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BY EMAIL ONLY

Anita Bharucha
Chair
Police Remuneration Review Body
Office of Manpower Economics
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16th December 2020

Dear Anita

POLICE REMUNERATION REVIEW BODY REMIT 2021/22

I would like to thank the Police Remuneration Review Body (PRRB) for your work over the past year and for your recommendations and observations on police officer pay in your 2020 report. The Government appreciates and values the independent, expert advice and contribution that the PRRB makes.

The timing of the Spending Review announcement has unfortunately delayed the commencement of 2021/22 pay round. I am writing now to set out how the Government proposes working with the PRRB in this pay round, and to set out the areas I would like you to consider.

At the Spending Review, the Chancellor of the Exchequer announced that pay rises in the public sector will be restrained and targeted in 2021/22. As the Chancellor set out, Covid-19 is significantly impacting the economy, labour market and the fiscal position and has suppressed earnings growth and increased redundancies in the private sector. Public sector pay has been shielded from the pandemic's economic effects. Since March, the number of people in employment in the UK fell by 782,000, whilst over a similar period of time public sector employment increased.

If we continued with rises across the board, the existing gap between public sector reward and the private sector would widen significantly. Therefore, it is right to temporarily pause pay awards for the majority of the public sector as we assess the impact Covid-19 has had

on the wider economy and labour market. This approach will also allow us to protect public sector jobs and investment in public services as Covid-19 continues to have an impact. We will be able to reassess this picture after 2021/22 when the fuller impact of Covid-19 on the wider labour market will be clearer.

No member of the police workforce will face a cut to their existing reward package and the pause will apply to headline pay uplifts only – other payments, such as progression pay, overtime and special allowances will continue as before. HM Treasury will set out the justification and evidence for this policy in more detail in the upcoming informal economic discussion, which will be followed by the publication of the official economic evidence paper.

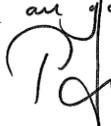
I greatly value the work of the PRRB and can assure you the Government has only taken this decision in extraordinary circumstances. While I will not be seeking a recommendation from the PRRB for police officer pay uplifts in 2021/22, I refer the following matters to you:

- For those earning the full time equivalent of gross earnings of less than £24,000, the Government proposes to continue pay uplifts at a value of £250 or the National Living Wage increase, whichever is higher. I look to the PRRB to provide recommendations on the implementation of this uplift and the number of officers it will apply to, taking into account the guidance provided in Annex A of this letter.
- To consider and make recommendations on the National Police Chiefs' Council's (NPCC) proposals to introduce a 'pay progression standard' and the timetable for implementation.
- In your last report, you provided thoughtful observations on the proposals submitted by the NPCC on benchmarking of police officer pay and valuation of the 'P factor'. I expect the NPCC to update you on the work undertaken to reach consensus with all parties on the methodologies used to benchmark the pay of all ranks and to value the 'P-factor' and I would be grateful for your updated commentary on this important work.

I ask that your recommendations and observations are considered in the context of the Government's commitment to increase police officer numbers by 20,000 over three years, while improving officer welfare and leadership - aims which should be supported by the pay structure.

As in previous years, I would also ask you to have regard to the standing terms of reference as set out in previous remit letters.

I offer my thanks to you for your continued hard work in this important area. I look forward to receiving your report no later than early May, subject to further discussion with the OME.

With all good wishes


Rt Hon Priti Patel MP

Annex A: Treatment of employees earning less than £24,000

Definition of employees earning less than £24,000

This should be determined on the basis of basic salary of a full-time equivalent employee, pro-rated on the basis of hours worked, using the standard number of hours per week for that organisation.

- Part-time workers with an FTE salary of less than £24,000 should receive a pro-rata increase on the basis of the number of hours worked.
- The £24,000 is based on the normal interpretation of basic salary and does not include overtime, performance pay or bonuses, nor any regular payments such as London weighting, recruitment or retention premia or other allowances.

Size of increase

We are asking the Review Bodies to recommend how the uplift should be implemented in a way that minimises distortion of existing pay spines, or for other structural reasons such as leapfrogging. The Government will consider higher awards to accommodate these factors. Higher awards should also be implemented where necessary to accommodate National Living Wage (NLW) policy, although employees should receive the higher of NLW or £250 (but not both). When considering their recommendation, Review Bodies may want to consider:

- The level of progression pay provided to the workforce
- Affordability
- NLW increases

How best to avoid 'leapfrogging' of those earning just under £24,000, with those earning just over £24,000. The Government will consider modest, necessary awards in excess of the £24,000 threshold to avoid structural issues such as leapfrogging, if there is a strong case.