI 6.1% for 2023 YTD) regardless of performance grade.
B. That the FCA develop a long-term plan for achieving sustainable real-terms increases in year-on-year staff pay for the next 5 years that re-values FCA and PSR work.
C. That all staff are paid at least the minimum of their pay scale.

Ask 2 - Performance Related Pay:

A. For smaller increments in subsequent pay at each performance grade to fund a minimum inflationary uplift for all.
B. That the FCA uses fair, clear and not misleading language on pay comms (e.g. clearly distinguishing between changes in baseline pay and performance-related pay, only using baseline increases in comparison to inflation, and not using terms like 'guaranteed' when this does not apply to all staff).
C. Standardised performance-related percentage increases by grade regardless of where an employee sits on the pay scale.

Ask 3 - Objectively low pay:

A. Raise the minimum of all payscales to at least the Joseph Rowntree Foundations' Minimum Income Standard (now at £29,500 per annum for a single person).
B. Compensate those who fell below this Standard for the preceding two years.

Ask 4 - Pay Gaps - Protected characteristics and international staff:

A. Implement a new high-profile HR project proactively inviting staff, managers and local DEI Staff Committees to identify and submit potential pay gap cases based on protected characteristics in the FCA and PSR.
B. To report metrics on the age pay gap in line with existing reporting on gender, race, sexuality, and disability.

C. Consult existing international staff (or with international family) on the impact and implementation of Government changes to Skilled Worker visas.

Ask 5 - Pay Gaps - National and Corporate pay scales:

A. Formally review and assess the impact of National pay scales.
B. Uplift National pay scales each year until the gap with London pay scales are eliminated.
C. Reduce the gap between Corporate and Supervision Hub pay scales with Regulatory pay scales.

Ask 6 - Benefits

A. Reduce health insurance premiums for apprentices and part-time staff.
B. Upgrade advance salary scheme to offer limited, interest-free bridge loans to staff for specific life-changing circumstances.
C. Form a Staff Crisis Fund making limited grants available to staff facing emergency situations that risk their ability to access work.

Ask 7 - Pay Adjacent Decisions:

A. **Performance Reward** - Comprehensively review the performance reward framework including consideration of performance assessments, grading, reward and pay.
B. **Flexible Working** - To broaden the scope of the Flexible Working review to improve the flexible working offer.
C. **Hybrid Working** - Commit to retaining the 40% in office hybrid working policy or budget for the significant costs increasing this will have on staff and the organisation.

Ask 8 - Information, data and transparency:

A. Providing Staff Representatives with all information on pay, performance, benefits, leave, benchmarking, finance and operations needed to participate in pay consultations and reach an informed position on behalf of staff.

Economic conditions faced by FCA and PSR Staff:

Year-on-year rises in the cost of living are a direct hit to the livelihoods of Unite members. While the Financial Conduct Authority can plan to offset the inflation of its operating costs, this option is not open to our members outside of this claim. The evidence below proves that the employer must significantly increase rates of pay in this year's pay round.

The UK's Retail Prices Index (RPI) increased to 6.1% in the 12 months to October 2023. Retail Prices Index (RPI) Changes for the 12 months to October 2023 are as follows[1]

RPI BASIC ITEMS[2]	Year to Date
All items	6.1%
Food	9.9%
Alcohol & tobacco	10.4%
Clothing & footwear	13.4%
Leisure Services	7.4%
Household goods	5.7%
All goods	6.4%

Food Costs

The Office of National Statistics (ONS) has recorded that the cost of food has increased 9.9% over the last year. This is significantly higher than the UK's overall RPI figure.

As with other basic amenities, food price inflation creates unavoidable costs. Such items also take up a greater proportion of our members' earnings than they do for those on higher pay.

Housing Costs

In August 2023 the Bank of England increased interest rates again by 0.25%. This is having an ongoing knock on effect with major banks and building societies increasing their lending rates.[3]

A significant portion of FCA and PSR staff have mortgages and will therefore be disproportionately affected by increases in the Bank of England base rates this year. Average mortgage rates now stand at 8.18% up from 5.63% in October 2022 - an increase of 2.55%, adding a further unavoidable burden upon many of our members.[4]

We also note that housing costs (mortgages or rent) typically account for 25-35% of a person's income in the UK. Increases in housing costs have far exceeded the 6.1% RPI this year,

[1] https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation Table 41
[2] https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/dogd/mm23
[3] https://www.bankofengland.co.uk/monetary-policy/the-interest-rate-bank-rate
[4] Moneyfacts November 2023 p1

meaning that even with a pay rise to account for increases in the RPI, most employees will still be tangibly worse off than they were a year ago.

Childcare Costs
Research by 'Pregnant then Screwed' this year shows that almost two-thirds (61%) of parents with children under five said they or their partner had reduced their working hours as a result of childcare costs. Meanwhile, 41% said childcare fees had risen by between 5% and 10% in the past 10 months, and a further 14% said their nursery fees had gone up by more than 10%.

This makes existing costs associated with attending work in the office increasingly unsustainable for our members without proportionate increases in pay. This makes the prospect of increasing the in-office requirement a make-or-break issue for many staff considering whether they continue working for the FCA.

Cumulative impact of Pay Awards 2021-22 and 2022-23
For 2022 the average RPI was 13.8%. The FCA concluded that as a result of last year's pay award, the average increase in pay was 7.1% (this figure conflates base and performance pay).[5]

This means that the average staff member last year received a real-terms pay reduction of 6.7% in a single year. Many staff received 0-2% pay increase, effectively bearing the full inflationary impact on pay.

No staff received a real-terms increase in pay with a performance system that means staff had to compete for the degree of real-terms pay cut they received. This is perceived by many staff as a 'lose-lose' situation and undermines motivation. Without any staff consultation whatsoever on the pay award last year (despite a large external shift in the cost-of-living that the 'New Employee Offer' was not designed for) this was largely interpreted by staff as 'cruel' and 'unnecessary' (compounded by the employers ability to pay - as outlined below).

This followed the removal of 'performance related pay' the year previously (sometimes inaccurately labelled 'bonuses') where many staff lost between 10-15% of their annual income, with many finding their mortgages and health treatments in particular suddenly unaffordable. This meant some staff had to move house or cancel needed health treatment as a result. This also incurred significant and avoidable costs to the organisation from the resulting turnover of talented staff who had to leave to protect their careers and livelihoods.

We would like to avoid further cruelty in this year's pay award and to help develop a long-term plan to reverse the harm caused.

Benchmarking to the rest of the sector

[5] https://www.fca.org.uk/publication/annual-reports/annual-report-2022-23.pdf

Labour Research Department's Payline database shows that for the six months May to October (inclusive) basic pay has increased 7.2% in the private sector and 7.3% in the public sector[6].

ONS data shows that median gross weekly earnings in the financial service sector (except insurance and pension funding sector) over the last year has risen 8.80%[7].

This makes our ask for an RPI level base pay increase of 6.1% very reasonable by industry and public sector standards. Meeting the asks of our members helps to prevent further staff leaving to other more competitive workplaces which has incurred the FCA significant costs in the last two years.

The Employers ability to pay:

We note that the FCA's Annual Accounts for 2022-23 showed a sustained increase in total income from £635.6m in 2020-21 to £675.1m in 2021-22 and £699.0m in 2022-23.

Whilst for 2022-23 the FCA Accounts show that the FCA sustained a £52.1m deficit, we note that in this year operating costs (£669.7m) were £30m below total group income (£699m) and this deficit was the result of deliberate choices to make long-term investments in information and data capabilities. We also note that the previous year (2021-22) the FCA reported a surplus of £112.m - the equivalent of a third of the total staffing budget and attributed to staff shortages (with corresponding increases in temporary staffing and consulting costs to meet the operational shortfall).

We note that as a result, 2022-23 FCA ORA reserves stood at 13% of ORA expenditure, significantly exceeding the upper threshold limit of 10%. The FCA stated its aim is to target reserves at the midpoint of 8% of ORA expenditure - making an improved investment in staff an obvious option towards achieving this.

FSMA also gives the FCA and PSR the powers to raise fees to cover your budgeted Ongoing Regulatory Activity (ORA).

[6] Labour Research Department 'Workplace Report' No.228, December 2023.
[7]https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/october2023#:~:text=Download%20this%20chart,-Image%20.csv%20.xls&text=In%20June%20to%20August%202023%2C%20the%20finance%20and%20business%20services,manufacturing%20sector%20followed%20at%208.0%25.

This means that, overall, the FCA's limited awards on staff pay during a cost-of-living crisis have been choices, and not driven by necessity. The same applies for next year's pay award.

We therefore reach the conclusion that the FCA has the capacity through 1) previous budget surpluses, 2) excess ORA reserves, 3) FSMA powers to raise fees to cover ORA, and 4) year-on-year sustained increases in income, to meet the pay asks of its staff outlined in this document.

We are committed to working with the organisation to achieve this in a fair and sustainable way that takes into account the organisations business needs and commitments to best fulfil its Transformation project.

Our suggestions for improving the affordability of our asks include:

1. Reducing reliance on temporary and contractual workers, as well as use of external agencies where skills and capacity exists in house.
2. Reducing the increments between subsequent performance related pay grades in order to build the pot available for an inflation-matching baseline pay increase for all.
3. Develop longer-term staffing plans that implement the needs and ambitions of staff in a sustainable and progressive manner.

FCA & PSR Unite Branch Pay Claim - Details:

Ask 1 - General pay uplifts:

D. To offer a minimum guaranteed pay increase at least in line with inflation (RPI 6.1% for 2023 YTD) regardless of performance grade.
E. That the FCA responds to the National Audit Office's December 2023 report recommendations by developing a long-term plan to achieve sustainable real-terms increases in year-on-year staff pay for the next 5 years.
F. That all staff are paid at least the minimum of their pay scale and that subsequent performance related pay enables staff to move up relative to their pay scale.

Consider the FCA 2023 Employee Survey showed 'Reward' to be among the poorest scoring questions staff fed back on. Only 34% of staff agreed that 'people here are paid fairly for the work they do' and only 41% of staff agreed that 'we have special and unique benefits here'. The organisation has committed to acting on poor Employee Survey results. The clearest route to tackle this is through awarding at-least inflation pay rises, identifying and addressing the biggest drivers of pay inequality and harm, and developing longer-term staffing plans.

Consider the National Audit Office Report December 2023 which recommends that by September 2024 the FCA should develop and maintain a long-term plan for workforce needs. We contend that this plan should include consideration of how to achieve and plan for sustainable real-terms increases in staff pay year-on-year for the foreseeable future, restoring the value of working for the FCA.

Consider the extremely challenging economic conditions faced by staff in 2023 (outlined above).

Consider the cumulative impact of several years of successive absolute and real-terms deductions in pay. Managers and Technical Specialists pay in particular has fallen by approx. 25% in real terms the last three years alone. We have had some members calculate that they are over 40% worse off in real terms over the last decade of their career here despite being a high-performing employee. This trend significantly devalues the work the FCA carries out, and therefore the quality of work it is able to produce. As such we ask that the FCA develop a long-term plan to reverse this trend in a sustainable way.

We also ask that all staff are paid at least the minimum of their pay scale. Whilst we understand the intention of motivating staff to improve their performance in order to secure this uplift to the minimum of their pay scale, the reality is often the opposite. There are many staff who found themselves initially arbitrarily awarded a 1 or 2 because their Manager felt pressure to find '1's and '2's to meet the curve. Many are staff with a history of good performance at work. They describe the effect of their motivation and self-esteem powerfully. For some this has caused them to go on to suffer from anxiety for the first time in their lives. We have several instances where this results in that staff member taking long-term sick leave. These staff describe feeling trapped in a 'doom-loop' and in 'purgatory' where their motivation is 'broken' resulting in, and driving, persistently low performance thereafter, despite being very capable people. Many have described feeling 'humiliated' every time someone inexperienced and new joins their team at the pay scale minimum - above their pay despite their years of previous service. Some members describe having such low self-esteem directly resulting from performance grade 1 or 2 that they don't think they are good enough to apply elsewhere and leave. It therefore serves nobody's interests. The accumulated cost of this impact to the organisation likely far exceeds the cost to wipe the slate clean and uplift everyone to the minimum of their pay scale.

Ask 2 - Performance Related Pay:

A. For smaller increments in subsequent pay at each performance grade in order to help fund a minimum inflationary uplift for all.
B. That the FCA uses fair, clear and not misleading language on pay in all external and internal comms. This includes more clearly distinguishing between changes in baseline pay and performance-related pay as well as only using baseline pay increases without performance components when comparing to inflation.
C. To standardise performance-related pay percentage increases by performance grade - removing limits based on staff's position in pay scale distribution as this risks introducing discrimination (specifically age-based discrimination).

As a principle of fairness and equality, members are happy to accept lower subsequent increments in pay per performance grade achieved should this help fund inflation-matching pay-rises for all.

Staff last year struggled to understand what aspects of their pay were base increases, and what were performance related. External and internal comms helped to confuse staff by conflating these two metrics. This year we ask for clarity.

We also note that the percentage increase a staff member receives for a specific performance grade changes depending on where they are in the distribution of the pay scale. This is potentially discriminatory for longer-serving and older members of staff and we ask that percentage awards are standardised / flattened per performance grade.

Staff largely believe that the current Performance Reward framework is not fit for purpose, is widely known to be outdated and discredited in much of the financial industry, and drives poorer outcomes for the organsation. This also drives our 'Ask 7 (A) - Pay Adjacent Decisions'.

Ask 3 - Objectively low pay:

A. To raise the minimum of all payscales to at least the Joseph Rowntree Foundations' Minimum Income Standard (now at £29,500 per annum for a single person).
B. To identify those whose pay fell below the JRF's Minimum Income Standard in the preceding two years and compensate them accordingly.

The Joseph Rowntree Foundation has updated its Minimum Income Standard in 2023 in light of inflation.

> *"A single person needs to earn £29,500 a year to reach a minimum acceptable standard of living in 2023. A couple with two children need to earn £50,000 between them."*

No one working for the FCA should earn less than what is needed to live a minimum acceptable standard of living.

We note that the following minimum pay scales currently appear to fall below the JRF's Minimum Income Standard:

- London and National Associate / Senior Professional Support
- London and National Professional Support
- Supervision Hub Associates (Level 9)
- Both Level 1 and 2 Apprentices.

We therefore ask that the FCA raise the minimum of all payscales to at least the Joseph Rowntree Foundations' Minimum Income Standard.

We also ask the FCA to identify those whose pay fell below the JRF's Minimum Income Standard in the preceding two years and compensate them accordingly. We ask that this is applied on a pro-rata basis so that part-staff staff pay is also judged to the same minimum standard.

As your organisation has not provided Staff Reps with the information they requested on the distribution of staff pay across pay scales, we are unable to determine how many FCA and PSR staff are currently paid below the Joseph Rowntree Foundation's Minimum Income Standard. Likewise we are unsure whether the benchmarking conducted by WTW for the 'New Employee Offer' in 2021/22 and since applied to those on Corporate pay scales.

We ask that you provide Staff Reps with the data that they have requested in order to determine the impact of this issue and our corresponding ask.

Ask 4 - Pay Gaps - Protected characteristics and international staff:

A. Implement a new high-profile project proactively requesting Managers work with local DEI Staff Committees to identify and progress all potential gender, race, disability, age or other pay gaps based on protected characteristics in their team. The aim should be that every single claim should be progressed, assessed and addressed (including redress) if found to be an unjustified or discriminatory gap. All data needed to assess each claim should be shared with the claimant and their representatives where possible, and all claimants should have the ability to independently appeal.

B. To report metrics on the age pay gap at the FCA and PSR in line with existing reporting on gender, race, sexuality, and disability.
C. Changes to skilled worker visa rules - For the FCA to commit to consulting existing staff from overseas or with international spouses and family on how they might be impacted and how to fairly and equitably adapt to the Governments' changes to skilled worker visa rules that require a starting salary of £38,700 and comes into force April 2024.

We noted that despite the 'New Employee Offer' initially committing to enhance Manager discretion to adjust local pay, the opposite has been in practice with pay adjustments made centrally and significant new limitations effectively placed on Managers deciding local pay.

We understand the benefits central pay adjustment can have in preventing gender, race, and other pay gaps emerging and worsening, and the risks that this makes it harder to address existing pay gaps.

Likewise, we also acknowledge the benefits of local managers and staff best placed to identify and flag pay gaps cases. This is balanced by the risk that complete manager discretion could worsen pay gaps across the organisation without sight of pay in other teams, Departments, and Divisions.

Without a concerted effort to identify, assess and address existing pay gaps individual staff members experience, progress to eliminate the organisations overall gaps risk stagnating. We believe that giving staff, managers and local DEI Committee a clear route to flag existing pay gaps identified in their team could enhance the organisations current approach. This is on the principle that effectively everyone knows a case which appears to be an unfair pay-gap.
An open and transparent high-profile project that gives everyone a fair hearing will help draw a line under potential existing discrimination and send a strong positive signal to staff and the sector. This could include clear new guidance to staff, managers and DEI Committees to proactively identify, flag and suggest amendments to existing pay gaps in their team, that these are prioritised by HR and looked upon favourably, that all the data needed to assess this claim are shared with the claimant and their representatives, and that they have the right to appeal a decision beyond their Manager and local HoD.

We also note that the organisation reports on gender, race, disability and sexuality pay and performance gaps, however does not report on corresponding age gaps.

Given the concerns raised about age-based discrimination in the FCA's 2023 Employee Survey, and ready access to appropriate data on staff age by HR, we propose that new metrics are added to account for and report on age.

We also note that the Government is significantly increasing the earning threshold necessary for international staff to secure a Skilled Work visa to the UK to £38,700. This could have disturbing ramifications for existing international staff and UK staff with international spouses or family, as well as impacting the FCA and PSR's ability to attract international talent.

We ask that staff likely to be affected are closely consulted on the impact of this and invited to participate in discussions on the FCA and PSR adapt to this in a fair and measured way.

Ask 5 - Pay Gaps - National and Corporate pay scales:

A. To review the National pay scales taking into account the organisations commitment to equality, the impact differentiated pay has had on staff, actual local costs of living, and the impact this has had on performance and motivation of staff in these locations.
B. To commit to uplift the National pay scales at a higher rate each year until the gap with London pay scales are eliminated.
C. To commit to reducing the gap between Corporate and Regulatory pay scales through progressive uplifts in Corporate pay scales.

Currently, as a result of the 'New Employee Offer', the pay scales for staff based at the Leeds and Edinburgh Offices are up to 10% lower than those on the London pay scales.

Staff in Edinburgh and Leeds have consistently highlighted this as out-of-touch with their effective costs of living in those locations, particularly in Edinburgh where taxes incurred by staff are significantly higher than in England.

In principle most staff view regional pay scales as grossly unfair and discriminatory given it is a basic principle of equality that staff are paid the same for the same work no matter what their background.

Many staff view this as an opportunistic and predatory employment practice taking advantage of, and contributing to, severe and deeply felt regional inequalities that exist in the UK. The FCA and PSR could instead be a part of the solution to fixing these inequalities. Staff sentiment is strong and persistent on this issue.

We therefore ask that a review is conducted into the impact of the National pay scales taking into account the organisations commitment to equality, the impact this has had on staff, actual costs of living in these locations, and the impact this has had on performance and motivation of staff in these locations.

We ask that a commitment is made by the organisation to each year reduce the difference between the London and National pay scales by means of uplifting the National pay scales, until this gap is eliminated. We ask for a phased long-term commitment so this is a more affordable and structured approach, where the costs can be planned and anticipated far in advance.

Similarly, many colleagues on the Corporate pay scale fail to understand why they are paid significantly less than colleagues on the Regulatory payscale for carrying out equally skilled, valued and demanding work. We regularly have members on the Corporate pay scale cite examples of similar roles and jobs descriptions to theirs being advertised on the Regulatory pay scale. No benchmarking analysis behind the formation and standards setting the Corporate pay scale have been shared with staff. Likewise, the practice of differentiating between pay scales in this way is not common practice in the UK public sector.

We therefore ask that the gap between Regulatory and Corporate pay scales is narrowed through progressive uplifts to the Corporate pay scale and that benchmarking work carried out for the new Employee Offer is shared with staff.

Ask 6 - Benefits:

A. In 2024 to reduce the principle on health insurance for all apprentices and part-time PBS and associate staff.
B. To upgrade the advance salary scheme to offer limited, interest-free bridge loans to staff for specific life-changing circumstances (primarily rent or mortgage deposits in-between moving houses for instance) targeted towards those on lower incomes.
C. Form a Staff Crisis Fund available to staff facing emergency situations that risk their ability to access work (e.g. emergency care, transport, energy or other costs) so they are able to access a limited grant from the FCA towards supporting their costs and situation. This would be on the basis of a grant, not a loan. A limited pot should be set aside every year and clear guidance on how to make an appeal (alongside an expedited and confidential approval process) made readily available on PULSE. Please confer with the Bank of England on how their similar fund is operated.

We note that many staff with existing health conditions assess work through part-time employment. This means that higher premiums on health insurance benefits are likely to disproportionately impact those less able to pay and more likely to benefit from this offer. As such, we ask that the principal cost to assess health insurance is reduced for part-time staff (primarily PBS and associate staff) and apprentices.

We also ask that the FCA consider expanding its benefit offer to include interest-free bridging loans for staff in life-changing situations such as moving house where they need a deposit up-front yet face lags securing their previous deposit. This is in practice in trade associations and other employers the FCA regulates and could be a positive unique benefit for staff.

Likewise, in rare cases staff will face emergency situations that affect their ability to access work and therefore earn what they need to make it through that situation (e.g. domestic abuse, emergency caring responsibilities, health developments, or death of a spouse for instance). In these instances it may be a significant aid and signal from the employer that they are there for staff in those situations if there was an emergency fund affected staff could appeal to for a grant. This need not be a large fund and may have transparent clear cut conditions. The Bank of England operates a similar staff crisis fund which helps with health-care costs in particular.

Ask 7 - Pay Adjacent Decisions:

A. **Performance Reward** - We ask that the performance reward approach (including consideration of performance assessments, grading, reward and pay) is reviewed and significantly improved in 2024 to be fair, progressive and in-line with up-to-date best practice in the financial sector.

B. **Flexible Working** - To broaden the scope of the Flexible Working review to improve the flexible working offer. Whilst separate to Pay and Benefits, many staff rely on access to good quality flexible working in a variety of forms and this often has tangible financial costs and benefits to staff.

C. **Hybrid Working** - That the FCA commits to retaining the 40% in office hybrid working policy or budgets for the significant costs increasing this requirement will have on staff and the organisation. Staff have indicated to us that the costs of childcare, transport and food for an additional day in the office would be in the thousands of pounds, amount to a severe pay cut, and they would seek to leave the FCA accordingly. If the organisation is planning on increasing the in-office requirement, we ask that the FCA budget to financially compensate staff at that point, and for the increased costs associated with the higher turnover and disruption this will likely cause the organisation.

Whilst not directly within the remit of this pay award, these are asks that our members regularly cite as having a significant and material impact on the pay and reward a staff member receives, or determines their costs of accessing work, or need to be considered in budgeting for staff costs.

Signals that the FCA is willing to review these areas and make improvements will help build good will, morale, and trust among staff considering whether to accept your pay offer.

Ask 8 - Information, data and transparency:

A. In line with the organisation's commitment to staff to 'enhance' pay consultations specifically, and its aspiration to be a 'data-led' regulator, we ask that the organisation commits to providing Staff Representations (Union and SCC) all information on pay, performance, benefits, leave, finance and operations needed to participate in pay consultations and reach an informed position on behalf of staff. This standard practice in almost every other public sector workplace in the UK, is not yet in place at the FCA and PSR.
B. For the FCA to commit to sharing with Staff Representatives (Unions and SCC) all external benchmarking data and work carried out on pay, performance, benefits and leave relevant to the New Employee Offer and subsequent pay reviews.

Unfortunately, despite staff being explicitly promised enhanced consultations on pay as part of the new Staff Consultation Committee, the organisation did not provide the vast majority of information requested by appointed Staff Reps.

This means that Staff Reps are in an extremely difficult position in offering an informed opinion on the organisations upcoming pay offer for 2024.

This has serious ramifications for staff and the organisation as it means we are unable to work with you to tailor our 'ask' on pay to the organisations business needs and constraints. This means we are unable to help set and prioritise staff expectations. This means that the FCA is undermining its own self-appointed brand as a 'data-led' regulator.

The information that was requested (as outlined in our Appendix) is standard information Staff Reps in other comparable organisations can expect when negotiating or discussing pay. It is therefore surprising and concerning that your organisation was unwilling to, or unable to, provide the majority of this information. This raises serious questions as to either the capabilities of your organisation or its willingness to properly consult staff. Both are issues we ask you to take seriously and address as a priority.

If a Trade Union was recognised at the FCA, as the vast majority of FCA staff support and deserve, you would be required by law to provide any and all information required by Staff Reps.

The SCC and Unite have persistently asked for the organisation to share external benchmarking data used in the New Employee Offer and in developing staff pay since. We are unsure as to the risk of manipulation and accuracy of the sectors and organisations our staff pay is being compared to. We unsure whether staff salaries being benchmarked to the organisations and sectors we lose staff to and whether existing pay scales are sufficient to attract and retain specific required skills whilst still offering prospects of progression. Transparency here helps Staff Reps scrutinise and improve the capabilities of the organisation and achieve our professional goals.

Appendix

Information request made by Staff Representatives to the FCA and PSR

Pay and Benefits	
Requested Information	**Full, Partial or Nil response to request**
Principles and structure of payment systems including details of all (regulatory, corporate, national, London, and any and all other) pay scales used in the FCA and distribution of employees on these payscales broken down by (a) job grade, (b) office location, (c) gender, (d) race, (e) age, (f) disability, (g) performance grade.	Partial
Each total compensation element (base pay, flex allowance, bonus (when existed) security, protection, health and wellbeing benefits) and hours worked separately for the last three years (dating back to 2018/2019 if possible) presented according to (a) job grade, (b) office location, (c) gender, (d) race, (e) age, (f) disability, (g) department, (h) performance grade, and (i) by payscale.	Nil
Similarly, the mean and median value of (total_compensation_2022_23/total_compensation_2019_20 - 1)*100 across all employees who were at manager and/or TS level or below at 1st April 2019 and who were still at the FCA as of 31st March 2023 (regardless of contractual grade at that date). This information overall and also split by contractual grade as at 1st April 2019: (a) each administrative grade, (b) each associate grad (including each for junior, graduates, and apprentices), (c) senior associate, (d) lead associate, (e) technical specialist, (f) manager. Total compensation here as recorded in 'My Benefits Hub' and include base pay, flex allowance, bonus (when they still existed), security, protection, health and wellbeing.	Nil

Tenure pay-gaps (length of time at the FCA) - specifically the percentage pay gap between employees in their 1st year of service and employees with the following number of years of service: (i) at least 1 year but less than 3 years, (ii) at least 3 years but less than 5 years, (iii) at least 5 years but less than 8 years, (iv) 8 years or more. This information overall and also broken down by contractual grade: (a) each administrative grade, (b) each associate grad (including each for junior, graduates, and apprentices), (c) senior associate, (d) lead associate, (e) technical specialist, (f) manager. Years of service calculated on a continuous time at the FCA, not resetting the clock with promotion or lateral moves. Positive numbers would mean employees in their 1st year of service earn more, negative numbers the opposite. Can this be as up to date as possible. It would be helpful if the calculations were consistent with the methodology used for the gender and ethnicity pay gaps already published and included both median and mean gaps.	Partial
Analysis of the distribution of internal and external promotions, appointments and lateral moves, as well as corresponding starting salaries (separate for base pay and total compensation) by (a) job grade, (b) race, (c) gender, (d) age, (e) disability, (f) continuous years of service in the FCA, (g) office location, (h) payscale, and (i) performance grade.	Partial
Analysis of benefits (flex allowance, security, protection, health and wellbeing) chosen by staff annually for the last three years (upto and including 2018/19 financial year if possible) broken down by (a) job grade, (b) race, (c) gender, (d) age, (e) disability, (f) continuous years of service in the FCA, (g) office location, (h) payscale, and (i) performance grade.	Nil
Workforce and performance:	
Requested Information	**Full, Partial or Nil response to request**
Numbers employed and turnover for the last three years (up to and including the 2018/19 financial year if possible) in total and analysed according to (a) job grade, (b) department, (c) office location, (d) age, (e) race, (f) gender, (g) disability, (h) length of service (continuous), (i) payscales, (j) performance grade.	Partial / Nil
Formal overtime, hours worked beyond contractual, unpaid leave, paid leave, sickness leave, compassionate leave, maternity/paternity leave distribution overall for the last three years (up to and including 2018/19 financial year) and presented according to (a) job grade, (b) department, (c) office location, (d) age, (e) race, (f) disability, (g) gender, (h) length of service (continuous), (i) payscales, and (j) performance grade	Nil

Overall distribution of mid year and end of year performance grades for the previous 3 years (up to and including 2018/19 financial year if possible) and analysed according to (a) job grade, (b) department, (c) office location, (d) age, (e) race, (f) disability, (g) gender, (h) length of service (continuous), (i) payscales	Nil
Planned changes in work methods, materials, equipment or organisation; available resource distribution plans and investment plans.	Partial / Nil
Organisation and financial:	
Requested Information	**Full, Partial or Nil response to request**
Cost structures and operating costs including gross and net revenues, deficits and surplus across the organisation.	Partial
Earnings; assets; liabilities; allocation of income and revenue	Partial
A breakdown of revenue sources and conditions including Government financial assistance	Partial
An organogram of parent or subsidiary organisations.	Full
The organisations modelling of staffing and associated costs for however far in the future such work has been carried out for.	Nil
Any forecast gross revenue/income from fees, penalties, investments and interest for the 23/24 financial year and the prior 3 financial years (up to and including the 2018/19 financial year if possible).	Partial / Nil
Benchmarking (external) – The list of organisations and sectors used for benchmarking purposes and the overall organisational strategy with regard to market positioning -eg for which roles do we aim to be median/lower quartile/upper quartile payers and how do we ensure we maintain overall competitiveness	Nil
Sector weightings used in any benchmarking e.g. public/regulator vs private	Nil
A breakdown of the sectors people leave the FCA to go to	Nil
Any data or information that FCA collects on exit interviews by reason for leaving, highlighting remuneration issues	Nil
Data on the number of failed recruitment campaigns by type of role	Nil
Analysis of contractor usage – trends over time and types of roles, growth in ave contractor day rates, to test for workforce substitution effects	Nil