

Unite the FCA



FCA & PSR Unite Branch Members Pay Ask 2024-25

This pay ask was formed in consultation with several hundred members based on feedback from last-years pay offer, ongoing discussions with members, a survey of members, and a consultative Branch meeting.

We look forward to discussing these asks with the organisation. Following the organisation's pay offer, we will ballot members on whether they accept the offer or refuse in favour of further discussion and action.

Economic conditions faced by staff

Costs of Living:

- 1) The UK's Retail Prices Index (RPI) increased to 3.4% in the 12 months to October 2024.
 - a) The cost of transport has increased 6.2% over the last year.
 - b) Affordability of childcare has become an increasingly difficult challenge for many families – rising four times faster than wages since 2008.
- 2) BoE interest rate is still high at 4.75% impacting staff with fixed mortgage rates coming to an end for most.

Benchmarking:

- 3) In October 2024 median gross weekly earnings for full-time employees in United Kingdom increased year on year by 6%.
- 4) Annual average regular earnings growth for the public sector was 5.2% in June to August 2024. For the private sector this was 4.8%. For Finance and Business Services this was 4.4%.
- 5) The Government has committed to a pot allowing an up-to 5% base pay increase for Civil Servants across 2024-25.

Sources: ONS, Labour Research Department, Bank of England, BBC

Employers ability to pay

In 2024 the FCA received a total income of £758.3m, an increase of £59.3m on the previous year. It ran a £3.4m operating deficit for the year.

The overall group deficit was £44.8m due to a planned £30.5m higher expenditure of Ongoing Regulatory Activities (ORA) and a £8.7m increase in the net pension obligation. The FCA's expenditure was £35.1m higher for ORA as reserves were used to fund the investment in strategic commitments and technology. In future we advocate similar attention and investment in staff as a priority strategic commitment.

We note a significant increase in permanent staff costs from £360.2m to £437.1m whilst costs for temporary staff, contractors, and secondees remained roughly the same. The increase in staff costs appears to reflect the increase in permanent staff by 744 people bringing us to a 4,995 total headcount in April 2024 (inclusive of 140 PSR staff and exclusive of 230 temporary staff). Staff turnover remains high at 9.9% costing the organisation in stretch, onboarding, training and severance.

The FCA has the ability to influence the fees it charges regulated firms to deliver its regulatory objectives. It can afford to set fees in a way that is sustainable and proportionate for the firms we regulate and necessary to deliver high-quality regulation with talented staff.

Sources: FCA and PSR 2023-24 Annual Report and Accounts.

Trade Union Recognition

The FCA and PSR remain significant outliers in the public sector in refusing to recognise a trade union(s) for the purposes of negotiation and collective bargaining on pay, terms and conditions.

This leaves our staff with some of the weakest rights and stakeholderhip in their pay of almost any public sector employee in the UK.

This means staff effectively 'get what they're given' on pay. This leads to poorer outcomes, more outliers, and longer-term tension between staff and leadership.

This also means an organisation critical to the functioning of the UK economy is without an important line of defence in its decision-making and accountability almost all equivalent bodies benefit from. Recognition brings to the table Unions skilled and experienced in high-quality, accountable decision-making and consultation from across thousands of UK workplaces.

Staff firmly believe that this should be the last year the FCA and PSR decides pay without trade union recognition.

Trade union recognition would mean staff reps have a legal right to see any and all information needed to take part in informed negotiations on pay. Without this ability, the organisation has persistently refused staff reps basic necessary information needed to carry out their function.

There are many models for trade union recognition based on decades of best-practice across multiple sectors that would allow the FCA, PSR and staff the flexibility to decide how best to make this work for all parties in our workplace.

Priority Asks

- 1) A base pay uplift at least in line with RPI inflation (currently 2.7%).
 - a) Independent of performance to ensure no staff has costs overtake pay.
 - b) Supported by 67% of respondents to our members survey.

- 2) An anomaly pot to address indirect discrimination in performance related pay.
 - a) Staff from ethnic minority backgrounds found to have a 71% higher rate of poor performance grades 1 or 2 than their white colleagues and a 31% lower rate of high performance grades 4 and 5.
 - b) Staff with disabilities found to have 57% higher rate of poor performance grades 1 and 2 than their non-disabled colleagues and a 30% lower rate of high performance grades 4 and 5.
 - c) This is persistent over 3 years and will also need addressing through reforms to the approach to assessing and grading performance.
 - d) **It is of the utmost importance that the FCA & PSR do not knowingly engage in further discriminatory practices and make its actions to address discrimination known clearly and quickly in consultation with Staff Reps.**
 - e) An anomaly pot can also help address direct discrimination and pay inequalities, as well as ensuring no staff member is paid below the minimum of their pay band and to address anomalies where a staff on lower corporate pay bands are found to be carrying out similar work to colleagues on higher regulatory pay bands.
 - f) This pot should have sufficient controls and thresholds in place to prevent inadvertent abuse and biases.

Additional Asks

- 3) **Reward for performance instead of punishment.**
 - a) 66% of respondents to our member survey advocated a bonus-based performance grading system for those who achieve strong performance, independent of base pay.
 - b) Last year the gap in pay between staff who achieved 2 and 3 grades was larger than the gap between those achieving a 3 and 4. This prioritised punishment over reward and introduces fear-based motivation in the workplace.

- 4) **Uplift all staff to at least the minimum of their pay band.**
 - a) There are still a number of staff paid below their pay band minimum. This is demotivating and staff have been stuck in this position for years, unable to get the same payment opportunities for the same work as their colleagues.
 - b) Addressing this through an anomaly pot could help wipe the slate clean and re-motivate these colleagues.

Additional Asks

5) Bridge the gap between Corporate and Regulatory pay bands

- a. The Corporate pay band does not reflect the significant diversity of professions (for instance HR, Comms, Finance and Accounting) that require very different skills, expertise and training. Only Legal colleagues have been pulled out for independent benchmarking and pay.
- b. Finance and accounting staff often achieve accreditation whilst in role and then apply for regulatory roles meaning the FCA struggles to retain qualified staff in the corporate pay band.
 - i. Likewise with corporate graduates completing their graduate schemes.
- c. Across corporate departments staff are aware of very similar roles and work being advertised and carried out on the regulatory pay scales creating anomalies.
- d. Examples of inequalities across pay bands (based on London-weighting):
 - i. Mid-band corporate Senior Associates are paid at 17.8% less than their regulatory counterparts.
 - ii. A regulatory Senior Associate potentially stands to earn more than a corporate Senior Manager.
 - iii. A regulatory Senior Manager could earn twice as much as their corporate counterpart.
 - iv. This is exacerbated by the intersection with national pay bands.

Additional Asks

- 6) Benchmark the difference between National and London pay bands against costs of living.
 - a) Currently the 10% differential is benchmarked against what other firms have set as regional-dependant pay. This consolidates potentially poor-market practice.
 - b) This could be improved by taking into account actual costs of living which vary between London, Leeds and Edinburgh and significantly impact the real-terms value of the pay staff receive for carrying out the same work.
 - c) The cost of living crisis has greatly changed regional differences in costs of living in recent years and Scottish residents have to pay additional taxes to their English-based colleagues.
 - d) Our members believe that in the long-term the same work deserves the same pay.

- 7) Graduates get paid at least the minimum their previous cohort did in real and absolute terms when progressing to the second year of their scheme.
 - a) Last year first year graduates entering their second year were offered less in absolute terms than the previous cohort at that stage. This created strong pay inequalities between generations of graduates.

Additional Asks

- 8) Bridge the gap between Graduate and Apprentice pay bands and that of their Associate colleagues.
 - a) Graduates and Apprentices, whilst still in different levels of training and experience, are often tasked with similar or equivalent work and responsibilities to their Associate colleagues.
 - b) This should be better reflected in remuneration offered.

- 9) Longer-term investment in staff to re-value their roles and work.
 - a) Over the last 4 years the take home pay of FCA and PSR staff has been worth 20-25% less in real and absolute terms.
 - b) This has had significant impact on the organisations ability to attract and retain the talent it needs to carry out its statutory functions.
 - c) The last three years have involved targeted and expensive strategic investment in the organisations data and technology capacities. The next three years will require an equivalent strategic investment in its staffing capabilities.

- 10) Clearer comms on pay.
 - a) Half of respondents to our members survey said that their pay was not explained to them clearly. The FCA has opted for a complex pay and performance reward offer with overlapping pay bands and many exceptions to the rule.
 - b) Many staff therefore, struggled to understand what pay uplifts they should expect and when in order to plan ahead and budget whilst seeking to ensure they are remunerated correctly.