



Police
Remuneration Review Body

Police Remuneration Review Body – First Report England and Wales 2015

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Chair: David Lebrecht

Cm 9085

ISBN 978-1-4741-2247-4



9 781474 122474



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Presented to Parliament by the
Prime Minister and Secretary of State for the Home Department
by Command of Her Majesty

July 2015



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Any enquiries regarding this publication should be sent to us at
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8th Floor, Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX

www.gov.uk/ome

Print ISBN 9781474122474

Web ISBN 9781474122481

ID 23061502 07/15 50020 19585

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

Police Remuneration Review Body

Terms of reference¹

The Police Remuneration Review Body² (PRRB) provides independent recommendations to the Home Secretary and to the Northern Ireland Minister of Justice on the hours of duty, leave, pay, allowances and the issue, use and return of police clothing, personal equipment and accoutrements for police officers of or below the rank of chief superintendent and police cadets in England and Wales, and Northern Ireland respectively.

In reaching its recommendations the review body must have regard to the following considerations:

- the particular frontline role and nature of the office of constable in British policing;
- the prohibition on police officers being members of a trade union or withdrawing their labour;
- the need to recruit, retain and motivate suitably able and qualified officers;
- the funds available to the Home Office, as set out in the Government's departmental expenditure limits, and the representations of police and crime commissioners and the Northern Ireland Policing Board in respect of local funding issues;
- the Government's wider public sector pay policy;
- the Government's policies for improving public services;
- the work of the College of Policing;
- the work of police and crime commissioners;
- relevant legal obligations on the police service in England and Wales and Northern Ireland, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief, and disability;
- the operating environments of different forces, including consideration of the specific challenges of policing in rural or large metropolitan areas and in Northern Ireland, as well as any specific national roles which forces may have;
- any relevant legislative changes to employment law which do not automatically apply to police officers;
- that the remuneration of the remit group relates coherently to that of chief officer ranks.

¹ The terms of reference were set by the Home Office following a public consultation – Implementing a Police Pay Review Body – The Government's Response, April 2013.

² The Police Remuneration Review Body was established by the Anti-social Behaviour, Crime and Policing Act 2014, and became operational in September 2014.

The review body should also be required to consider other specific issues as directed by the Home Secretary and/or the Northern Ireland Minister of Justice, and should be required to take account of the economic and other evidence submitted by the Government, professional representatives and others.

It is also important for the review body to be mindful of developments in police officer pensions to ensure that there is a consistent, strategic and holistic approach to police pay and conditions.

Reports and recommendations of the review body should be submitted to the Home Secretary, the Prime Minister and the Minister of Justice (Northern Ireland), and they should be published.

Members³ of the review body are:

David Lebrecht (Chair)
Heather Baily
Professor Brian Bell
Elizabeth Bell
Anita Bharucha
Paul Leighton
Christopher Pilgrim
Patrick Stayt

The secretariat is provided by the Office of Manpower Economics.

³ Members of the review body are appointed through open competition adhering to the Commissioner for Public Appointments' Code of Practice. Available at:
<http://publicappointmentscommissioner.independent.gov.uk/wp-content/uploads/2012/02/Code-of-Practice-20121.pdf>

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POLICE REMUNERATION REVIEW BODY

First Report England and Wales 2015

Executive Summary

Our 2015/16 recommendations (from 1 September 2015)

- A consolidated increase of 1% to all pay points for federated and superintending ranks.
- The London inspecting lead retained for now.
- London Weighting (from 1 July 2015) and Dog Handlers' Allowance uprated by 1%.

Remit

We were established as an independent pay review body in September 2014 and this is our first report on the remuneration of police officers. The Home Secretary's remit letter asked us to make recommendations on adjustments to pay and allowances from September 2015; and on whether to retain the London inspecting lead. In addition, she sought our observations on existing arrangements for differentiation of police officer pay and allowances at the regional and local level; and our comments on a five-year work programme, including issues deferred from the Winsor Review. In undertaking our work, the Home Secretary asked us to have regard to: the Government's policy that public sector pay awards would average up to 1% in 2015/16; the importance of maximising flexibility for chief officers and PCCs to manage their workforce efficiently; and the factors in our terms of reference including the need to recruit, retain and motivate suitably able and qualified officers, and affordability.

The policing context

The unique status of police officers must be a cornerstone of our approach to considering pay and conditions. In the course of our visits to forces last autumn, and through evidence received for this remit, we have developed our understanding of the challenges facing police officers in their work. We have also reviewed recent developments in policing which provide a backdrop to our pay deliberations. These include changes in the operating environments for police forces and the work on the professionalisation of the workforce, led by the College of Policing. On pay, we note the impact of the Winsor reforms, some of which still need to take effect. While the impact on individual officers has varied, we recognise that it has been significant for many, and has coincided with increasing demands on officers as forces manage within reduced budgets. There have also been wider changes to police pensions including a new career average scheme from April 2015, in line with reforms across the public sector.

The evidence

On the overall context for our recommendations, we have drawn the following broad conclusions from the evidence:

- Indicators point to an improving economy and labour market – economic growth is projected to continue in 2015 and into 2016, with inflation remaining low and earnings growth rising;

- The Government's public sector pay policy must play an important part in our considerations. The NPCC and APCC confirmed that the pay proposals were affordable;
- The police workforce has reduced since 2010 with further reductions planned. Recruitment is healthy, with high quality recruits according to forces, although some recruitment intentions might be dampened by financial uncertainty. Retention is stable with wastage at a reasonable level;
- We heard consistently on our visits, and from the staff associations' surveys, that morale and motivation have been severely affected by successive years of pay restraint, the Winsor reforms and pension changes. It is important to us to understand the factors affecting officer morale and motivation, and the potential impact on retention. We therefore urge the use of consistent staff surveys and their collation across police forces to inform our future work.

2015/16 recommendations on pay and allowances

We have considered a range of options for the pay uplift informed by the policing context, the Government's pay policy and our overall conclusions on the evidence. These included the MPS proposed approach for no overall uplift but an award targeted on those at the top of pay scales. We agree with all the other parties that, for 2015/16, the benefits of national consistency outweigh any differential approach to an uplift, whether between officers at different points on pay scales, or between officers in the MPS and the rest of England and Wales. There was little support for the Home Office's proposals that the pay uplift should not apply to officers subject to poor performance measures. Although the NPCC endorsed the general principle of linking pay to performance, it and others emphasised that poor performance procedures were intended to be supportive and a pay penalty could detract from this. It said the new arrangements for linking pay progression to performance which will be in place for all ranks from 2016 were the better approach; and we agree.

We conclude that a consolidated 1% increase to all pay points is appropriate for 2015/16.

This is in line with the Government's policy, is affordable, meets expectations among police officers and offers a degree of support to police officer morale. In our view it also provides a firm platform for developments in pay and conditions to be taken forward.

The parties' evidence on the London inspecting lead was inconclusive and did not provide a sound basis for its withdrawal at this stage. We note particularly the view of the MPS and the staff associations that London roles continue to carry a degree of demand, complexity and risk that warrants separate reward. For now, **we recommend retaining the London inspecting lead** ahead of a wider review which should include consideration of the scope for greater flexibility to reward specific roles.

Our overall approach to allowances will be to understand the rationale and evidence-base, consider each allowance on its merits, and establish a regular review programme. For 2015/16, the evidence was limited and there was no consensus on uprating allowances. We conclude that we do not wish to disadvantage those serving in London in relation to officers elsewhere or some other public sector groups and therefore **recommend a 1% increase to London Weighting**. However, there is widespread support to review the London and South East packages and we see this as a potential priority for a future remit.

On existing arrangements for differentiation of police officer pay and allowances at regional and local level, we observe that:

- The main parties view a national framework as the best approach for police officer pay with scope for greater flexibility in relation to some elements of reward;

- Current arrangements broadly align with those elsewhere in the public sector and those in the private sector; and
- The changing nature of policing in London necessitates early review of the current package (including South East Allowances).

Our five-year work programme

Given our strategic role in recommending on police pay, the Home Secretary invited our views on a five-year work programme. Our guiding principles for the programme are:

- Balancing change with the need to allow Winsor reforms to take effect;
- Enabling flexibility within a national pay framework;
- Supporting further professionalisation; and
- Finding a coherent and cohesive pathway for changes to police pay.

We recommend a programme of work covering four main areas:

- i. The pay implications of a review of the rank structure, flowing from the College of Policing's Leadership Review;
- ii. Review of implementation of the Winsor reforms, including threshold criteria;
- iii. Examining the scope for greater flexibility to compensate for cost of living, to support recruitment and retention, to reward skills and specific roles, and to link pay to performance and contribution;
- iv. Periodic review of individual components of the package.

We invite the Home Secretary to consider how best annual remits can take forward elements of the programme. We stress that we will need evidence-based proposals, which take account of financial considerations and the wider impact on policing. We will also want to consider the forthcoming People Strategy for Policing which will frame our work on remuneration. We look forward to working with the parties to provide a coherent and cohesive pay and conditions package which supports police officer recruitment, retention and morale and therefore enables an effective and efficient police service.

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12 June 2015

CHAPTER 1 – INTRODUCTION

Introduction

- 1.1 This first report of the Police Remuneration Review Body (PRRB) covers our recommendations on pay and allowances for police officers up to and including chief superintendent from 1 September 2015. The remit letter from the Home Secretary sets the context for our work, including the Government’s public sector pay policy, affordability and the wider considerations we are required to take into account, as set out in our standing terms of reference.

Establishment of the PRRB

- 1.2 The Police Remuneration Review Body was established on 1 September 2014. This puts the police pay review mechanism on a similar footing to other major public sector groups who have been covered by pay review bodies for many years. These review bodies are responsible for making recommendations to the Prime Minister, relevant Secretaries of State and Ministers in the Devolved Administrations on pay and related matters. Police officers therefore now have pay review arrangements that mirror those covering the Armed Forces, NHS Agenda for Change staff, NHS doctors and dentists, school teachers, the prison service, and more recently National Crime Agency officers (designated with operational powers⁴). The Senior Salaries Review Body now covers chief police officers, in addition to senior military officers, the judiciary, senior civil servants, NHS very senior managers, and police and crime commissioners.
- 1.3 The review body replaces the Police Negotiating Board (PNB) which had been in existence for over 30 years. This change has its roots in a 2007 review of police pay arrangements conducted by Sir Clive Booth for the then Government⁵. Its recommendation to establish a pay review body for the police was accepted but not implemented. Following the 2010 general election, the incoming Government appointed Sir Tom Winsor to undertake a comprehensive review of police pay and conditions to ensure that they reflected the needs of a more modern police service and the economic reality of the country and an ageing population.
- 1.4 The Winsor Review’s first report, published in March 2011⁶, made a series of recommendations for immediate changes to pay and conditions, many of which were negotiated through the Police Negotiating Board or referred to the Police Arbitration Tribunal before being accepted by the Home Secretary. The second report of the Winsor Review considered pay and conditions in the longer term, covering basic pay, career length and pension age, and the pay negotiating machinery. It was published in March 2012⁷ and included recommendations for changes to basic pay, role and skill based pay, contribution related pay, fitness testing, entry routes (qualifications and direct entry) and compulsory severance. Again, many of the resulting changes to pay and conditions were negotiated through the Police Negotiating Board or referred to the Police Arbitration Tribunal, before being accepted by the Home Secretary.

⁴ The National Crime Agency Remuneration Review Body operates as a separate body but shares common membership with the Police Remuneration Review Body.

⁵ Sir Clive Booth (February 2007 and September 2007), *Fair Play for Police Officers and Determining Pay in the Police Service*.

⁶ Independent Review of Police Officer and Staff Remuneration and Conditions (Winsor Review) – Part 1, March 2011. Available at: www.gov.uk/police-pay-winsor-review

⁷ Independent Review of Police Officer and Staff Remuneration and Conditions (Winsor Review) – Part 2, March 2012. Available at: www.gov.uk/police-pay-winsor-review

- 1.5 On pay review machinery, the Winsor Review's second report supported the concept of an independent pay review body and recommended the abolition of the Police Negotiating Board to be replaced by a Police Pay Review Body by late 2014. Winsor recommended that the body should cover police officers up to and including chief superintendent and would consider pay and allowances, leave, hours of duty and the issue, use and return of police clothing, personal equipment and accoutrements. It also made recommendations on the body's terms of reference and membership arrangements.
- 1.6 The detail of the proposed review body's implementation and operation was the subject of a Home Office consultation later in 2012 to which the Government responded in April 2013⁸. The Government's response confirmed the legislative basis for the Police Remuneration Review Body, its terms of reference, membership, implementation date, pay award cycle and evidence gathering arrangements. The Government also confirmed that police pension matters would be handled by the Police Advisory Board, and that consideration of chief police officers' pay would move to the Senior Salaries Review Body.
- 1.7 The Police Remuneration Review Body for police officers was set up under the *Anti-social Behaviour, Crime and Policing Act 2014*⁹. It came into operation on 1 September 2014 through the *Anti-social Behaviour, Crime and Policing Act 2014 (Commencement No. 5) Order 2014*¹⁰. This order also formally abolished the Police Negotiating Board with most functions moving to the Police Remuneration Review Body, or to the Police Advisory Board for England and Wales (and similar boards in Scotland and Northern Ireland), or to the College of Policing. The Police Remuneration Review Body covers England, Wales and Northern Ireland. A separate Police Negotiating Board was to be set up for Scotland.
- 1.8 The Act made provisions for:
- The establishment of a review body consisting of a chair and at least five members;
 - Matters to be referred to it by the Secretary of State and/or the Department of Justice in Northern Ireland (DoJNI) and to be reported on by the review body;
 - Directions from the Secretary of State and/or DoJNI on timing, factors for consideration, evidence and matters for recommendations; and
 - Consultations by the Secretary of State and DoJNI on regulations to change police pay and conditions.
- 1.9 The detail covering our operation was set out in Schedule 7 to the Act. This made provision for: (i) members' appointments, resignations and dismissals; (ii) procedure including Secretary of State directions on who provides evidence and the procedure for obtaining evidence; (iii) matters to be considered when making recommendations; (iv) the Secretary of State's consultation (and with whom) on the above provisions; (v) publication of determinations; and (vi) members' remuneration and expenses.
- 1.10 The Act defined our remit by setting out the requirement for us to consider and report on matters referred to us by the Home Secretary and the Department of Justice in Northern Ireland relating to:
- Pay and allowances;
 - Hours of duty;
 - Leave; and

⁸ Implementing a Police Pay Review Body: The Government's Response, April 2013. Available at: www.gov.uk/government/speeches/consultation-on-implementing-a-police-pay-review-body-government-response

⁹ Clauses 132 to 134 and Schedule 7.

¹⁰ Anti-social Behaviour, Crime and Policing Act 2014 (Commencement No. 5) Order 2014. Available at: <http://www.legislation.gov.uk/uksi/2014/2125/note/made>

- The issue, use and return of police clothing, personal equipment and accoutrements.

1.11 In referring matters to us, the Home Secretary and the Department of Justice in Northern Ireland are respectively able to give directions on the timing of reports, considerations to have regard to, evidence to be obtained, and matters for recommendations. On remits concerning England and Wales police, we report to the Prime Minister and the Home Secretary. On Northern Ireland remits, we report to the Department of Justice in Northern Ireland. Police pay and conditions are subject to regulations and determinations. Following our recommendations on proposed changes, the Home Office invites the following bodies to comment on draft regulations and determinations:

- *In England and Wales*, representatives of those maintaining the police forces in England and Wales (i.e. police and crime commissioners), representatives of chief officers of police and representatives of members of the police forces;
- *In Northern Ireland*, the Department of Justice, the chief constable of the Police Service of Northern Ireland, the Northern Ireland Policing Board and representatives of members of the Police Service of Northern Ireland.

Our coverage

1.12 Our remit group covers all police officers in the 43 forces in England and Wales at or below the rank of chief superintendent plus police cadets (appointed under Section 28 of the Police Act 1996). We do not cover police support staff (including community support officers) or officers in other organisations such as the British Transport Police. For Northern Ireland, we cover the same ranks in the Police Service of Northern Ireland, police trainees (appointed under Section 39 of the Police (Northern Ireland) Act 2000) and police cadets (appointed under Section 42).

1.13 Police pay and conditions are covered by current police regulations and legally enforceable determinations. Those covered by our remit are specified in the Act (see paragraph 1.10 above) and are similar to those covered by other pay review bodies including:

- Basic pay – rates, incremental progression, structure, pay on promotion and temporary promotion;
- London Weighting;
- Competence Related Threshold Payments (being phased out except in Northern Ireland);
- Overtime – rates and structure; and
- Allowances – On-call Allowance, Unsocial Hours Allowance, Away From Home Overnight Allowance, Hardship Allowance, London Allowances, South East England Allowances, Northern Ireland Transitional Allowance (and the Temporary Supplement for inspectors), Motor Vehicle Allowances and Dog Handlers' Allowance.

1.14 As part of our broader role, we are required to consider police terms and conditions, specifically hours of duty (including rostered rest days and public holidays) and leave arrangements (annual, sick, maternity and other types of leave and the accompanying pay arrangements).

1.15 Excluded from our remit are: university scholars; career breaks; time off for dependants; expenses; and appointment terms. We understand that the parties have established voluntary consultative arrangements to discuss issues not captured by our remit or the

Police Advisory Boards. We comment further in Chapter 2 on how this forum might also play a useful role on certain issues within our remit and, where appropriate, present evidence to us.

- 1.16 Our terms of reference were set following the Home Office's 2012 consultation with a range of police stakeholders in England and Wales. Like other pay review bodies, they require us to make independent recommendations and to have regard to recruitment, retention and motivation, affordability of pay awards, the Government's wider public sector pay policy and its policies for improving public services, and relevant legal obligations on the police service including anti-discrimination legislation.
- 1.17 In addition to these areas common across the pay review bodies, we are specifically required to have regard to the frontline role and nature of the office of constable, and the prohibition on police officers being members of a trade union or withdrawing their labour. We also take into account: the work of the College of Policing and of police and crime commissioners (PCCs); the operating environments of different forces; and the coherence of pay with chief officer ranks. We are required to consider any relevant legislative changes to employment law which do not automatically apply to police officers (as they are officer holders rather than employees employed under a contract of employment). Our terms of reference allow for the Home Secretary and Northern Ireland Minister of Justice to direct us to consider other specific issues. Finally, we are asked to be mindful of developments in police officer pensions and to ensure that there is a consistent, strategic and holistic approach to police pay and conditions.
- 1.18 Our remit includes police cadets appointed under Section 28 of the Police Act 1996. Chief police officers can appoint police cadets to undergo training with a view to becoming members of that police force. Any police cadets are under the control of, and subject to dismissal by, chief officers. The Home Office informed us that, currently, most forces were not appointing cadets although some paid cadets might remain. Cadets were provided for in the Police Cadets Regulations 1974 and recent circulars from the Police Negotiating Board had included explicit provision for cadets.
- 1.19 The Home Office said that it would not be necessary for us to make specific recommendations with respect to cadets' pay and conditions for 2015/16. It is for the parties to submit evidence should they in future seek our recommendations on matters related to police cadets.

Our remit for 2015/16

- 1.20 The Chief Secretary to the Treasury (CST) wrote to us on 29 July 2014 (Appendix A) outlining the important role that public sector pay restraint had played in fiscal consolidation. He confirmed the Government's policy was that public sector pay awards would be an average of up to 1% in 2015/16 and said that the Government considered that there were unlikely to be recruitment and retention issues for the majority of public sector workforces. In its view pay restraint remained a crucial part of the consolidation plans putting the UK on the path of fiscal sustainability and helping to protect jobs and support the quality of public sector services.
- 1.21 On 3 November 2014, the Home Secretary wrote to us setting out our remit for 2015/16 (Appendix B). The Home Secretary emphasised the Government's policy on public sector pay for average awards in 2015/16 of up to 1%. The letter also reiterated the need for us to have regard to the factors set out in our terms of reference. In addition, it stressed the Government's continued commitment to maximising flexibility for chief constables and PCCs to manage their workforce in the most efficient way possible at local level.

- 1.22 In summary, the Home Secretary sought our consideration of:
- Adjustments to pay and allowances having regard to the Government's public sector pay policy;
 - Whether the additional London inspecting lead should be retained; and
 - Observations on the level and scope of existing arrangements for differentiation of pay and allowances at the regional and local level, with a view to making substantive recommendations in subsequent years.
- 1.23 Given our strategic role on police pay, the Home Secretary also invited our comments on priorities for a five-year work programme including issues deferred by the Winsor Review, specifically: the On-call Allowance; the gap between constable and sergeant pay scales and inspector and chief inspector pay scales; buying-out sergeants' casual overtime; officers on limited duties and the value of the deployment component of the X-factor; and coherence between the terms and conditions of police officers and police staff.
- 1.24 We received a separate remit letter from the Minister for Justice in Northern Ireland to consider the pay and related matters referred to us for police officers in the Police Service of Northern Ireland. We report separately on the specific issues for Northern Ireland¹¹.

Parties giving evidence

- 1.25 Following receipt of the remit letter in November 2014 we called for the submission of written evidence. We are grateful to the parties for their comprehensive and timely submissions and their responses to our requests for clarifications and further information. Copies of the written evidence from the following parties can be found on their websites (as listed in Appendix E):
- The Home Office (including economic evidence from HM Treasury);
 - The National Police Chiefs' Council (NPCC)¹²;
 - The Association of Police and Crime Commissioners (APCC);
 - The Metropolitan Police Service (MPS);
 - The London Mayor's Office for Policing and Crime (MOPAC); and
 - The Police Federation of England and Wales (PFEW) and the Police Superintendents' Association of England and Wales (PSAEW)¹³.
- 1.26 In addition, we received a submission from an individual police officer setting out the effect of pay and workforce changes in recent years.
- 1.27 We supplemented the written submissions with a series of oral evidence sessions which helped us develop our assessments for this report. We are grateful to the Home Secretary (accompanied by Home Office and HM Treasury officials), NPCC, APCC, MPS, MOPAC, PFEW and PSAEW representatives who attended these sessions.

¹¹ Police Remuneration Review Body (2015), *First Report for Northern Ireland*. Available at: <https://www.gov.uk/government/organisations/police-remuneration-review-body>

¹² The evidence was submitted by the Association of Chief Police Officers in January 2015 with responsibility for this function passing to the National Police Chiefs' Council from April 2015.

¹³ The Police Federation of England and Wales and the Police Superintendents' Association of England and Wales presented a joint submission.

Visits to police forces

- 1.28 In autumn 2014, we conducted visits to the following police forces: Metropolitan Police Service; Greater Manchester Police; Devon and Cornwall Police; Hertfordshire Constabulary; and South Wales Police.
- 1.29 The visits enabled us to hear direct from officers their views on a range of workforce and pay issues. Such visits are an essential element of our process as they allow us to enhance our understanding of the crime-fighting role, different operating environments, the challenges faced by police officers and their concerns on pay. We are grateful to the police forces for arranging these visits and to the officers giving their time to attend. We look forward to visiting a range of other forces in the coming year.

Our overall approach

- 1.30 Our approach as a review body will necessarily be different from that of the previous negotiating machinery. It has been shaped by the experience of other, longstanding pay review bodies, whilst taking account of the particular circumstances of our remit group, and aims to ensure we reach high quality, evidence-based recommendations. In summary, we receive an overarching statement of the Government's public sector pay policy from the Chief Secretary to the Treasury which is followed by specific matters to be reviewed in a remit letter from the Home Secretary. We then seek evidence from the Home Office, organisations managing the police service and forces, and the staff associations. We assess this evidence, testing out our understanding in oral evidence sessions, and consider wider contextual evidence on the economy, labour market and earnings data. Our deliberations are also informed by evidence gathered on our visits. We then arrive at independent judgements on pay and related matters and make our recommendations in a report submitted to the Prime Minister and the Home Secretary. We expect the Government to publish our report and its response in time to make changes for the September settlement date.
- 1.31 Our considerations are independent and based on the available evidence. We are a statutory body and therefore operate under the direction of the Home Secretary in relation to the specific matters to consider each year. However, our standing terms of reference also provide important anchor points to examine issues over a period of time. Significantly, they include features unique to police officers such as the office of constable, prohibition on trade union membership or withdrawing labour and the operating environments of different police forces. They also require us to consider the work of the College of Policing and police and crime commissioners, and coherence with chief officers' pay. We give no specific weight to one factor more than others in our terms of reference. Such weighting is a matter of our judgement and might vary from one pay round to the next depending on the circumstances of the police and our specific remits. However, recruitment, retention and morale are the cornerstones of most of our considerations. As the Home Secretary makes clear in her remit letter, it is important that officers should reflect the communities they serve. We therefore consider workforce data on officer diversity and intend to track progress in future remits. To complete the picture, we also examine police officer terms and conditions, as necessary, to ensure they are commensurate with employment law and good practice as it applies in the rest of the public sector and the wider labour market.
- 1.32 In taking forward our work, we are also mindful that the Government established this review body with a strategic purpose, to review the police officer remuneration package in the round, and to put in place a coherent strategy to assess the package over time. Therefore, this first report examines the remit matters referred to us and the longer term issues for police officer pay. It follows a period of substantial change across policing, including to police officer pay and conditions, and we summarise these alongside the

policing context in Chapter 2 of this report. We then set out the overarching economic and workforce evidence in Chapter 3 as it relates to our terms of reference. In Chapter 4 we review this evidence as it relates to our recommendations on pay for 2015/16 and our observations on differentiation at regional and local level. Finally, we look forward in Chapter 5 to our five-year work programme.

CHAPTER 2 – POLICING CONTEXT

Introduction

2.1 We note in our introductory chapter the significant recent reforms to police officer pay and conditions. We summarise in this chapter the parties' evidence on these changes and on the Government's wider policing reforms, including the creation of police and crime commissioners (PCCs), and the establishment of the College of Policing. We also set out important contextual evidence from the parties on the wider operating environment. This evidence has helped us develop our understanding of the policing landscape, as required by our terms of reference. Finally, we note evidence on the relevant legal obligations on the police service and relevant changes in employment law.

Government policing reforms

- 2.2 The **Home Office** summarised the Government's programme of reforms for policing as:
- Establishing police and crime commissioners, the College of Policing and the National Crime Agency;
 - More powers and resources for the Independent Police Complaints Commission and reinforcing the independence of Her Majesty's Inspectorate of Constabulary;
 - Introducing direct entry to open up the senior ranks of the police;
 - Creating a new offence of police corruption through the Criminal Justice and Courts Bill; and
 - A public consultation on police whistleblowing and reviewing the police complaints system.

Police and crime commissioners

- 2.3 The **Home Office** said that PCCs were responsible for setting the direction and objectives for their force, holding the chief constable to account, and overseeing the effective and efficient spend of public money. Under 2014 transitional arrangements, the majority of PCCs had used the option to transfer staff to the chief constable with the office of the PCC retaining some staff (with variations on this model). The **National Police Chiefs' Council (NPCC)** confirmed that all police officers came under the direction and control of the chief constable, although police staff could be employed by either the chief constable or PCCs.
- 2.4 The **Association of Police and Crime Commissioners (APCC)** commented that, since 2012, the role of PCCs was to be the voice of the people, to hold the police to account and to be responsible for the totality of policing. The APCC said that PCCs ensured that the police were answerable to the communities they served and that community needs were met as effectively as possible. Statutory responsibilities¹⁴ require PCCs to: secure an efficient and effective police force; appoint a chief constable and hold them to account; set police and crime objectives; set the force budget and determine the precept; contribute to the national and international policing capabilities; and bring together community safety and criminal justice partners.

¹⁴ Police Reform and Social Responsibility Act 2011.

College of Policing

- 2.5 The **Home Office** considered that one of the most significant developments for police workforce arrangements had been the ongoing work to develop professionalism within the police, in particular through the establishment of the College of Policing. The aim of the College was to become a world-class professional body that worked in the public interest by achieving the highest possible standards in policing. The College would: set standards of professional practice; identify, develop and promote good practice based on evidence; support the professional development of those working in policing; help forces and other organisations to work together to protect the public and prevent crime; and identify, develop and promote ethics, values and standards of integrity.
- 2.6 The Home Office commented that the College had been responsible for designing models to support pay structures which would incentivise professional development and reward skills, such as the establishment of skills thresholds and the development of an appraisal system to support the linkage of pay progression to performance.
- 2.7 The **NPCC** echoed the comments made by the Home Office adding that the objective of supporting the professional development of those working in policing was intended to raise standards of professionalism in policing through the education, learning and professional development it provided. To achieve this the College would:
- Set a framework for professional development in policing;
 - Lead a review of leadership at all levels of policing;
 - Work to ensure that police leaders across ranks and roles were well supported to respond effectively to rapid change in the economy, society, technology, in the nature of crime and the need to work effectively with other agencies;
 - Work with world-class academic institutions and the best of leadership from other sectors to ensure that the police were positioned at the forefront of modern thinking on leadership;
 - Work with other training providers to accredit training and ensure those working in policing were equipped with the skills and knowledge needed to maintain high standards; and
 - Introduce continuous professional development for everyone who worked in policing.
- 2.8 The **Police Federation of England and Wales** emphasised in oral evidence that the creation of the College of Policing should be seen as a positive step by police officers. The PFEW said that it had been working closely with the College on defining and assessing competencies which would link to reward. The NPCC stressed in its oral evidence the importance of the College of Policing's full engagement with the staff associations in taking forward future reviews.
- 2.9 In March 2015, the **College of Policing** published an interim report on its Leadership Review¹⁵ before the final report due in June 2015. The College summarised the future context for police leadership focusing on five challenges around the economy, demographics, citizen expectations, technology and the internet as a social space. It identified six areas for promoting positive practices and overcoming obstacles: improving culture; unintended consequences of hierarchy; diversity and valuing difference; management and leadership development; lateral development; and greater consistency of practice across forces. The NPCC told us in oral evidence that it would be working on the implications of the College's review for pay and conditions.

¹⁵ College of Policing (March 2015), *Leadership Review Interim Report*. Available at: <http://www.college.police.uk/News/College-news/Pages/College-of-Policing-interim-leadership-review.aspx>

2.10 The following recommendations from the College were of specific relevance to our considerations:

- Review the rank and grading structures in policing across the warranted and staff roles – moving towards flatter structures with greater levels of practitioner autonomy and expertise;
- Embed the values articulated in the principles from the Code of Ethics in all local and national selection and promotion processes;
- Provide a structure of entry, exit and re-entry points to allow career flexibility – career pathways that include an entry programme for graduates, direct entry at inspector, progression to senior positions, re-entry at the same or higher grade, and developing secondments and career breaks;
- Advertise all vacancies for recruitment and promotion nationally, using national standards for all roles, ranks and grades – with the aim of improving diversity, flexibility and mobility;
- Create a new model of leadership and management training and development which is accessible to all within policing; and
- Developing career opportunities which allow recognition and reward for advanced practitioners – setting criteria for advanced practitioners, not just traditional specialist roles, offering reward and recognition for advanced skills and knowledge, and those developing the evidence-base of policing or helping others develop in their roles.

2.11 We are required to take into account the work of the College of Policing and the report provided important context for our longer term considerations. Specifically, we note that throughout the Leadership Review there appears to be an emphasis on national consistency and a single police workforce. It sets out a series of developments relevant to pay including recruitment, entry points, career development and rewarding skills. The report also endorses the requirement for staff surveys to guide people strategies. We look forward to the final report, and work flowing from it, which will help to shape our five-year work programme.

Winsor Review outcomes

2.12 Across both Winsor Review reports¹⁶ in 2011 and 2012 the main changes to police pay and conditions to be implemented of direct relevance to our remit were as follows:

- Basic pay – a two-year freeze on pay increments, a reduction in constable starting salaries, removal of points from the constables' pay scale and removal of the first point of the sergeants' pay scale;
- Pay progression – in the federated ranks to be subject to a "satisfactory" annual appraisal, the development of foundation and advanced thresholds linked to pay progression from 2016 and the phasing out of Competence Related Threshold Payments (CRTP) by 2016;
- Superintendents and chief superintendents – the abolition of Post-Related Allowances and Exceptional Performance Payments;
- Allowances – introduction of an Unsocial Hours Allowance, a national On-call Allowance, and an Away From Home Overnight Allowance (and a Hardship Allowance when no proper accommodation is provided) for federated ranks. Changes to overtime rates and a choice of seven days plus 25 December to treat as

¹⁶Independent Review of Police Officer and Staff Remuneration and Conditions (Winsor Review) – Part 1 (March 2011) & Part 2 (March 2012). Available at: www.gov.uk/police-pay-winsor-review

public holidays. In addition, revised provision for chief officers determining variable shift arrangements for inspector ranks and below, the abolition of Special Priority Payments, and chief officers' discretion to pay London and South East Allowances up to a maximum;

- Entry routes and progression – constable entry requiring either a level 3 qualification, a police qualification or experience as a PCSO, special constable or a relevant police staff role. Direct entry to superintending ranks and a fast track scheme to progress from constable to inspector.

- 2.13 Other aspects of the Winsor Review recommendations were subject to development including: strengthening of the link between pay and skills, performance and contribution; improving the management of officers on restricted (limited) duty; misconduct and discipline; and others referred to the College of Policing. The Winsor Review also recommended further review of several aspects of police pay and conditions once a Police Remuneration Review Body was established. We comment on these in Chapter 5 alongside our considerations of a five-year work programme.
- 2.14 The **Home Office** said that prior to the Winsor Review the police pay system had been designed over thirty years ago and it was out of step with modern management practices as well as having a heavy emphasis on rewarding time-served over contribution or performance. The Winsor reforms implemented by the Government were not simply about savings but ensuring that pay and conditions rewarded the best in policing, while giving chief constables and PCCs the flexibility they needed to lead their forces and manage their resources more efficiently. The Home Office emphasised that Ministers remained committed to the Winsor Review's principles and objectives.
- 2.15 The **NPCC** said that many of the Winsor Review changes had been implemented but a large part of these and other significant reforms were still in transition. It advocated time to allow recent change a chance to take effect and for outstanding recommendations to be implemented. It considered that the Winsor changes were broadly cost neutral and any savings were generally reinvested. The NPCC noted that the link between officers' pay and appraisal and forthcoming pilots for foundation and advanced threshold assessments would support the further professionalisation of policing and ensure that the workforce continued to develop the skills needed for the future.
- 2.16 The **Police Federation of England and Wales (PFEW)** and the **Police Superintendents' Association of England and Wales (PSAEW)** said that one of the largest drivers for police change in recent years had been the Winsor Review which had not only changed pay and conditions but affected officers' job requirements. They felt that the full impact remained to be seen and some changes had yet to be implemented. They said that recent changes, while comprehensive, had not necessarily resulted in consistency or clarity regarding the intent behind some elements of the remuneration package. The staff associations concluded that further major change, unless backed up by robust and transparent evidence, would be unpalatable and not in the interests of the service.
- 2.17 The PFEW said its 2014 Workforce Survey asked specific questions on various changes to pay and pensions and other service changes, and the responses pointed to: officers feeling undervalued by the police service and the public; "doing more, but receiving less"; and recent reforms reducing take-home pay and therefore lowering morale.

Operating environment and demands on policing

- 2.18 The **Home Office** reinforced that it was important for us to take account of the significant variations in operating environments in different forces and that HMIC provided comprehensive information about each force through its Value for Money profiles, PEEL¹⁷ assessments and other inspection publications.
- 2.19 The **NPCC** said that the Crime Survey for England and Wales suggested that crime was at its lowest level since the survey began in 1981 with annual figures showing a 16% fall in the year to June 2014. Police recorded crime data (also to June 2014) told a similar story with crime at its lowest level since the mid-1990s. However, the NPCC noted that 24 forces had seen an increase in the year to June 2014 although this could be because of a higher level of compliance with recording standards, greater confidence in reporting certain crimes and genuine increases in new crimes. The NPCC said that demands could be either public demand (calls for service or incident to which the police respond) or protective demand (proactive work to safeguard the public). The changing nature of demand, in particular the increase in complexity and protective work, had seen significant shifts in the responsibilities and capabilities of all officers. The NPCC added that every police officer needed to have an understanding of these new and growing challenges and to have the capability to respond.
- 2.20 The NPCC also noted that collaboration across forces had played an increasing role in recent years enabling forces to improve operational capability and resilience and to reduce costs. The rate of change around the structure of policing had intensified in recent years to meet the changing nature of demand, financial pressures and partnership structures, and, the NPCC observed, the ability to flexibly deploy police officers enabled such changes to be achieved.
- 2.21 The **Metropolitan Police Service (MPS)** provided an analysis of the particular challenges facing policing in London. These included the intense media interest and scrutiny of operational police activity; London's position as a focus for terrorist reconnaissance and attack; and a hub for international trade, tourism and migration. The MPS noted that London accounted for around a fifth of all recorded crime across the UK and it had unique challenges not faced to the same degree by other cities in the UK such as public order events and demonstrations, and threats from organised crime and terrorists. The MPS said that these factors placed additional requirements on the service in terms of the range and scope of the policing activity, a diversity challenge and a volume challenge. It observed that the scale and sheer tempo of these often extra-ordinary activities placed added demands on police officers in the capital.
- 2.22 The MPS commented that it was on track to deliver its crime reduction target and that the extent of the fall in victim-based crime in London meant that the reduction for England and Wales at October 2014 was 0.1% but was an increase of 0.9% if the MPS was removed. Its "One Met Programme" had delivered significant structural change to the operating model and achieved savings from reforming the "back office", reducing the number of senior officers and supervisory officers, releasing under-utilised assets, and reducing overheads. The MPS reported that it had increased the proportion of police officer time spent on frontline activities and boosted officer numbers in neighbourhood policing.
- 2.23 The **staff associations** acknowledged that the number of crimes committed and the number of 999 calls had decreased in England and Wales since 2010. However, they argued that certain crimes had increased and the investigation and prosecution of these complex crimes were particularly time and labour intensive.

¹⁷ HMIC's Police effectiveness, efficiency and legitimacy programme. Further details at: <http://www.justiceinspectorates.gov.uk/hmic/our-work/peel-assessments/>

- 2.24 The PFEW and PSAEW commented that the necessary skills and experience required to be an effective police officer had gradually changed in the external socio-political landscape. They considered that the two most notable alterations to the social context of policing had been the changing nature of crime and the reduced spending across partner agencies and other emergency services. The staff associations also cited other reforms that were changing officers' job requirements such as: increased partnership working; the Winsor Review; increased deployment of inspectors as senior investigating officer; devolution of command responsibilities from superintendents to inspectors and chief inspectors; and reduced funding leading to increased workload and longer working hours.
- 2.25 The PSAEW pointed to the variation in superintendents' roles widening as a result of cuts in numbers, those remaining taking on additional responsibilities and some forces removing the chief superintendent rank from their structure. The PSAEW Personal Resilience Survey 2014 indicated that the demands and scope of superintendents' roles put them under significant pressure in terms of hours worked which raised questions of workforce sufficiency.

Estimating Demand on the Police Service – College of Policing

- 2.26 Early in 2015, the **College of Policing** published an analysis of the demand on the police service¹⁸ to which the NPCC referred in supplementary evidence. In summary, the College of Policing commented that:
- Police recorded crime and incidents had been decreasing over the last 10 years although the trend was now slowing and some types of crime were increasing;
 - Police officer numbers had fallen over the last five years;
 - The changing crime mix meant that, over the last 10 years, the costs of policing had not fallen as much as overall numbers of crimes;
 - Incidents involving people with mental health issues appeared to be increasing;
 - Demand associated with proactive statutory requirements¹⁹ appeared to be on the increase; and
 - There were indications of emerging pressures on police resilience – decreased levels of police visibility and increasing requests for mutual aid.

Nature of the office of constable and prohibition on trade union membership or withdrawing labour

- 2.27 The **Home Office** told us that police officers were not employees but held the independent office of constable and that their pay and conditions were set out in legislation not in an employment contract. It added that remuneration and conditions of service should reflect the role and status of police officers and the particular demands of policing. It was vital that the service was able to discharge its duty without officers refusing a lawful order or the threat of collectively withdrawing their labour²⁰. The requirements of the role meant that officers had restrictions on their personal life and employment status.

¹⁸ College of Policing (January 2015), *Estimating Demand on the Police Service*. Available at: http://www.college.police.uk/en/docs/Demand_Report_21_1_15.pdf

¹⁹ For instance, the statutory responsibility on the police and other agencies to protect the public from serious harm by sexual and violent offenders which had increased by a third in the last five years.

²⁰ The Police Act 1996 (Sections 64 and 91) prohibits police officers from belonging to any trade union or from participating in strikes or other forms of industrial action.

- 2.28 The **NPCC** also noted that police officers were servants of the crown, held the independent office of constable and had restrictions placed upon them. It was therefore important that their pay and conditions maintained a fair balance between the restrictions, dangers and benefits. The NPCC considered that the range of roles that police officers needed to fulfil to meet current and future demands was wide and continued to grow. It added that, as crime became more complex and borders disappeared, the skills and competence needed by police officers and the ability to operate co-operatively must grow.
- 2.29 The **PFEW and PSAEW** amplified the evidence on the unique position of the office of constable as office holders sworn to serve the Queen. Officers are independent legal officials with a significant degree of authority and discretionary power, and they are expected to discharge the duties at all times, whether or not they are on duty. Police officers are also empowered to resist unlawful orders as well as any undue political pressure. The PFEW and PSAEW believed that this independence was essential for police officers as they should not be distracted from acting independently by other pressures or interests.
- 2.30 The PFEW and PSAEW highlighted that police officers were unable to take any form of industrial action and that any act calculated to induce an officer to withhold his or her services is a criminal offence. While the ability to take industrial action would be difficult to reconcile with the office of constable, the PFEW reported that in a recent ballot 34% of its members voted in favour of seeking industrial rights. This demonstrated the frustration of officers but did not reach the required threshold for the PFEW to take the matter forward. The PFEW and PSAEW told us that restrictions on the private lives of police officers included those on political activity, place of residence, discharging lawful debt and employment or business interests. Police officers accept these limitations in return for terms and conditions that recognise the responsibilities they carry which the PFEW and PSAEW referred to as the psychological contract. They argued that, according to research, where such psychological contracts were breached there was a direct and negative effect on the organisation and workers were likely to leave, demand representation or became disaffected. The PFEW and PSAEW said that following turbulent years during the Winsor Review and the public sector pay freeze the psychological contract had repeatedly been breached.

Relevant legal obligations on the police service in England and Wales

- 2.31 The **staff associations** commented that the range of rights and remedies available to police officers was different to those available to employees. They said that police officers did not work under contracts of employment and their terms and conditions were set out in Police Regulations and Determinations 2003 (as amended). However, the staff associations noted that in some aspects of employment legislation, police officers were “deemed to be employees” and had rights under the following Acts:
- **Equality Act 2010** – the Public Sector Equality Duty applies to all chief constables and police and crime commissioners which requires, among other things, the elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act, plus advancing equality of opportunity between people who share a protected characteristic and those who do not;
 - **Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000** – including the right not to be treated by his or her employer less favourably than the employer treats a comparable full-time worker as regards the terms of his or her contract;

- **Public Interest Disclosure Act 1998** – protecting workers from being victimised and/or losing their job if they report suspected malpractice by their employer, colleagues or third parties;
- **Working Time Regulations 1998** – based on the need to ensure a better level of protection of the safety and health of workers.

2.32 The **Home Office** reported that it continued to work with forces and the College of Policing and the Government Equalities Office to identify ways of tackling under-representation under existing equalities legislation. These included the use of the tie-breaker provisions to allow the selection of Black and Minority Ethnic (BME) candidates where they are as qualified as white candidates, and giving weight in the application process to reward candidates with knowledge of communities and/or community language skills. The Home Office said that the College of Policing was developing a major programme of work “BME Progression 2018” to explore options for forces and that the College had also included equality and diversity among the standards of professional behaviour in the new police Code of Ethics.

2.33 Our terms of reference require us to have regard to relevant legal obligations on police forces and specifically to anti-discrimination legislation across a range of protected characteristics. We were grateful to the staff associations for setting out fully in their evidence the relevant provisions and how they apply to police officers. No specific matters were raised for this report. However, we will receive regular updates on developments in anti-discrimination legislation through our secretariat and we ask the parties to ensure that their future evidence provides data on groups with protected characteristics or working arrangements subject to legislation. It will be particularly important that evidence put to us on new pay proposals includes an assessment of the equality impact of the proposed changes.

Relevant changes to employment law

2.34 Our terms of reference require us to have regard to any relevant legislative changes to employment law which do not automatically apply to police officers. As police officers are not employees but hold the office of constable, not all provisions in employment law apply to them. It is for the parties, particularly the NPCC, to identify where relevant changes should apply. The Government has proposed several changes²¹ to employment law for introduction or roll out during 2015 whose application to police officers should be considered, including:

- Shared parental leave – parents choosing how they share the care of their child during the first year after birth;
- New statutory pay rates for maternity, paternity, adoption and shared parental leave – also a new rate of statutory sick pay;
- Statutory adoption leave and pay – removing the qualifying period and aligning with maternity pay;
- Parental leave extended to parents of any child under the age of 18;
- Surrogate parents entitled to adoption leave;
- Managing sickness absence; and
- New compensation limits for employment tribunals.

²¹ Summarised at www.acas.org.uk.

- 2.35 We understand that discussions are already underway between the parties on replicating the relevant provisions of the Children and Families Act, which covers many of the above provisions. We would welcome relevant updates from the parties in future evidence on the impact of these changes on terms and conditions for police officers. In the meantime, we note that the parties have established voluntary consultative arrangements namely the Police Consultative Forum. The Forum is a non-statutory body for employers' representatives and staff associations to discuss pay and conditions, understand priorities, share perspectives, allow for co-operative resolution of difficulties, and minimise the risk of the escalation of local or national disputes. It can reach agreement on issues that might be ratified under the Reserved Powers of the Home Secretary, without referral to us. We understand that the Forum has been: discussing agreements previously reached under the PNB to be reflected in Home Office regulations and determinations; discussing an agreement over rest days and free days during a period of annual leave for officers, and a revised salary sacrifice scheme; and advising the Home Office on the implementation of the provisions of the Children and Families Act, specifically shared parental leave.
- 2.36 We welcome these arrangements as they will provide a quick route to achieving necessary changes in police officers' terms and conditions. We stand ready to contribute should the parties require our assistance. We particularly welcome the parties sharing their positions and priorities, within the Forum, prior to submission of written evidence to us. This supports our process and helps develop a commonly understood evidence-base.

Our comments on the policing context

- 2.37 The policing context, as described above, is an important backdrop to our deliberations on pay. It informs several elements of our terms of reference, also reflected in the factors for consideration in our remit letter, specifically: the frontline role and nature of the office of constable; the prohibitions placed on police officers; the different operating environments for forces; the Government's policies for improving public services; and the work of the College of Policing and PCCs.
- 2.38 We start with the unique nature of the office of constable and the frontline role of officers which must be essential anchor points for pay and workforce considerations. The evidence supported by our visits to police forces has given us a useful insight into police officers' roles including the range of their duties and the prohibition on industrial action. We note the further work on rank structures to be undertaken by the College of Policing supported by the NPCC with the engagement of the staff associations and look forward to the outputs. We saw on our visits that force organisation and restructuring had placed growing workload demands and spans of responsibilities on officers, particularly inspecting and superintending ranks, which need to be carefully monitored. We also note that, while police officers are prohibited from being members of a trade union or withdrawing their labour, industrial action in recent years has been limited elsewhere across the economy with public sector disputes often focused on demonstrations against changes to pension arrangements. Looking ahead, it would also be helpful to receive data on police officers' business interests, second jobs and levels of debt as these could be indicators of the overall value of the package potentially impacting on our consideration of morale and retention.
- 2.39 We recognise the status of officers as servants of the crown and office holders rather than employees working under a contract of employment. We share the parties' views that this status and the demands and restrictions placed on officers should be a cornerstone of our approach to considering pay and conditions. For our part, we look forward to the evidence and our visits helping us to build our knowledge and understanding so that these elements of our terms of reference can be balanced against other factors in making our independent recommendations.

- 2.40 The evidence provided us with a picture of the challenges and demands faced by police forces in different operating environments. We were able to see these environments first hand as our visits captured a range of different forces. We will expand our awareness of how these challenges and demands vary according to local circumstances through our future visits. It is clear that while overall crime is falling, the nature of crime is changing leading to more complex cases which will require different (and possibly higher) skills, while retaining capacity to respond to a range of demands. We heard about the benefits of collaboration and mutual aid in ensuring force resilience while enabling greater efficiencies. Another recurring theme on our visits this year was the impact on police officer workload of covering activity which should fall to partner agencies and other emergency services and which appeared in many cases to deflect the police from tackling crime. The Home Secretary told us in oral evidence that the police were often the last resort for the public and there were pilots underway to ensure the appropriate service responded with the focus on a better outcome for the individual rather than shifting the burden from one service to another.
- 2.41 We consider it an essential aspect of our work that we fully understand police forces' operating environments and how demands are changing so that we can contribute to developing a pay and reward framework which enhances flexibility and supports forces in effectively deploying their resources.
- 2.42 Our requirement to have regard to policies for improving public services centres around the Government's recent policing reforms. On pay and conditions, we note the substantial changes introduced under the Winsor Review and the parties' comments on the need to allow these to take effect before further major change in the short term. However, the package as a whole needs to be kept under review and adjusted according to changing circumstances. We acknowledge in Chapter 4 that the Winsor changes continue to feed into the pay structure and that it will be several years before their full impact can be assessed.
- 2.43 The introduction of PCCs and the College of Policing have also been features of the Government's reforms. We continue to look forward to PCCs providing evidence on their statutory responsibility to secure an efficient and effective police force and, in particular, the financial and affordability issues affecting our deliberations. The establishment of the College of Policing is an important step in the continuing professionalisation of the police workforce, including its current work supporting reward mechanisms through developing threshold criteria and providing a model performance management system. The College's interim report on its Leadership Review recommended developments to sustain and develop consistency nationally in key areas across the police service. Of specific interest to us are developments relating to the rank structure, national recruitment and promotion, entry and re-entry points, and developing career opportunities. We welcome the NPCC's intention to review the implications for police officer pay and conditions and, from our perspective, we stand ready to consider further proposals when sufficiently developed. We explore further in Chapter 5 how this might link to our proposed five-year work programme.

CHAPTER 3 – THE EVIDENCE

Introduction

- 3.1 In this chapter we turn to the main economic, workforce and affordability evidence which underpins our consideration of our 2015/16 remit. This includes evidence presented by the parties and our own analysis of the main trends in police workforce and earnings data and the broader economic outlook. Specific evidence relating to pay proposals is in Chapter 4 and on our forward looking work programme in Chapter 5.

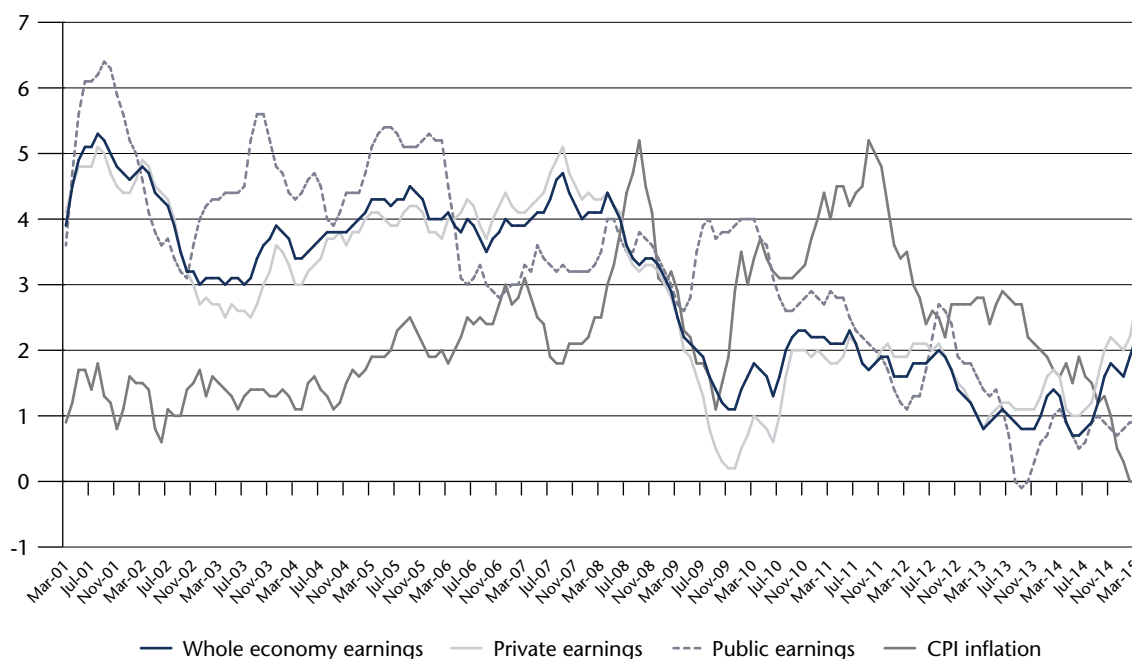
Economic context

- 3.2 The timing of the parties' submissions meant that their written evidence, which we draw on briefly below, was unable to reflect more recent developments in the economy. We have, however, received briefings from our secretariat to update us on the main economic indicators as our work on this remit progressed. Our commentary takes account of this more recent picture and of longer term trends.
- 3.3 The **Home Office** set out the Government's assessment of the context and outlook for the economy. It said UK GDP growth had been positive since the second quarter of 2013 and that GDP had surpassed its pre-recession peak in the second quarter of 2014. It noted that growth estimates for 2014 and 2015 had been revised up, but that external risks remained. It said that abandoning the Government's long term economic plan would represent the most significant risk to the recovery.
- 3.4 The Government said inflation had fallen significantly since peaking in September 2011 and had been below the 2% target for much of 2014. It said the Office for Budgetary Responsibility (OBR) expected inflation to return to target in the second half of 2015. The Government set out a range of labour market data which, it said, showed the labour market to be strengthening in the first two quarters of 2014, although it noted that wage growth remained weak in both the public and private sectors.
- 3.5 The **NPCC** noted the Chartered Institute of Personnel and Development (CIPD) economic forecasts for 2015 pointing to economic growth of 2.4%; employment growth of half a million; and wage growth remaining in the 1-2% range (with no significant growth until 2016). It said that public sector pay had fallen in real terms when compared to RPI and CPI.
- 3.6 The **staff associations** said that any economic improvement had not been felt by employees, particularly public sector employees where real earnings had been suppressed, and noted that recent police pay settlements were significantly lower than RPI inflation.

Our comment

- 3.7 On earnings across the economy, we examined some long term trends, including a comparison to changes in prices, shown in Chart 1 below. Our analysis shows that earnings grew throughout the period from 2001, but that from autumn 2008 prices grew at a faster rate. However, the gap between growth in earnings and prices closed in the second half of 2014 and earnings growth is now exceeding that in prices. For the three months to March 2015 average weekly earnings (excluding bonus payments) were 2.2% higher than the same period a year earlier (public sector earnings growth measured 0.9% over this period). Growth in prices, as measured by CPI inflation, was 0.0% over the same period.

Chart 1
Economy-wide average earnings (excluding bonuses) and CPI inflation (annual % changes), March 2001 – March 2015²²



- 3.8 In its latest Inflation Report²³, the Bank of England said that falls in food, energy and other import prices continued to weigh on the annual rate. It said that CPI inflation is likely to remain around zero in the very near term, and could temporarily turn negative. But as past falls in energy and food prices drop out of the annual comparison towards the end of the year, inflation is expected to pick up.
- 3.9 Recent employment statistics (comparing estimates for the three months ending March 2015 with those for October to December 2014) show employment continuing to rise and unemployment continuing to fall. These changes maintain the general direction of movement since late 2011/early 2012. The proportion of people aged 16 to 64 in work (the employment rate) was 73.5%, the highest since comparable records began in 1971. The proportion of the economically active population who were unemployed (the unemployment rate) was 5.5%, lower than for October to December 2014 (5.7%) and for a year earlier (6.8%)²⁴.
- 3.10 While there remains some uncertainty in the economy due to a range of factors, including on future developments in the Eurozone and oil prices, the UK economy has now seen nine consecutive quarters of growth. GDP across 2014 is estimated to have increased by 2.6% on 2013, although initial estimates of growth in the first quarter of 2015 fell back to 0.3%.²⁵ In March 2015, the OBR made a small upward revision to its forecasts for UK GDP growth in 2015 and 2016, to 2.5 and 2.3% respectively²⁶. This reflects the boost to real incomes and consumer spending from lower oil prices and lower inflation.

²² OME analysis of ONS labour market and consumer prices statistics. The growth in average weekly earnings including bonuses was 1.9% over the same period.

²³ Bank of England (2015) *Inflation Report, May 2015*.

²⁴ OME analysis of ONS labour market statistics.

²⁵ OME analysis of ONS GDP estimates.

²⁶ Office for Budget Responsibility (2015) *Economic and Fiscal Outlook March 2015*.

Police officer earnings

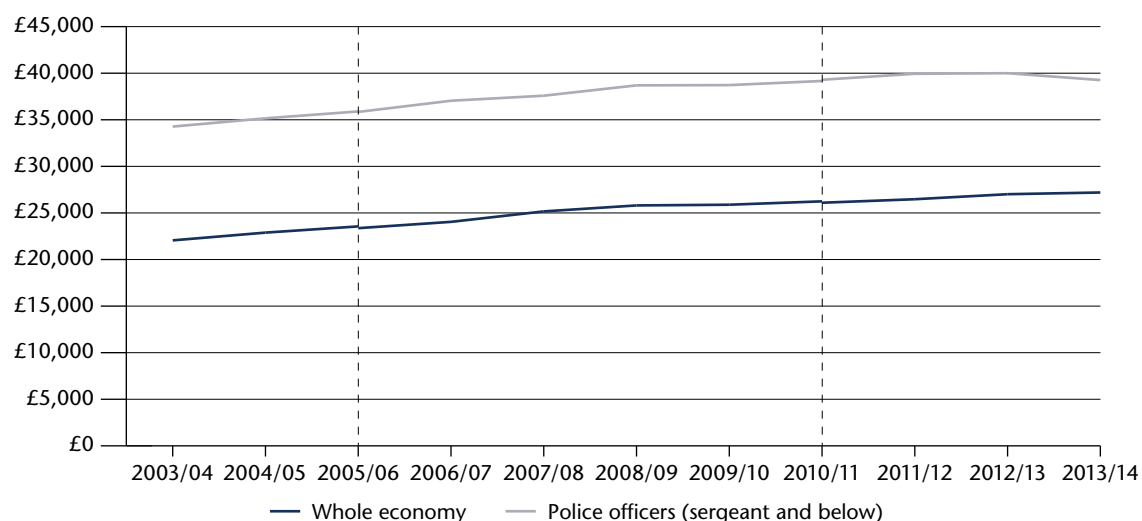
3.11 We examined the earnings of police officers using the ONS Annual Survey of Hours and Earnings (ASHE) survey and the Police Earnings Census²⁷. ASHE is a sample survey which provides headline earnings estimates for all occupations across the economy; for police officers, it produces figures jointly for constables and sergeants and, separately, for the grouping of more senior ranks. The Police Earnings Census, conducted in its present form since 2010/11, covers all police officers and permits detailed analysis of the components of earnings by rank. The latest available census data cover the financial year 2012/13.

3.12 Chart 2 below draws on the ASHE data and shows headline gross earnings for police constables and sergeants, and for all occupations, since 2003/04²⁸. The chart shows that:

- Police officer earnings were in excess of 50% higher than economy-wide earnings up to 2011/12, since when the gap has narrowed (to 44% in 2013/14);
- Following consecutive years of growth, gross annual earnings for police officers flattened from 2011/12 and fell (by 1.8%) in 2013/14. Figures from 2011/12 reflect the impact of the public sector pay freeze which for police officers meant no pay award in September 2011 and September 2012²⁹; and a two-year freeze on incremental progression from April 2012. The fall in 2013/14 is likely to have been driven by falling overtime, the phasing out of CRTP and a reduction in the proportion of officers on the top of pay scales (as the freeze on incremental progression in England and Wales meant officers getting promoted or leaving the service were not replaced by the next cohort);
- The modest growth in police officer earnings in recent years has been lower than the growth in prices (as measured by either CPI or RPI).

Chart 2

Median total annual earnings, police constables and sergeants, UK, 2003/04 – 2013/14³⁰



²⁷The Police Earnings Census was conducted for the Police Negotiating Board (PNB) up to, and including, 2012/13. Subsequent censuses are being conducted by the Home Office.

²⁸Comparisons have been restricted to full-time workers to control for any differences caused by different mixes of full and part-time workers over time. For police there is little difference between earnings for full-time officers and those for all officers as only around 5% of constables and sergeants work part-time.

²⁹Government policy during the pay freeze was that workers earning £21,000 or less a year would receive an annual increase of £250. This did not apply to police officers as their starting salary was above this threshold, but it was applicable to police staff.

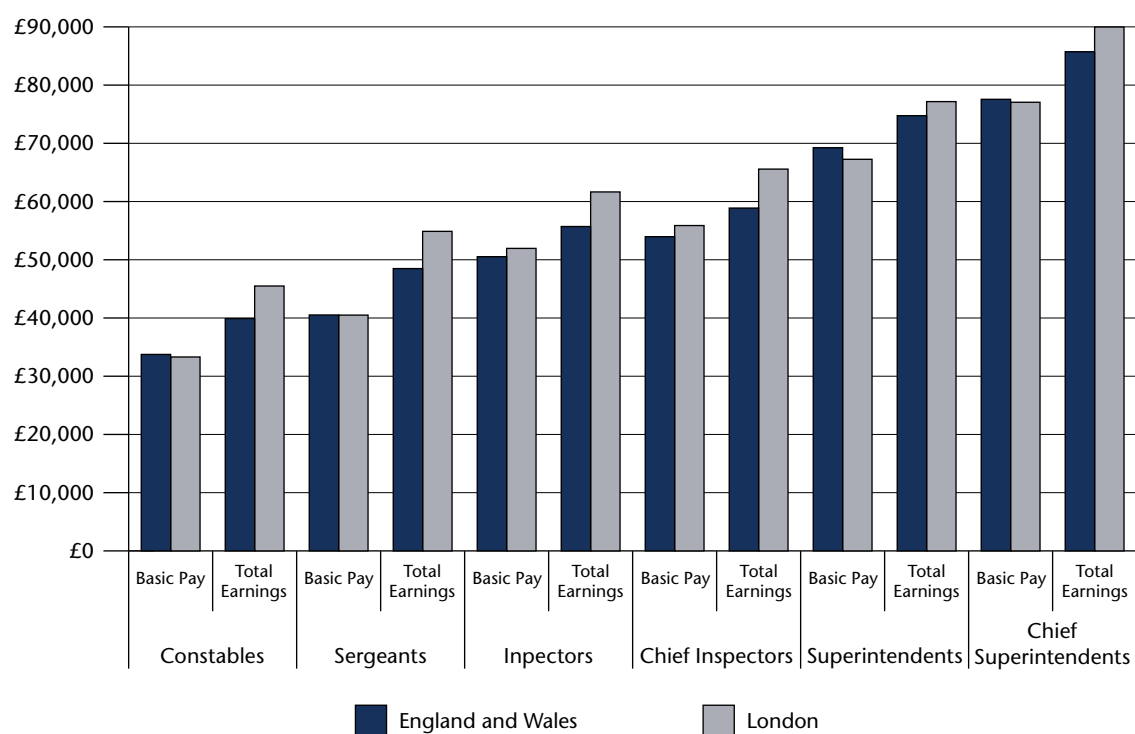
³⁰OME analysis of ONS ASHE data. There are some minor discontinuities in the annual series due to changes in sampling methodology (2005/06) and to the Standard Occupational Classification (2010/11).

3.13 The Police Earnings Census data for 2013/14, currently being processed, will provide us with a more up to date and detailed picture of police earnings, including the impact of some of the recent changes to pay. Nonetheless, analysis of the latest available data (for 2012/13) has been instructive in enhancing our understanding of the earnings received by the different police officer ranks and of the various components that contributed to officers' total earnings at that time.

3.14 Chart 3 below shows average basic pay and total pay for full-time police officers, by rank, in 2012/13. Total pay includes all pay elements outside officers' basic pay (i.e. overtime and any allowances). Data are presented for England and Wales and, separately, for London³¹. Key points are:

- Average total pay ranged from just under £34,000 (for constables outside London) to £90,000 (chief superintendents in London);
- The proportion of total pay from additional payments was higher in London (due in particular to London Weighting and the London Allowance). For ranks up to chief inspector, average total pay was some £6,000 higher for officers in London;
- Average basic pay was dependent on the profile of officer seniority and was slightly lower in London for constables and superintendents.

Chart 3
Full-time police officer average basic pay and total pay, London and England & Wales, 2012/13³²



3.15 There is considerable variation around the average pay figures for each rank. This variation is driven by the length of the particular rank pay scale, the profile of officers on that scale and the values of additional payments (from overtime and allowances) received by individual officers:

³¹ Source: Police Earnings Census 2012/13.

³² OME analysis of PNB Police Earnings Census.

- Total pay, including additional payments which can vary both in value and take-up, is more variable than basic pay although the latter displayed considerable variation where the pay scales are broad in value (e.g. for constables and superintendents);
- The inclusion of additional pay from overtime and allowances means that significant proportions of officers earned in excess of their respective rank scale maxima in 2012/13, e.g. some 37% of constables outside London earned at least £40,000 (77% in London); some 62% of sergeants outside London earned at least £45,000 (83% in London earned at least £50,000);
- The timing of changes to pay arrangements resulting from the Winsor Review mean that some elements of pay were in transition in 2012/13. We comment further on this in paragraphs 3.17 and 3.18 below.

3.16 Tables 4 and 5 below focus on those components of pay received in addition to officers' basic pay. Table 4 shows the percentage of full-time officers in receipt of each additional pay component and Table 5 shows the average value of each additional pay component for those in receipt of the particular payment (i.e. excluding non-recipients)³³.

3.17 Some of the Winsor reforms affected these components of pay in 2012/13:

- Three new allowances were introduced for the federated ranks
 - Unsocial Hours Allowance – 10% of the basic hourly rate for hours worked between 8pm and 6am
 - Away From Home Overnight Allowance – £50 for each night an officer is required to stay away from home and
 - Hardship Payments – £30 for each night spent away from home in accommodation that does not meet the "proper standard";
- The overtime premium for working on rest days with less than five days' notice was reduced from double time to time and a half;
- Competence Related Threshold Payments were discontinued for officers not already receiving them; and
- Special Priority Payments (SPPs) were abolished but some residual payments were made in the year 2012/13.

³³ OME analysis of PNB Police Earnings Census.

Table 4
Percentage of full-time officers in receipt of additional pay components, England and Wales, 2012/13

	Constable	Sergeant	Inspector	Chief Inspector	Supt.	Chief Supt.
Location Allowance	38%	35%	28%	26%	26%	25%
London Weighting	24%	26%	23%	21%	25%	24%
Replacement Allowance	21%	52%	75%	81%	89%	95%
SPP	41%	52%	52%	44%	–	–
CRTP	37%	62%	58%	51%	–	–
(Chief) Superintendent Exceptional Performance Payment	–	–	–	–	17%	29%
Chief Superintendent Post Related Allowance	–	–	–	–	–	54%
Unsocial Hours Allowance	89%	85%	74%	55%	–	–
Overtime	93%	91%	–	–	–	–
Away From Home Overnight Allowance	8%	7%	6%	5%	–	–
Hardship Allowance	3%	2%	1%	1%	–	–
Other payments (e.g. Dog handlers, secondment allowances)	3%	4%	7%	12%	11%	8%

Table 5
Average value of additional pay components, full-time officers, England and Wales, 2012/13

	Constable	Sergeant	Inspector	Chief Inspector	Supt.	Chief Supt.
Location Allowance	£2,975	£2,325	£1,682	£1,158	£1,418	£1,245
London Weighting	£2,276	£2,277	£2,277	£2,276	£2,277	£2,277
Replacement Allowance	£3,346	£3,582	£3,738	£3,644	£4,332	£4,290
SPP	£297	£320	£317	£333	–	–
CRTP	£1,204	£1,203	£1,194	£1,171	–	–
(Chief) Superintendent Exceptional Performance Payment	–	–	–	–	£2,930	£3,136
Chief Superintendent Post Related Allowance	–	–	–	–	–	£4,112
Unsocial Hours Allowance	£595	£653	£533	£238	–	–
Overtime	£2,739	£3,456	–	–	–	–
Away From Home Overnight Allowance	£476	£525	£513	£532	–	–
Hardship Allowance	£257	£301	£316	£288	–	–
Other payments (e.g. Dog handlers, secondment allowances)	£1,213	£1,010	£1,111	£1,577	£1,678	£1,221

3.18 Although the data presented above reflect some changes that were made following the Winsor Review, other pay reforms did not come into effect until later. These include:

- Introduction of a new pay scale for constables joining from April 2013 (2014 in Northern Ireland);
- Removal of pay points 6, 7 and 9 from the existing constables' pay scale in April 2014, 2015 and 2016 (2015, 2016 and 2017 in Northern Ireland);
- Introduction of an On-call Allowance (£15 per day) for the federated ranks in England and Wales from April 2013;
- Phasing out CRTP in England and Wales for officers receiving them from £1,212 per annum in 2012/13 to: £900 per annum from April 2013; £600 per annum from April 2014; £300 per annum from April 2015; and complete removal from April 2016;
- Removal of point 0 on the sergeants' scale from April 2014 (2015 in Northern Ireland) to ensure that sergeants' basic pay is always more than that of constables;
- Removal of superintendents' Exceptional Performance Payments and chief superintendents' Post-Related Allowances (PRA) from April 2014; and
- Introduction of new pay scales for the superintending ranks from April 2014.

Parties' evidence

3.19 The **Home Office** said that, in considering police officer pay and conditions, it sought to achieve a fair balance between the need to deliver a responsive and cost-effective service to the public and the need to appreciate properly and fairly the particular demands of policing. It noted that police earnings were appreciably higher than those of the security service and armed forces that also have strike restrictions.

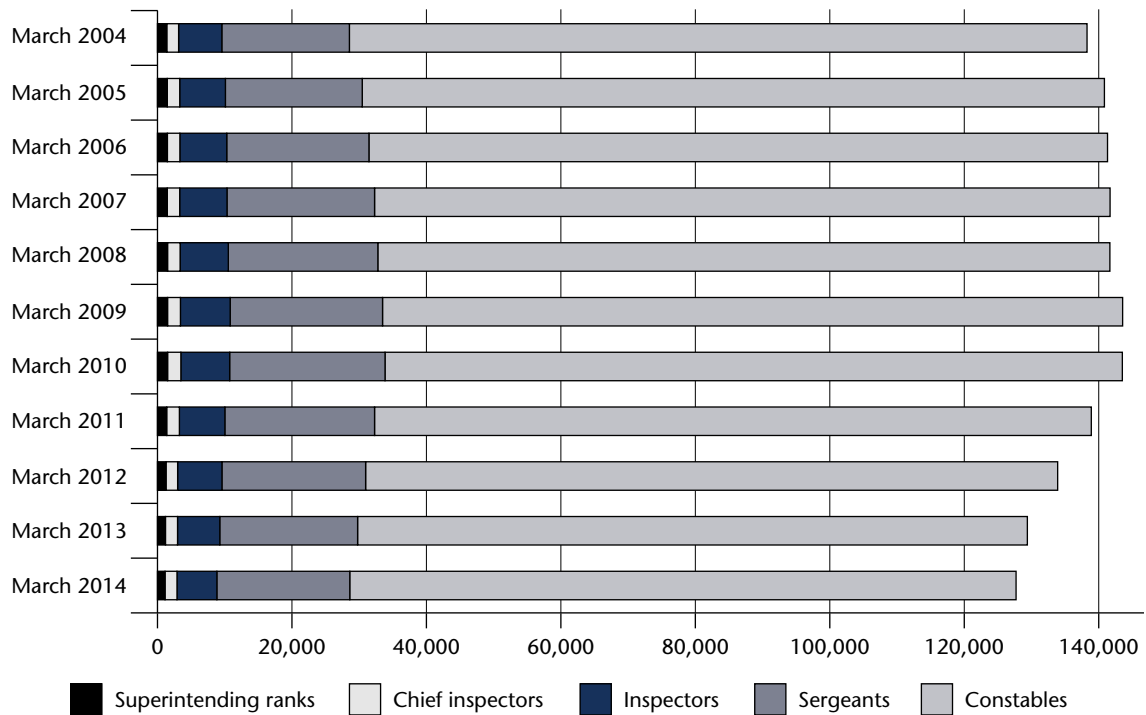
3.20 The **staff associations** provided a range of information relating to officer pay. This included analysis of recent police pay settlements compared to inflation, setting out what it described as "Winsor-related cuts", and detailed analyses of earnings data demonstrating that total real pay for federated ranks had fallen 11.5% between 2010 and 2014 and superintendents' pay by 11.7%. They summarised the main contextual factors for police pay as: the real terms cuts in central Government funding to the police service; economic growth not being felt by public sector employees; the pay freeze coinciding with a period of relatively high inflation; economy-wide pay settlements clustering around 2.5%; a real terms fall in the value of police pay settlements; the progression freeze imposed on the police but no other public sector group; and changes in the pension scheme and contribution rates.

Police officer workforce

3.21 We set out below our analysis of changes to the workforce in recent years, drawing on published Home Office statistics. Several parties provided their own analyses of changes to the workforce and these are also summarised below.

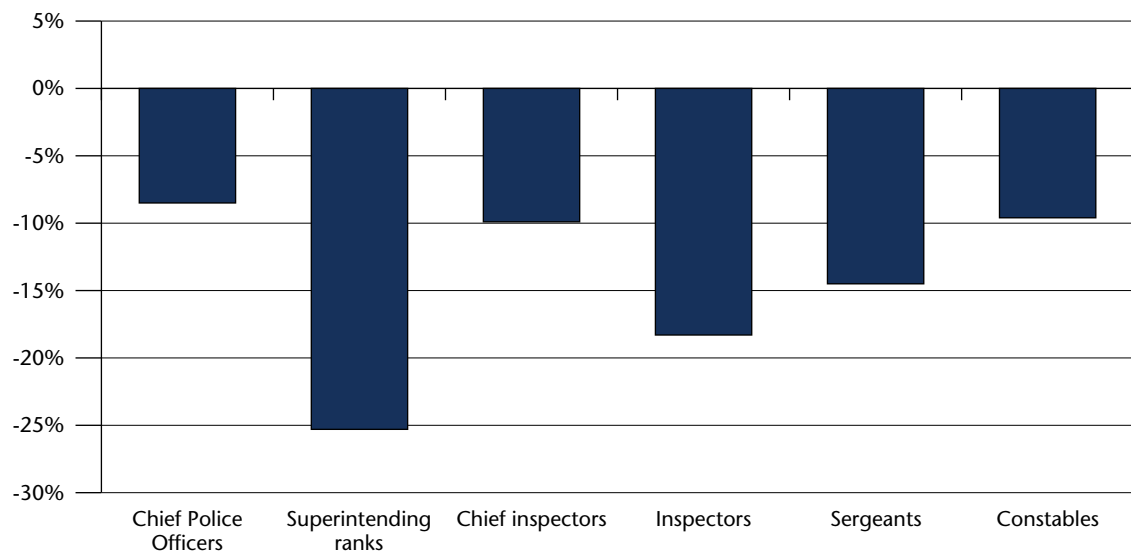
3.22 Chart 6 shows the numbers of police officers recorded in England and Wales at 31 March each year from 2004 to 2014. Police officer numbers grew by 4% from 2004 to 2010; while the number of constables remained fairly flat in this period, increases in more senior ranks ranged from 7% (chief police officer ranks) to 22% (sergeants). This period also saw a rapid expansion in police community support officer (PCSO) numbers (from around 3,000 in 2004 to some 17,000 in 2010).

Chart 6
Number of full-time police officers, by rank, England and Wales, 2004 – 2014³⁴



3.23 The period since 2010 has seen overall officer numbers decrease by 11%. As shown in Chart 7 below, the largest proportional decreases have been for the superintending and inspecting ranks (25% and 18% respectively) although in absolute terms, the greatest decreases have been for constables (approximately 10,600 officers) and inspectors (approximately 500 officers).

Chart 7
Percentage change in police officer numbers between March 2010 and March 2014, by rank, England and Wales³⁵



³⁴ OME analysis of Home Office Police Workforce statistics. Chart excludes chief police officers.

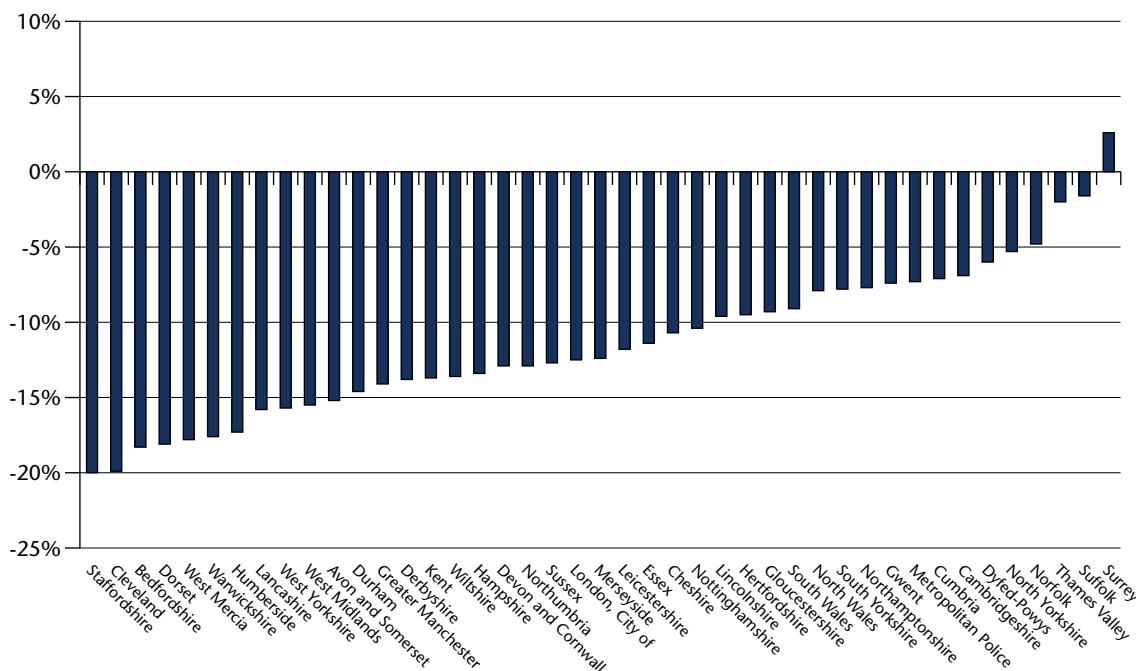
³⁵ OME analysis of Home Office Police Workforce statistics.

3.24 Police officers account for around 60% of the total workforce and police staff approximately 30% (with PCSOs, designated officers and traffic wardens making up the remainder). Police staff numbers increased from some 68,000 in 2004 to just under 80,000 in 2010; they have since fallen back to 64,000 in 2014. The number of PCSOs has also fallen, by around 4,000, since 2010.

Force level workforce changes

3.25 While overall officer numbers across England and Wales have decreased by 11% since 2010, this has varied considerably across forces. Chart 8 shows that while all forces with the exception of Surrey have seen reductions in officer numbers, the magnitude of the reductions has ranged from around 20% (Staffordshire and Cleveland) to 2% (Suffolk and Thames Valley). The majority of forces have seen reductions in excess of 10%.

Chart 8
Percentage change in police officer numbers between March 2010 and March 2014, by force, England and Wales³⁶



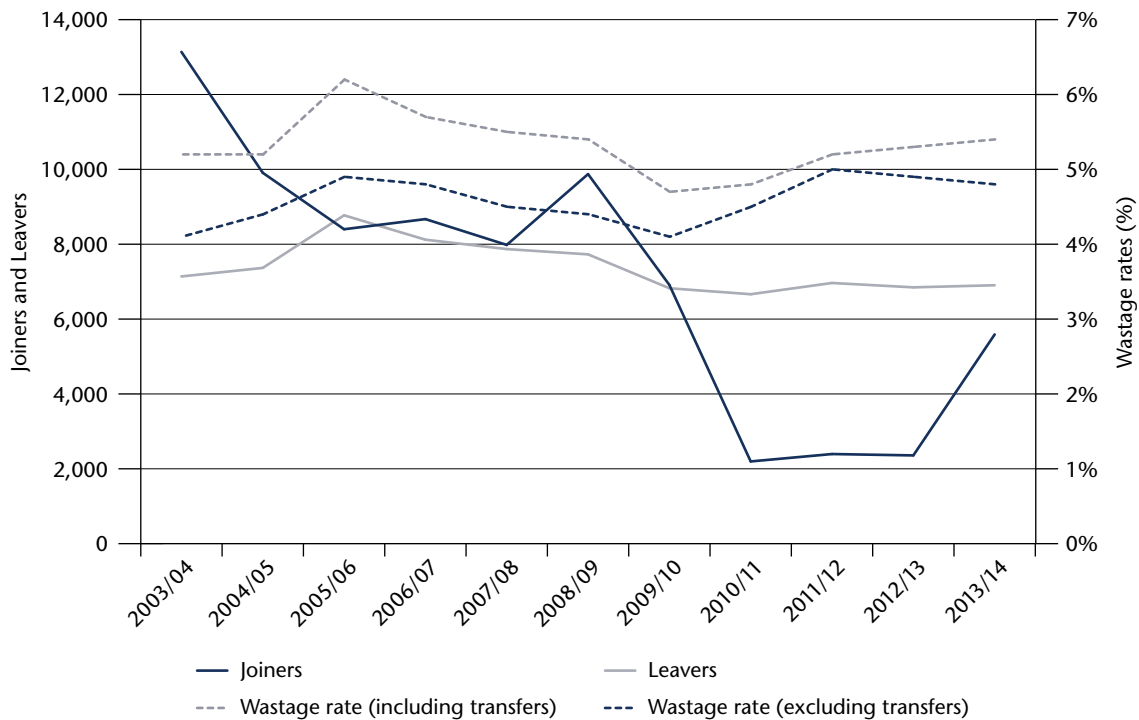
Joiners, leavers and wastage rate

3.26 Chart 9 below shows the total annual number of police officer joiners and leavers since 2003/04. Numbers of joiners fell sharply after 2009/10, with fewer than 2,500 joiners annually between 2010/11 and 2012/13, before recovering to approximately 5,600 in 2013/14. The number of officers leaving has remained fairly stable since 2009/10 (between 6,500 and 7,000 each year).

3.27 The headline wastage rate (the total number of police officers leaving forces as a proportion of the total officers in post) has been broadly stable in recent years and was 5.4% in 2013/14. Omitting those leavers who transferred to other forces rather than leaving the profession results in a lower rate (4.8% in 2013/14).

³⁶ OME analysis of Home Office Police Workforce statistics.

Chart 9
Number of police officer joiners and leavers, and headline wastage rates (%),
England and Wales, 2003/04 to 2013/14³⁷



Workforce diversity

3.28 Tables 10 and 11 below show the change in recent years in the gender and ethnic profile of the officer workforce. Key points are:

- Across all ranks, the proportion of officers who are female increased from 26% to 28% between 2010 and 2014;
- While 30% of constables are female, the corresponding proportions in more senior ranks are considerably lower (17% – 20%), although these figures have been increasing in recent years;
- The proportion of female officers ranges across forces from 22% to 35%;
- Across all ranks, the proportion of officers from a Black and Minority Ethnic (BME) background increased from 4.6% to 5.2% between 2010 and 2014;
- The share of officers from a BME background is smaller for ranks above constable although figures for higher ranks have increased slightly since 2010;
- The share of officers from a BME background varies across forces (from 11% in the Metropolitan Police Service to under 1% in a small number of provincial forces)³⁸.

³⁷ OME analysis of Home Office Police Workforce statistics. The wastage rate excluding transfers are provisional estimates.

³⁸ OME analysis of Home Office Police Workforce statistics.

Table 10
Percentage of female officers at each rank, England and Wales, 2010 – 2014

	March				
	2010	2011	2012	2013	2014
Chief police officers	15%	17%	18%	18%	19%
Chief superintendent	11%	11%	12%	15%	19%
Superintendent	13%	15%	16%	17%	17%
Chief inspector	16%	15%	17%	19%	21%
Inspector	16%	17%	18%	18%	19%
Sergeant	17%	18%	19%	20%	20%
Constable	29%	29%	29%	30%	30%
All Ranks	26%	26%	27%	27%	28%

Table 11
Percentage of minority ethnic officers by rank, England and Wales, 2010 – 2014

	March				
	2010	2011	2012	2013	2014
Chief police officers	4.0%	0.9%	2.9%	3.0%	2.5%
Chief superintendent	2.7%	3.1%	3.2%	2.7%	3.9%
Superintendent	3.3%	3.5%	4.0%	4.0%	3.9%
Chief inspector	3.2%	3.6%	3.7%	4.0%	3.9%
Inspector	3.2%	3.2%	3.5%	3.4%	3.6%
Sergeant	3.4%	3.4%	3.6%	3.8%	3.7%
Constable	5.0%	5.2%	5.4%	5.4%	5.7%
All Ranks	4.6%	4.8%	5.0%	5.0%	5.2%

Parties' evidence

- 3.29 The **Home Office** said that the size and make-up of the police workforce was a matter for each chief constable to decide locally in conjunction with their democratically-elected PCC. The Home Office reported that there were 127,909 police officers in the 43 police forces on 31 March 2014 which represented a decrease of 1.3% compared with a year earlier and the fifth consecutive annual fall. Police officers accounted for 61.1% of police workers, an increase of 0.4% on the previous year. The Home Office said that force projections showed planned reductions of 6% of frontline posts against 42% of non-frontline posts by 2015.
- 3.30 The Home Office noted that 27.9% of officers were female and 5.2% BME – the size of both of these groups had increased since 2010. BME officers accounted for 8.6% of all officers joining the police. As a proportion of officers joining the police, female officers accounted for 32.4% compared to 30.5% in 2010. While the police workforce was more representative in terms of gender and ethnicity than it had ever been, the Home Office acknowledged there was still much more to be done.
- 3.31 The **NPCC** informed us that police officer numbers in England and Wales had reduced by 11% (16,300 officers) in the four years to April 2015 plus reductions in police staff of 17% and PCSOs of 22%. It said that officer numbers were expected to reduce by 3% between 2014 and 2017. Despite the efforts made by forces to protect the frontline from the effects of the cuts, the NPCC noted that the number of people working on the frontline reduced by 14,900 by March 2015 with the number of officers reducing by 8,500. The NPCC reported that workforce reductions had been managed by: workforce

modernisation with the right mix of officers and staff; structured reform of business units; collaboration with forces and other partners; and changing the rank profile in forces. The NPCC commented that the greatest percentage reduction since 2010 had occurred in the superintending ranks (a loss of 380 officers, equivalent to 25%).

- 3.32 The NPCC told us that 26 forces had provided data about police officer, police staff and PCSO numbers for 2014 (actual), 2015 (planned), and 2017 (estimated). Police officer numbers were estimated to reduce by up to 3,000 from 2014 to 2017 (equating to 3% for these 26 forces). However, the Metropolitan Police Service predicted an increase of 1,200 officers which masked the estimated reduction in the other 25 forces.
- 3.33 The **MPS** reported that in 2014/15 the net growth in police officer numbers was 1,245 (full-time equivalent) based on attrition of 1,896 and recruitment of 3,141. The MPS was committed to increasing police officer numbers to around 32,000 by March 2015, including increasing the number of officers in neighbourhoods. It would meet the required number of police officers with no significant pressures on recruitment or retention but likely budgetary constraints from the 2015 spending review would put significant pressure on sustaining officer numbers at their current level.
- 3.34 The **staff associations** commented that since 2010 the police workforce had reduced by 14.37% – officers by 11.01% and police staff by 19.47%. They noted that a reduction in the size of one group of workers could have a knock on effect on the other. The staff associations said that the greatest reduction in the police workforce was during the 2011/12 financial year, when the total police workforce shrank by 5.63%. Although the reductions to the police workforce had slowed since 2012, there continued to be an annual decrease in the number of police officers and police staff, and the turnover rate for the police workforce as a whole had increased from 5% in 2010 to 8% in 2014. The staff associations suggested that the reduction in the police workforce since 2010 might be due in part to the deliberate workforce planning strategies of individual forces and also due to an increase in voluntary turnover as more staff chose to leave the police service.
- 3.35 The staff associations said that, in order to maintain the safety of the public and police officers themselves, it was essential to manage and plan workforces so that there were always enough officers to meet the policing demand. They cited Her Majesty's Inspector of Constabulary (HMIC)³⁹ which recognised that it was essential to ensure that there were sufficient warranted officers in order to meet operational planning and resilience needs. The associations noted that a shrinking workforce meant that the workload for those who remained increased and that this should be rewarded. Not only was the service as a whole “doing more with less”, but each individual officer had to do so. The staff associations said that the decline in the police workforce and growth in labour intensive crimes and additional “hidden” duties had resulted in an increase in officers’ workloads, and thus their individual levels of responsibility.
- 3.36 The staff associations said that between 2010 and 2014 the number of police officers per 100,000 population decreased by 14.39% and that these data clearly illustrated that the police service was now serving a larger population than in 2010, yet doing so with fewer officers. The staff associations commented that the most recent data⁴⁰ indicated that England and Wales had fewer frontline police personnel per capita in 2012/13 than Australia and many other countries in Western Europe. In addition, the reduction in the number of police officers in England and Wales between 2009/10 and 2012/13 was greater than the reduction in frontline policing personnel in other comparator nations, including the United States, France and Germany.

³⁹ HMIC (July 2014) *Policing in Austerity: Meeting the Challenge*. Available at: <http://www.justiceinspectorates.gov.uk/hmic/publication/policing-in-austerity-meeting-the-challenge/>

⁴⁰ United Nations Office on Drugs and Crime (2014) *Criminal Justice System Resources*. Available at: <http://www.unodc.org/unodc/en/data-and-analysis/statistics/crime.html>

- 3.37 The staff associations provided the following information from the 2014 PFEW Workforce Survey:
- 65% of constables were over 35 and 56% had been in their current rank for over 10 years;
 - 27% of officers had a degree or higher degree, while a further 9% had other professional qualifications;
 - 36% of female officers were under 35 while the proportion of male officers under 35 was 26%.

People Strategy for Policing

- 3.38 The **NPCC** said that the College of Policing had a key responsibility for setting standards of professional practice and supporting the professional development of those working in policing. The NPCC had a role in implementing these standards and leading specific work around pay and conditions. The development of a national people strategy would include setting out what work would be done at a national level and was being developed by those who had an interest in policing. Key principles would be agreed by all stakeholders and would help to guide development of work strands, including pay and conditions. The NPCC said that the principles were likely to be based around the following: fairness; affordability; national consistency and local flexibility; new arrangements being simple to implement and administer; a link between pay, competence and contribution; a single employment model where justified; and the office of constable as a key foundation.

Recruitment

- 3.39 The **Home Office** said that recruitment to each police force in England and Wales was the responsibility of the chief constable who would ensure that the workforce was able to meet the operational challenges and community needs of the force area. The Home Office reported that in the 12 months to 31 March 2014, 5,589 police officers had joined the 43 forces, accounting for 4.4% of officers, a rise of 2.6 percentage points compared with the previous year. Of the joining officers, 32.4% were female and 8.6% were minority ethnic.
- 3.40 The **NPCC** said that recruitment had taken place in around 75% of forces in England and Wales since 2012. Where data was available, it showed an average of 17 applicants for each constable vacancy (compared to 14 applications per vacancy in the NHS, 48 for the Civil Service Fast Stream and 48-65 in the graduate jobs market). Although the ratio of applications to posts was lower than in some other sectors, the NPCC concluded that supply continued to outstrip demand in every case and that it was important to ensure that the quality of candidates, as well as the quantity, was sufficient now and into the future.
- 3.41 The NPCC assessed information from 22 forces on recent recruitment, future recruitment, salary levels and retention, which indicated that:
- There were marked differences between individual forces' levels of recruitment in the period from April 2013 to September 2014: the MPS had recruited over 3,600 police officers, and Durham and Dorset had not recruited any;
 - Most forces had indicated their intention to recruit in early 2015 and then into 2015/16, but this was before the Government grant settlement had been announced in December 2014.

- 3.42 The NPCC reported that between November 2012 and October 2014, 20,151 candidates had been assessed at the Police SEARCH Recruitment Assessment Centres. Of these, 16,946 candidates had been successful (84.1%). 11.5% of candidates were from a minority ethnic group (MEG). 65.1% of MEG candidates were successful compared to 86.6% of white candidates. The majority of candidates were male (68.4%) but, overall, female candidates had a higher success rate than male candidates (87.1% versus 82.7%).
- 3.43 The College of Policing was responsible for setting the minimum standards for police officers, however, the NPCC told us that chief constables were able to decide how they recruited and applied higher standards. The College ran the national assessment centre for new recruits and all candidates must pass this before being eligible for appointment as a police constable. Entry requirements were amended after the Winsor Review so that all police officers were now required to have a level 3 qualification, or prior experience as a PCSO/special constable or a policing specific qualification. The Certificate in Knowledge of Policing (CKP) was introduced in April 2012 to provide a pathway for police officers to complete some of their training prior to joining. The NPCC said that some forces were now making achievement of CKP a local entry requirement. The NPCC also advised us that some forces were working with academic institutions on the use of foundation degrees shifting the burden from forces to individuals, but in return providing a more certain employment opportunity upon graduation.
- 3.44 The **MPS** said it had an on-going programme of significant recruitment activity and that the current total reward package had proved sufficient to attract the required volume of appropriately qualified candidates despite the need to complete and self-fund the new pre-entry qualification. The MPS said their target for expressions of interest was just over 8,000 for 2014/15 but it was set to receive almost 12,000 and it could therefore meet its required level of new recruits and a further 20% if necessary. The MPS advised that the high rate of interest had also been matched by the high quality of the candidates with approximately 40% of all expressions of interest coming from those holding a first degree or higher. Since August 2014, the MPS had introduced a policy of restricting recruitment to candidates who could demonstrate residency within the Greater London Area for at least three years out of the last six. The MPS said it had continued to attract sufficient applications to meet future requirements into 2015/16.
- 3.45 The **staff associations** commented that in order to attract and retain the right calibre of officers, the service needed to provide pay and conditions that were fair, reflected the nature and responsibilities of the role, and maintained a reasonable standard of living. They said that if an organisation failed to offer proper recompense for the level of responsibility and skill it may deter people from applying and this was pertinent given the reduction in the police workforce and the Winsor recommendation to increase entry requirements. The staff associations commented that in order to better understand and monitor the attractiveness of policing as a job, it was necessary to know the number and calibre of applicants that applied for each position, as well as those who were actually recruited.
- 3.46 The staff associations said that although the number of officers leaving the service had stayed fairly stable since 2010, the numbers who joined the police service had dropped considerably between 2011 and 2013. They considered this was most likely to indicate a reduction in locally planned recruitment and, in some cases, a reduction in capable applicants with some recruitment targets not having been met.

Fast track and direct entry schemes

- 3.47 *Fast track constable to inspector* – the **NPCC** said that this was an accelerated promotion and development programme which gave the most talented graduates the skills, knowledge and experience to reach the rank of inspector from police constable in three years. It was open to current police constables who met the eligibility criteria and non-police officers. By December 2014, 657 external, and over 500 internal, candidates had applied to join the scheme.
- 3.48 *Direct entry (superintendent) programme* – the **NPCC** said that the scheme had run for the first time in 2014 and was designed to attract highly talented leaders from outside policing to join at a senior rank, bringing fresh perspectives and new ideas. There had been 888 applications to join the programme for 19 posts across the seven forces which had taken part, of which nine applicants had been successful. The **staff associations** said that, of the initial applicants, 46 were entered into the scheme and only 13 passed the national assessment centre. They commented that this was a lower number than had been hoped for and that fewer than ten applicants were subsequently entered into the service, with some withdrawing. The staff associations suggested that those applying may not be of a sufficiently high calibre and questioned why the scheme might not be attracting the right applicants.
- 3.49 *Police Now Programme* – the **MPS** said they had recently launched the Police Now Programme as a new and innovative scheme to attract the very brightest and best graduates into policing. The **NPCC** said that the purpose was to transform the most challenged communities, reduce crime and increase the public's confidence in policing by recruiting and developing outstanding and diverse individuals to be leaders in society and on the policing frontline. It was launched in October 2014 and 50 participants would join the programme during 2015. The **NPCC** was exploring the potential to expand the programme to other forces for 2016. The **Home Office** said that the scheme had received over 1,200 applications, of which just under half were from females and 18% from those with a BME background. This was in contrast to current statistics showing that 28% of police officers are female and 5% are from a BME background.

Retention

- 3.50 The **Home Office** noted that 6,904 police officers left in the 12 months to 31 March 2014, representing a wastage rate of 5.4% (numbers of leavers as a proportion of officers in post). This was 0.1 percentage points more than the previous year and 11.7% of leavers were transfers between forces. It observed that voluntary resignations had been increasing as a proportion of the workforce but remained lower than other parts of the public and private sector. The **Home Office** and **NPCC** provided information on other sectors concluding that they had higher headline wastage rates and that a degree of turnover was essential to avoid stagnation, and that **HMIC** had found that forces were planning to protect the proportion of police officers carrying out frontline activity.
- 3.51 The **Home Office** also reported on the decision not to implement compulsory severance but that voluntary severance was available (with only one force using the arrangements) and chief constables could compel an officer with full pensionable service to retire⁴¹.
- 3.52 The **NPCC** also noted that voluntary resignations had been increasing (excluding retirements and transfers) from 1.15% in 2008/09 to 3.06% in 2013/14 but remained far lower than other parts of the public and private sectors. The **NPCC** said that total wastage was 4.7% in 2013/14 when including dismissals, medical retirements, transfers and deaths.

⁴¹ Under Regulation A19 of the Police Pension Regulations.

- 3.53 The **MPS** said that attrition averaged at 160 officers (full-time equivalent) per month with over 50% of attrition being officers leaving at retirement or for reasons outside their choice. It commented that voluntary resignations remained very low at around 1.7% annually (at 2.5% when including transfers) and by contrast were higher for other employers across the economy. The MPS noted that the number of people resigning continued to increase slightly but felt that current voluntary turnover rates fell easily within an acceptable range.
- 3.54 The **PFEW and PSAEW** commented that the available data on outflow did not differentiate between planned and unplanned turnover. The figures presented put leavers at 6,904 in 2014. Drawing on the PFEW Workforce Survey 2014, the PFEW said that: 15% of officers were either actively seeking alternative employment or intended to leave the police service within two years; two-thirds intended to remain until pension age; and only one in eight would recommend joining the police service to others (considerably lower than other public services such as the Armed Forces and the NHS). The PFEW added that its statistical analysis showed a significant relationship between officers' morale and their intention to leave the police service. Similarly, it concluded that as negative perceptions of the psychological contract increased so did the odds of officers planning to leave the police.
- 3.55 The PFEW indicated that officers with 10 to 15 years' service were 97% more likely to plan to leave the service within two years than officers with under 5 years' service, with officers with between 5 and 10 years' service 81% more likely to intend to leave than those under 5 years' service. By rank, the odds of constables intending to leave were 25% higher than inspecting ranks and one in six sergeants plan to leave within two years.
- 3.56 The PSAEW said that its Personal Resilience Survey 2014 asked about intentions to remain in the service until retirement in the context of recent pension reforms. It reported that 96% in the current pension scheme planned to complete their full pensionable service whereas only 76% of those who would be in the 2015 scheme intended to remain until age 55.
- 3.57 The staff associations noted that the Home Office collected data on exit reasons but that it was not part of its standardised reporting and that this evidence was key in evaluating the impact of policies designed to manage service retention and talent flow.

Morale and motivation

- 3.58 The **NPCC** said that there was no national staff survey as each force tended to conduct surveys to track changes over time and it was not feasible to consolidate these surveys. The NPCC pointed to proxy indicators of morale such as sickness, recruitment and retention which suggested limited change and that policing remained an attractive occupation. The NPCC acknowledged there were issues to consider from the PFEW and PSAEW surveys in 2014. The NPCC indicated that a few forces had worked with Durham University Business School to undertake their staff surveys which aimed to establish key measures of staff attitudes and motivation, to identify priorities for action, and to establish measures to compare forces. Measures included: perceived organisational support; public service motivation; emotional energy; commitment; and extra-mile behaviours. The NPCC hoped that the survey would be used by an increasing number of forces.
- 3.59 The **MPS** reported that its 2014 staff survey results (for officers and staff) were broadly similar to those in 2012/13 in areas such as management and leadership, and satisfaction and fairness. The results pointed to officers remaining highly committed to their work and a strong connection with their unit or borough but with more negative attitudes towards the organisation as a whole. The MPS said that, against a backdrop of change,

staff remained committed to MPS values and were committed to delivering a quality police service for Londoners. Motivation at work remained at the same level (42% of staff agreed they felt motivated at work).

- 3.60 The **PFEW** summarised the results of its Workforce Survey 2014 on officers' morale and motivation. It reported that two-thirds of officers were proud to be in the police but fewer than one in seven felt they were valued and just under 22% believed they were respected by society. Fairness in the remuneration level was a significant issue – over two-thirds of officers did not believe that they had received fair pay for their responsibilities and 92% did not believe that they received fair pay increases which maintained their standard of living.
- 3.61 The PFEW survey also found that: 72% of officers experienced an increased workload in the last 12 months; 72% had been affected by three or more of recent reforms to pay and pensions; three in five said their morale was currently low (officers most likely to attribute this to changes in remuneration); a large proportion of officers said that pension reforms had also damaged morale; and 73% wanted more opportunities to increase their skills and knowledge. In conclusion, the PFEW said that its analysis indicated that there was a significant relationship between officers' perceived breach of the psychological contract, their morale, and their intention to leave the service. Compared with other organisations such as the Armed Forces and the NHS, the PFEW observed that police officers gave substantially higher negative responses on morale, fair treatment and recommending joining the police to others.
- 3.62 The **PSAEW** reported that its Personal Resilience Survey 2014 found that, on the whole, superintending ranks were engaged in and had positive attitudes towards their role within the police service. Respondents indicated that the demands and scope of the role put them under significant pressure in terms of hours worked. Superintending ranks pointed to a lack of staff and resources to do their job effectively and the challenges of development and performance management.
- 3.63 The staff associations commented that, unlike other public sector agencies, there was currently no national collection of attitudinal data regarding the motivation of officers. It pointed to the Armed Forces Continuous Attitude Surveys as an example of good practice.
- 3.64 The **Home Office** suggested that data published by HMIC indicated that long term sickness had fallen significantly since 2011 and that (unpublished) Home Office figures indicated that the proportion of available police hours lost to sickness had remained broadly stable since 2012/13. The NPCC reaffirmed these conclusions and added that there had been decreases in the number of hours lost in short, medium and long term sickness between 2012/13 and 2013/14.

Promotion

- 3.65 The **Home Office** told us that a new National Police Promotions Framework would be introduced in 2015. The framework retained the exam on law but replaced the second exam with a selection process to assess how candidates would perform at the next rank. Successful candidates would be temporarily promoted with a 12 month work-based assessment programme before any final promotion.
- 3.66 The **NPCC** advised that the lack of opportunities for promotion was a potential consequence of austerity and the need to reduce the size of the workforce. It said forces had reported increasing numbers of officers qualified to the next rank with limited prospects for promotion. Data from 26 of the 43 police forces tended to support this perception and also suggested that while most forces indicated that they would be promoting officers at each of the ranks, opportunities were rarer for more senior ranks.

- 3.67 The **MPS** had run promotion processes for all ranks (other than chief inspector) in 2014 with almost 800 officers promoted or selected into promotion pools. The MPS expected to run promotion processes for all ranks through 2015/16.
- 3.68 The **staff associations** commented that promotion rewarded both experience and knowledge but that the organisation was structured so that most people joining would be “career constables” and therefore pay structures needed to be sufficient to ensure that experienced officers were retained at all levels.

Affordability

- 3.69 The **Home Office** set out its 2014/15 resource delegation (excluding depreciation) at £10,839 million with police funding representing 80% at £8,748 million. By 2014/15, the Home Office would have delivered around £2 billion of savings since 2010 and a further real terms reduction of 6.6% (resource savings) for 2015/16. The Home Office observed that spending plans would require police forces to operate within reduced budgets for the foreseeable future. The Home Secretary had announced that the police would face a 4.9% real terms reduction in funding for 2015/16.
- 3.70 The Home Office cited the Winsor Review which highlighted that 80% of the England and Wales police budget was attributed to pay and it would therefore be essential for senior management to be able to configure and deploy the workforce in the most efficient, economic and effective means possible. The Home Office estimated the overall police officer pay bill at around £6.7 billion. It constituted a non-ring fenced proportion of the overall police grant to each force which gave them more freedom about how they spent it. The Home Office also pointed to further assessment being carried out on the effect of national insurance contributions on salary costs when contracting out ended. The Home Office concluded that its pay proposals complied with the wider conditions on public sector pay and, if implemented, would be affordable for the Government and police forces.
- 3.71 The **APCC** noted that policing continued to operate in a challenging financial context and that police forces would have to continue making savings. It said the recent grant settlement for 2015/16 equated to a 5.1% reduction in cash terms compared to 2014/15 and that it seemed inevitable that the settlement would see a further reduction in the police workforce. The APCC commented that, of all the many factors to take into account when considering a pay award, affordability continued to dominate the thoughts of employers. It concluded that police forces had already made substantial savings and would continue to seek out further savings and productivity gains.
- 3.72 The **NPCC** said that the reduction of 5.1% in the 2015/16 grant settlement made it likely that forces would have to amend assumptions and identify new savings or bring forward future savings plans and would inevitably result in greater staff losses. The NPCC commented that police forces had been required to reduce budgets by £2.53 billion over the spending review period or just under 20% in cash terms. The level of reductions varied across forces with forces developing plans to deliver cuts to budgets. The NPCC added that all forces had worked hard to prioritise savings in goods and services while protecting police officer and staff posts. 29% of planned savings had come from non-staff costs even though these represented only 20% of police costs and, inevitably, there had been reductions in the numbers of officers and staff. Overall, HMIC assessed that forces had responded well to the financial constraints.

- 3.73 The NPCC provided details of the pay assumptions for 26 (of the 43) police forces in which only one force had assumed a pay award above 1% in 2015 and the majority had assumed an average pay award of 1% in 2016. The NPCC concluded that any award above the assumption of 1% would necessitate greater savings and any award below would relieve pressure on budgets and avoid savings in other budgets.
- 3.74 The **MPS** suggested that years more of austerity and shrinking budgets were to come and therefore the police service needed to control costs tightly where it could in order to protect frontline policing. The MPS reported that MOPAC's target of a cost reduction of 20% by March 2016 was on track resulting in £573 million of savings since 2013/14. The MPS's planning assumptions were for further budget savings of £600 million to £800 million by 2020. The MPS considered it experienced a greater pressure for cost control than most other UK forces. Its case for restraint in pay bill growth was largely predicated on its known and predicted financial position and plans to maintain officer numbers against the backdrop of reduced funding.
- 3.75 The **Mayor's Office for Policing and Crime (MOPAC)** emphasised that our remit set policing clearly within the context of austerity and that it would be very difficult for policing to be offered adjustments which were significantly outside the current public sector envelope.
- 3.76 In framing their pay proposals, the **staff associations** recognised the Government's intent (of its public sector pay policy) and the need for public sector austerity. They noted the substantial 20% real terms cut in central Government funding to the police service in England and Wales between 2011 and 2015 and was set to cut funding by a further 4.9% in real terms for 2015/16. They added that these funding cuts coincided with the Government's policy of a two year freeze on public pay settlements and a further two years of a 1% pay cap. The staff associations anticipated further spending cuts over the next review period and that, according to HMIC, some police forces were already basing financial plans on making savings similar to the last four years.

Conclusion

- 3.77 Our overall conclusions on the main issues presented in evidence are set out at the beginning Chapter 4. This assessment provides the context for our deliberations on recommendations affecting police officer pay and allowances.

CHAPTER 4 – 2015/16 RECOMMENDATIONS AND OBSERVATIONS ON REMIT MATTERS

Introduction

- 4.1 This chapter covers our 2015/16 recommendations on the basic pay uplift for police officers in our remit and on its application to certain allowances. We set out first our overall conclusions on the evidence reviewed in Chapters 2 and 3. We then summarise the parties' specific proposals on pay and allowances, and assess the evidence, before making our recommendations. As required by the Home Secretary's remit letter, these cover the basic pay uplift, the London inspecting lead and police officer allowances. The Home Secretary also asked for our observations on the level and scope of existing arrangements for differentiation of police officer pay and allowances at the regional and local level.

Our overall conclusions on the evidence

- 4.2 We have given careful consideration to all the factors in our terms of reference and the Home Secretary's remit letter. Our assessment of the evidence below covers the main factors we take into account in arriving at our recommendations.
- 4.3 The Policing Context. In Chapter 2 we comment on the contextual evidence for policing and how it applies to specific aspects of our terms of reference. We acknowledge the importance of continuing to build our understanding of the frontline role and nature of the office of constable and the prohibitions placed on officers. The unique status of the office of constable and consequent demands and restrictions will continue to be a significant influence on the required pay and conditions package. We will develop our understanding of different operating environments, the important work of the College of Policing, including the Leadership Review, and the forthcoming People Strategy for Policing, all of which will have implications for future pay and conditions. In the meantime, we note there are several changes from the Winsor Review feeding into pay arrangements in 2015 and 2016. We set these out in paragraph 4.29 below and will assess their impact, along with changes already implemented, in future remits.
- 4.4 Economy and labour market. The current and forecast position of the economy and labour market are essential context for our deliberations. In summary: the last two years have seen a sustained period of economic growth and this is projected to continue in 2015 and into 2016; earnings growth is gradually increasing and is currently exceeding growth in prices as measured by the CPI; and inflation is set to remain below the Government's target in the near term. Employment is forecast to continue to rise and the unemployment rate further to decline. While the Chief Secretary to the Treasury's letter to us suggested that there were unlikely to be any significant recruitment and retention issues for the majority of the public sector workforce over the next year, the improving picture could quickly change the labour market. It will be important to keep under review any emerging impact on police officers.
- 4.5 Police earnings. The staff associations drew our attention to the impact on police pay of the Government's pay restraint, the Winsor Review reforms, pension changes and inflation. The NPCC and the APCC similarly acknowledged these points. We note that successive years of pay restraint, at a time of cost of living increases, have reduced the real terms value of police pay. We also note that pensions reform and Winsor changes have impacted adversely on many individual officers, although the impact varies, with potentially differential impact on morale and motivation, as we note below.

- 4.6 The Government's public sector pay policy. The Government's policy including its affordability constraints have set the scene for pay awards across the public sector and must play an important part in our considerations. The financial challenges facing police forces are significant for 2015/16 and 2016/17, with workforce costs a major proportion of expenditure. In this context we note important evidence from the NPCC and APCC which confirmed that, despite financial concerns, the pay proposals, including the cost of incremental progression, were affordable for 2015/16. However, we also acknowledge the specific affordability concerns raised by the MPS. All the parties, including the staff associations, confirmed that their proposals complied with the Government's public sector pay policy.
- 4.7 Police workforce, recruitment, retention and motivation. We received extensive evidence on the police workforce from the parties and were able to make our own assessments from the available data. The major reductions in police officer numbers since 2010 have clearly impacted on police officer responsibilities and workload. Further reductions of up to 3% are planned to 2017. We expect to receive further evidence on how these workforce changes affect police officers' roles and workload. Following the College of Policing's Leadership Review, we look forward to significant planned work to shape, develop and effectively manage the future police workforce, including the expected People Strategy for Policing.
- 4.8 The evidence on recruitment shows a healthy picture. The numbers recruited increased in 2014 and more forces recruited following a sustained recruitment freeze. Forces also considered the quality of recruits high, partly reflecting specific entry requirements such as previous experience as a PCSO or holding the Certificate in Knowledge of Policing. We note there is now flexibility which forces can use in setting constables' starting salaries. Looking ahead, these recruits may have high expectations for career progression in the police which will need to be managed effectively particularly when, as we heard on our visits, promotion opportunities have declined in recent years. We comment in Chapter 5 on the potential to consider in a future remit how best to recognise and reward skills acquisition and so support lateral career development. Looking forward, the evidence indicated that the latest budget reductions and financial uncertainty might dampen some recruitment intentions among forces.
- 4.9 We also conclude from the evidence that retention for police officers is stable despite a slight increase in voluntary resignations. The wastage rates appear to be at a reasonable level of around 5% with a degree of turnover necessary to refresh the workforce. We will require consistent data on the reasons for leaving through exit interviews to ensure we can in future make a full assessment of retention issues, including the impact of improvements in the labour market and of recent and planned changes to the police officer package such as pensions.
- 4.10 The PFEW and PSAEW surveys indicated that police officer morale and intentions to leave had been damaged by pay and pension changes in recent years. The staff associations also provided helpful comparisons which suggested that police officer morale and perceptions of fair treatment were lower than in comparable groups such as the Armed Forces and the NHS. While we met many officers on our visits who were highly motivated by their roles, there was a consistent view expressed that morale and motivation had been severely affected by changes to pay and pension arrangements. These appear to have affected officers with longer service rather than newer entrants. We have been mindful of the overall impact of recent changes on morale and motivation as we considered our pay recommendations for this year. In the longer term, it will be important to identify the range of factors impacting on morale and motivation and the most appropriate solutions to address them. We urge the Home Office and the NPCC to encourage the use of consistent staff surveys and the collation of core data from them across police forces.

4.11 Coherence with chief officer ranks. The Home Secretary's remit letter and our terms of reference require us to consider that the remuneration of our remit group relates coherently to that of chief officer ranks which are subject to recommendations by the Senior Salaries Review Body. We will continue to keep apprised of developments in pay arrangements for chief officers in particular the interface between chief superintendents and chief officers and any developments on the rank structure through the College of Policing. For this report, we did not receive evidence of pressing concerns on coherence and relativities.

2015/16 basic pay uplift

4.12 The Home Secretary's remit letter asked us to consider what adjustments should be made to pay and allowances for police officers up to and including the rank of chief superintendent having regard to the Government's policy that public sector pay awards in 2015/16 average up to 1%.

4.13 The **Home Office** proposed that, taking account of the evidence presented, for 2015/16 there should be a consolidated increase of 1% on all pay points for federated and superintending ranks, except where officers were subject to formal poor performance measures.

4.14 The **NPCC** commented that the pressure on police budgets was great and any pay award would inflate staff costs in future years but the pressure on individuals' finances had also increased and there was a need to consider the balance between the individual, the need to maintain an effective and efficient service, and the use of public money. The NPCC concluded that applying a 1% award to all ranks would avoid divisions across the service, be in line with budget assumptions and meet Government guidelines on pay policy. In doing so, the NPCC reviewed a number of options and invited us to consider these including: an uplift above or below the Government public sector pay policy; prioritising difficult to fill posts or those grown in responsibility or complexity; allowing chief constables to apply a 1% award according to local priorities; applying a pay award to the top pay points as all other officers will be in receipt of an annual increment; and a non-consolidated award.

4.15 The **APCC** told us that PCCs considered that despite clear budgetary pressures police officers should receive a 1% pay award in 2015 in recognition of the increased cost of living, increased cost of pension contributions and the pay freeze which preceded the 2014 pay award. The APCC added that, of all the factors to take into account when considering a pay award, affordability continued to dominate the thoughts of employers. Against the financial backdrop, the APCC said that it might be expected that employers would argue for the reintroduction of a pay freeze. The APCC argued that, although police officer roles were well-rewarded, the pay and increment freeze did impact upon the personal finance of police officers. PCCs were keen that officers should feel they were treated fairly and the reintroduction of a pay freeze would not be construed as such.

4.16 The **MPS** commented that there were good arguments against applying a traditional flat increase to all pay points. During 2015, the MPS would meet its requirement for police officers with no significant pressures on recruitment and retention but the 2015 Spending Review might put significant pressure on sustaining officer numbers at their current level. The case for restraint in pay bill growth was predicated on the financial position and the MPS said it was experiencing a greater pressure for cost control than most other UK forces. An increase at 1% would result in a year-on-year cumulative impact of around £16 million (or the equivalent salary costs of around 300 officers) and it would also feed into other pay elements such as shift allowance and overtime plus pension costs. The MPS argued that there was no basis on recruitment and retention grounds to change the values of the current pay scales.

- 4.17 The MPS called for targeted action, not a generally applied award, and recognised that officers at the maximum of their rank for over a year would have received no earnings growth unlike those progressing through the salary range (“built-in” earnings growth through incremental progression averaging at 2% per year). Officers in the federated ranks had also seen a reduction in overall reward with the phasing out of the Competence Related Threshold Payments. The MPS asked us to consider the balance between consolidated increases at the top of the pay scales and any one-off non-consolidated lump sum award. As an example, the MPS said that a £300 non-consolidated, non-pensionable award to those at the top of the pay scales would cost around £4.5 million a year.
- 4.18 **MOPAC** recognised that police officers performed a critical and difficult role and that the totality of pay, reward, opportunities and allowances needed to be judged to ensure that we had the best possible police service and that the security of London was preserved.
- 4.19 The **PFEW and PSAEW** had considered evidence of whether current pay and conditions attracted sufficient, capable and motivated officers, and evidence of the recent pay freeze and austerity. They argued that, in the absence of clear evidence from the Home Office as to whether policies attracted and retained the right calibre of officers, they had focused on survey responses and economic data. They commented that evidence demonstrated: a link between the negative impact on morale of recent changes and intention to leave; a link between intention to leave and perceptions of a breach in the psychological contract; and lower police morale and perceptions of fairness benchmarked against the Armed Forces and the NHS.
- 4.20 The staff associations summarised the main contextual factors for police pay as: the real terms cuts in central Government funding to the police service; annual economic growth since 2013; the pay freeze coinciding with a period of relatively high inflation; pay settlements clustering around 2.5%; a real terms fall in the value of police pay settlements; the progression freeze was imposed on the police but no other public sector group; and changes in the pension scheme and contribution rates.
- 4.21 The associations’ analysis of the wider economic climate showed that total real pay for federated ranks had fallen 11.5% between 2010 and 2014 and superintendents’ pay by 11.7% at the same time as contributing a higher proportion of income to their pensions. The associations believed that to attract and retain officers the police service needed fair pay and conditions that reflected the nature and responsibilities of the role and enabled a reasonable standard of living. A combination of a difficult economic climate and officers’ own motivation to serve had protected the service from wastage. Recruitment and retention will be challenging with a more buoyant economy and the associations considered the impact on service effectiveness and costs of replacing trained officers had not been fully taken into account.
- 4.22 The staff associations asked for an uplift to basic pay of 1% for all, including officers who receive an increment. Their conclusion was based on recognition of the Government’s intent, the need for public sector austerity and their concern that there should be no further divisive pay changes without an evidence-base. The associations recommended that, over the coming years, officers were given pay uplifts that maintained their standard of living rather than falling behind. They added that economic data demonstrated the need for future pay uplifts to ensure officers were not left behind others when the UK economy was more buoyant.

Our comment and recommendation

- 4.23 This is the first overall pay recommendation for police officers by an independent pay review body. Our consideration of it has been informed by the contextual factors set out in paragraphs 4.2 to 4.11 above. We have also noted and welcome the broad consistency of approach to the pay uplift for 2015/16 in the parties' evidence. However, as an independent body we have carefully considered a range of options for the pay uplift before reaching conclusions.
- 4.24 On a general point, we heard no evidence that the Government's pay policy should constrain incremental progression for police officers. In this regard, we note that in 2016 arrangements will be in place to withhold incremental progression from poor performers for all ranks. We understand that progression for superintending ranks is already linked to performance; that arrangements for sergeants and inspectors are being introduced during 2015; and for constables in 2016. In the interim, the Home Office proposed that the pay uplift for 2015/16 should not apply to officers subject to poor performance measures. While we endorse the principle of limiting pay progression for poor performers, we agree with the NPCC and the staff associations that the better option is to use the new arrangements that will be fully in place in 2016. There are practical difficulties with the interim proposal from the Home Office since only those officers subject to poor performance procedures on the date of the uplift would have the uplift withheld. Moreover, we heard that these procedures are designed to provide a supportive environment to bring officers back to satisfactory performance, which could be undermined by an associated withholding of a pay uplift.
- 4.25 In examining the pay uplift options, we considered whether there was evidence for an overall pay uplift either above or below 1%. While the Government's pay policy allows for pay awards averaging up to 1%, none of the parties made such proposals. Similarly, we have seen no substantial evidence on recruitment and retention or from our assessment of the labour market to support awards above 1%. We also reviewed the option of a non-consolidated uplift, noting that such an approach would, as the NPCC acknowledged, allow time to consider future pay issues without inflating pay points that might be adjusted in future years. However, we were mindful of police officers' concerns about the combined impact of pay restraint and recent pension changes and the Home Secretary, the NPCC and the APCC all sought a consolidated uplift this year. We also considered the broad option to recommend no overall pay uplift and target certain roles or those at the top of the pay scales or allow greater flexibility on pay awards. At national level, we received no specific proposals to apply this approach across all forces and we would find it difficult to determine targeting arrangements through the pay uplift without substantive evidence on which to base it.
- 4.26 However, we have some sympathy with the approach put forward by the MPS for its officers that there should be no overall pay uplift but one-off awards (possibly non-consolidated) targeted at those on the top of pay scales. These officers had seen no earnings growth and a reduction in CRTPs for the federated ranks. The MPS case was well-presented, emphasising that there were no significant pressures on recruitment or retention; that budgetary constraints would put pressure on its ability to sustain police officer numbers; and that it was important to avoid building in long term costs ahead of any consideration of wider reforms.
- 4.27 While we note that the MPS was content for us to make a different recommendation for its officers (compared to our national recommendation for other forces), we agree with all the other parties that there is benefit from national consistency on basic pay and uplifts for police officers, and, in our view, for 2015/16 this outweighs any possible benefits of a differential approach. In the longer term, however, as we make clear in Chapter 5, we expect to consider proposals on both a review of the London and South

East Allowances and on greater flexibility for forces. In this context, we would welcome the presentation of specific evidence for London about how the package for London officers might be reviewed and developed to better support operational needs.

- 4.28 Having considered a range of pay options, we conclude that a 1% increase for all federated and superintending ranks is appropriate for 2015/16 and is the best balance taking into account the broad range of factors presented in evidence. This across-the-board approach is in line with the Government's pay policy, is affordable by individual forces (as evidenced by their financial plans) and is endorsed by the Home Office, NPCC, APCC and staff associations. We also consider it meets expectations among police officers raised by the Government's pay policy. The increase aims to maintain effective recruitment and retention, and to offer a degree of support to police officer morale given the concerns raised by the staff associations' surveys, including on the cumulative impact of recent reforms and pay restraint. By recommending an approach which will be seen as consistent and fair to all officers in our first report, we aim to provide a firm platform for future developments in pay and conditions.

Recommendation 1. We recommend a consolidated increase of 1% to all pay points for federated and superintending ranks from 1 September 2015.

Winsor pay reforms for 2015/16 and beyond

- 4.29 Alongside our pay recommendations for 2015/16 a series of Winsor pay reforms also come into effect at various points in 2015 and 2016 as follows:
- Removal of point 7 in the constable pay scale (for those in service before 1 April 2013 (England and Wales)) and, in 2016/17 removal of point 9;
 - The introduction of performance management arrangements for sergeant to inspecting ranks in 2015 and for constables in 2016;
 - Competence Related Threshold Payments reduced to £300 (per annum) from April 2015 and abolished from April 2016;
 - Piloting of the threshold criteria (foundation and advanced) for constables during 2015 for implementation for all federated and superintending ranks from September 2016; and
 - Subject to consultation, regulations amended in 2015 to specify the procedure for determining the circumstances in which an officer can be placed on limited duty⁴² and the adjustment to pay of such officers.
- 4.30 We will keep the implementation of these reforms under review in later pay rounds.

London lead for inspecting ranks

- 4.31 Inspectors and chief inspectors in the Metropolitan Police Service and City of London Police receive an addition to basic salary of around £2,000 known as the London lead for inspecting ranks. The lead goes back to the Desborough Committee of 1919 which for the first time recommended a single national rate of pay for all police forces on the basis that the duties were fundamentally the same in character throughout England, Wales and Scotland and differences between forces did not justify wide differences in pay. This standardisation was accepted with the exception of inspectors in London although no specific reasons were provided.

⁴²See also Chapter 5, paragraphs 5.15 to 5.17.

- 4.32 The Winsor Review concluded that the case for the maintenance of the London lead was not compelling and that the evidence was inconclusive in the absence of a job evaluation exercise to test the argument that London inspectors had significantly greater responsibilities. The Winsor Review recommended preservation of the lead but that we should examine the issues and, unless we were satisfied that London inspecting ranks had greater responsibilities and workloads than counterparts elsewhere, the lead should be abolished. Accordingly, the Home Secretary's remit letter asked us to consider whether the additional amount paid to the inspecting ranks in the London forces should be retained.
- 4.33 The **Home Office** told us that inspectors and chief inspectors in London (in the MPS and City of London Police) currently received a higher salary than their counterparts elsewhere in England and Wales. It was the only remaining instance of a salary distinction based on location in the federated or superintending ranks. The Home Office commented that the Winsor Review found no particular evidence to support the theory that London inspectors were paid more as a result of the increased workload from public order incidents or to support the view that their overall span of responsibility was greater than that of inspectors outside London. The Home Office said that Winsor did not find any evidence of recruitment or retention issues and it was not aware of any emerging problems. Therefore, the Home Office asked us to consider phasing out the London lead (on a marked time basis) unless there was objective evidence why it should be continued.
- 4.34 The **MPS** said that there was no convincing case for inspecting ranks to be singled out for some special, and potentially detrimental, review of salary this year. It advised us that the origins of the differential appeared to be that inspecting ranks in London were different to, and more heavily weighted than, similar roles in other UK forces. While there might be a broadening of roles in other forces, this was also happening in the MPS. It added that the high tempo of policing operations in London – and the scale of complexity and risk – was different from many other parts of the UK. The MPS commented that further changes were inevitable in the future which would place greater reliance on the inspecting ranks.
- 4.35 The MPS considered that the case for maintaining the status quo position was strong on the grounds of:
- The importance of the role of the inspecting ranks as a leader and a change agent;
 - The challenge for these roles presented by the London policing context;
 - A 30% decline in numbers of inspecting ranks in the MPS since March 2010 compared with a 16% decline nationally.
- 4.36 The MPS saw no basis or rationale for reducing the pay of the London inspecting ranks at this time given the substantial pressures of operational policing and change management which they were required to manage.
- 4.37 The **NPCC** drew attention to the considerations of the Winsor Review on the London lead for inspecting ranks and noted that this was the only instance where the pay scales for federated ranks were not standardised across the country. The NPCC said the rationale regarding the demands (provisionally for public order duty) was not borne out by the available evidence at the time of the Winsor Review. Since then, change had occurred in all forces across the country with reductions in the number of inspecting ranks and increases in the span of command and the level of responsibility. The NPCC recognised the significant role that the inspecting ranks played across the country and that they were important change agents translating strategy into tactics. It therefore said it was difficult to justify the difference in pay on the grounds of responsibility or complexity.

- 4.38 The NPCC added that an evidence-based decision to support singling out inspecting ranks in London for additional payment above other ranks in the country would need a full job evaluation analysis. However, it argued that the benefits of having a rank based pay structure, with its flexibility and simplicity, outweighed the benefit of introducing a more complex system of job evaluation. In conclusion, the NPCC recognised the critical role that inspecting ranks played in London and the need to ensure that the best candidates were attracted to these positions. The NPCC said there was no will or requirement to single this group of officers out for a reduction in pay at this time. It recommended that consideration of the wider case for an allowance or supplement for a range of different roles or circumstances should form part of the broader review into pay structure and allowances. The NPCC emphasised the principle of adopting harmonisation of basic pay for all ranks, and proposed treating the current additional payment as a specific London inspecting allowance in the interim, until a future review. The NPCC concluded that there was no concrete evidence that justified a different pay scale for London inspecting ranks, but that local needs might support an appropriate allowance.
- 4.39 **MOPAC** looked forward to a well-evidenced argument on the London inspecting lead. The **APCC** told us that the London lead for inspecting ranks did not affect forces other than the MPS and the APCC should therefore remain silent on this issue.
- 4.40 The **PFEW** said that inspecting ranks were of fundamental importance to successful service delivery, had a key managerial role and provided a vital link between senior managers and operational officers ensuring performance delivery. The PFEW stressed the demands of policing in London, counter-terrorism, protection, public order, serious crime and daily response policing.
- 4.41 The PFEW commented that the London lead had been reviewed in the past and on each occasion the role in London was sufficiently different to that outside to justify the lead's continuance. The PFEW cited evidence from reports provided by the MPS Federation that supported this contention, arguing that the London area was the most complex to police, partly because of the need for specialised roles and supervision, the levels of responsibility, spans of control, complexity of issues and workloads in excess of those elsewhere.
- 4.42 The PFEW commented that a report⁴³ into the London lead had been commissioned by the Inspectors' Branch Boards of the MPS and City of London Police Federations which indicated significant differences between inspectors in the capital and elsewhere. The report found that:
- London inspectors worked significantly more hours compared to inspectors in both other major cities and the rest of England;
 - London inspectors had significantly more rest days cancelled in comparison to both other major cities and the rest of England;
 - Both London inspectors and inspecting ranks from other major cities reported higher levels of substituted sick days for leave in comparison to the rest of England;
 - London inspectors experienced significantly greater impact on work-related well-being in comparison to the rest of England and other major cities;
 - London inspectors suffered similar levels of burnout in comparison to other major cities inspecting ranks. However, being a London inspector was significantly related to having higher levels of depersonalisation while being associated with a higher level of personal accomplishment in comparison to the rest of England;

⁴³ Professor Graham Cookson and Mr Paul Williams, King's College London (August 2014), *Investigating the London Lead – A Report for the Inspectors' Branch Boards of the Metropolitan and City of London Police Federations*.

- London inspectors were likely to have lower levels of job satisfaction but higher levels of organisational loyalty and report higher levels of citizen co-operation.
- 4.43 The PFEW said that, to comply with the Winsor Review's conclusion that the demands of the role should be properly evaluated, a study was needed comparing London policing to other forces and regions using a systematic job evaluation scheme and assessing knowledge, skills and attributes required. It said that, until such data were supplied, there was not a case for removing the London lead and doing so would further contribute to perceptions of unfairness in the pay system, would cause considerable hardship to those officers affected, and could have unintended consequences for turnover of inspectors as the London job market improved. It added that removing the lead would save an insubstantial amount (£3.4 million covering 1,700 inspectors). The PFEW recommended that, until a systematic evaluation had been completed, the London lead should be retained and uplifted by 1%.

Our comment and recommendation

- 4.44 The London lead for inspecting ranks has been in place for a significant period and is an established part of the remuneration package. However, the rationale for the addition to basic pay is not clearly articulated and is subject to differing interpretations as shown by the parties' evidence presented for this report. The Winsor Review also studied the lead in some depth but did not arrive at firm recommendations other than to defer consideration of its future to the first remit of an independent pay review body.
- 4.45 The Home Office suggested the lead should be withdrawn as there were no recruitment and retention problems but provided no analysis of the impact of such a change. The NPCC evidence provided a balanced picture showing the difficulty of justifying the lead on grounds of differences in responsibility or complexity, as compared to inspecting ranks elsewhere, but said that they should not be singled out this year. However, the MPS and the staff associations argued for the retention of the lead based on the demands of policing in London and that inspecting ranks carried different and heavier weighted roles than elsewhere in the UK. The MPS also pointed to the significant reduction in numbers in its inspecting ranks and the impact on workload, and signalled its intention to review the required rank structure in London.
- 4.46 The evidence provided by the parties highlighted the difficulty of reviewing the lead without agreement on its rationale and purpose. This should be the starting point for any such review. However, it is unclear whether extensive further research, particularly comparative job evaluation, would produce a firmer basis to decide on the lead's future. The environment for policing is changing as seen in the College of Policing's Leadership Review and any review of the lead should take account of this context. In our view, the focus should shift to how to reward skills and contribution, with the rationale for any such allowance anchored in the need to recruit, retain and motivate officers. The London inspecting lead is an example of an element of the current remuneration package which has the potential to be superseded by a more effective and flexible tool to meet specific circumstances including reward for those in more heavily-weighted posts. We acknowledge the case put by the NPCC that the lead could be converted from basic pay into a pensionable supplement (with appropriate protection arrangements if required) ahead of this wider approach. However, we also noted the MPS's concern that such a change would be burdensome to implement as a purely interim measure. We consider that any future move to a supplement should be linked to consideration of more developed plans for a wider review.
- 4.47 In the meantime for 2015/16, the parties' evidence was inconclusive in providing a sound basis at this stage to recommend withdrawing the lead. We place weight on the evidence from the MPS (as the "employers") and the staff associations that London inspecting roles continue to carry a degree of demand, complexity and risk that warrants separate

reward. We particularly noted that the Metropolitan Police Federation’s study on London inspecting ranks provided a useful additional comparative assessment. On balance, the evidence points to retaining the London inspecting lead for now, ahead of a wider review.

Recommendation 2. We recommend that the London inspecting lead should be retained for now.

Allowances

Our general approach

4.48 We have a wide remit across police officer remuneration which includes regional allowances and compensatory allowances, listed at Table 4.1 below (excludes those payable only to officers in Northern Ireland). Many of these have been a longstanding part of the package while others have been developed according to changing circumstances and, more recently, some were introduced or revised following the Winsor Review.

Table 4.1: Police officer allowances within our remit

Regional Allowances	Compensatory Allowances
London Weighting	Overtime
London Allowances	Unsocial Hours Allowance
South East Allowances	On-call Allowance
	Away from Home Overnight Allowance
	Hardship Allowance
	Motor Vehicle Allowance
	Dog Handlers’ Allowance

4.49 These allowances have been designed, over time, to meet specific identified needs but, taken together, they represent an important part of the overall package to support recruitment, retention and morale. Against this background, our general approach to considering the structure and any uprating of police officer allowances starts with understanding the specific rationale. The coverage of allowances also suggests we should not take a blanket approach but to consider each allowance on its merits based on robust evidence. It was the long-established practice of the Police Negotiating Board to link uprating of certain allowances to the basic pay uplift and, while there is some logic to this approach, we do not consider we should be constrained by precedent in the longer term. In relation to 2015/16, we set out at paragraphs 4.54 to 4.65 below the parties’ evidence and our conclusions on uprating specific allowances.

4.50 Those allowances only recently introduced, or revised under the Winsor Review, include: new overtime arrangements, On-call Allowance, Away From Home Overnight Allowance, Hardship Allowance and Unsocial Hours Allowance. The Winsor Review also restored the link between the Motor Vehicle Allowance and the Local Authority Allowance which had been broken in 2010 and has not been uprated since. We note that the staff associations asked us to consider whether there was a case for a mechanism to adjust Motor Vehicle Allowance outside the local government provision as part of our five-year work programme. None of the parties presented evidence or called for any increase to these other allowances for 2015/16 so we have made no recommendations. However, the NPCC observed that, for instance, forces had generally found that the Unsocial Hours Allowance had improved retention in those roles that had a 24/7 requirement.

The staff associations also helpfully identified the On-call Allowance and Away from Home Overnight Allowance for early review. We would welcome further observations from the parties on the implementation and effect of these allowances.

- 4.51 Our overall approach to review of allowances will be to establish a programme of periodic review as part of our five-year work programme. Our aim will be to ensure a systematic review of individual allowances which also enables us to improve coherence across the overall package and with wider pay reforms which may bear on the need for any particular allowance. The latter consideration will be important in the context of the work on pay development proposed by the NPCC following the College of Policing's Leadership Review. This work may well bring forward proposals on flexibility and rationalisation of allowances. Ahead of this, we set out in Chapter 5 our developing thinking on the need better to link reward to skills, competence and contribution; and enable greater flexibility within a national pay framework.
- 4.52 In Chapter 5 we propose the development of a rolling programme to review allowances. This will be subject to amendment in the light of wider Government priorities but any such reviews will require evidence from the parties covering: (i) a clear purpose and rationale for allowances; (ii) a robust evidence-base focussing on recruitment, retention, motivation and affordability; and (iii) how allowances link with other developments in the remuneration package.
- 4.53 We consider below the evidence and our conclusions on handling allowances for 2015/16.

Parties' evidence

(i) General approach to uprating allowances

- 4.54 The **Home Office** provided information on police officers entitlement to non-pensionable allowances and commented, in oral evidence, that there was no evidence to support an uplift to any allowances and that they were not historically linked to the uplift in basic pay. The **NPCC**, also in oral evidence, explored the options but presented no firm view on uprating allowances. The **APCC** believed that, in addition to the pay award, all associated allowances should also be uprated by 1%. The **staff associations** recommended that existing regional allowances and all allowances that were normally included in uplifts, such as Dog Handlers' Allowance, be uplifted by 1%.

(ii) London and South East Allowances

- 4.55 The **Home Office** said that the pensionable London Weighting payment was increased for 2014/15 by 1%. It added that regional allowances had originally been introduced to reflect recruitment and retention difficulties in London and the South East plus capped transitional supplements for officers who joined before 1994 and who would previously have received a housing or rent allowance. The Home Office asked us to consider holding London Weighting at the current rate until our later consideration of regional pay and allowances was complete.
- 4.56 The **NPCC** said that agreement had been reached in the Police Negotiating Board to allow chief constables to increase the South East Allowance by up to £1,000 above the current maximum but, following the Winsor Review, the Police Arbitration Tribunal rejected varying the payment up to a higher maximum amount and therefore chief officers were only allowed to vary the amount across forces to the current maximum (£2,000 and £1,000). The NPCC concluded that the impact of austerity had restricted the ability of forces to increase allowances without impacting on other budgets and that the recruitment and retention data did not, at this time, highlight the need for significant changes to regional pay or allowances.

- 4.57 The **MPS** said that London Weighting and London Allowances were an historic collection of fixed value supplements, including Rent and Housing Allowances, both of which applied to officers outside London, albeit generally at reduced rates. The MPS felt these allowances had remained largely unreformed for many years. It added that in London the higher costs of commuting (and housing) was responded to in two ways:
- Free Transport for London (TfL) travel was provided to all officers as a concession by TfL; and
 - The provision of travel on national rail services in and around (up to 70 mile radius) London through a commercial contract with ATOC accessed by approximately 23,000 officers, subject to a monthly contribution of £40 from individual officers and not available to new officers since 2014 as the MPS encouraged recruitment from within London.
- 4.58 The MPS said that these travel benefits represented hidden pay supplements equivalent in gross earnings terms of between £3,000 and £7,000 per annum. Largely as a result of these additional arrangements, the MPS concluded that there were no pressing needs this year to seek an increase to the London pay differential.
- 4.59 **MOPAC** recognised that many of the supplements and allowances available to London officers had not been reviewed for many years and it would be appropriate to take a look at them to see if they continued to be fit for purpose.
- 4.60 The **staff associations** commented that the current allowances paid to officers in London and the South East were similar to arrangements in other public sector, and some private sector, organisations. London payments were originally to compensate for the higher cost of living but have subsequently assisted with recruitment and retention, with South East Allowances arising because officers were being drawn into the MPS at the expense of surrounding forces. They noted that since 2013 chief constables had discretion whether to pay officers regional allowances and it was not yet possible to tell whether this discretion had been exercised. The staff associations advocated that, until an evaluation was undertaken, the current regional allowances should be retained and uplifted by 1%.

Uprating for 2015/16

- 4.61 The Home Secretary's remit letter asked us to consider what adjustments should be made to allowances of police officers in our remit having regard to the Government's policy that public sector pay awards in 2015/16 should average up to 1%. We start with issues surrounding London and South East Allowances before considering other allowances. Specific allowances for Northern Ireland are covered in our separate report.
- 4.62 We note that London Weighting was introduced specifically to compensate police officers for the higher cost of living in London. We acknowledge the affordability arguments put forward by the MPS and the Home Office not to uprate London Weighting. However, we conclude that it forms an important element of the overall package and not to increase the level in line with the overall pay uplift would disadvantage those serving in London both in relation to other police officers elsewhere in the country and in relation to some other public sector groups covered by pay review bodies who have recommended increases in London Weighting or similar allowances or pay bands. We therefore recommend London Weighting be increased by 1%. We note that the effective date for such an increase is 1 July and we invite the parties to consider arrangements to re-set the effective date to 1 September in line with other allowances in time for our next pay round.
- 4.63 Whilst the rationale for London Weighting is cost of living, the London Allowance and South East Allowances were introduced in order to address recruitment and retention difficulties. Although the staff associations called for a 1% uplift to all regional allowances,

we note the MPS provided evidence that there were no current recruitment or retention problems in London and we heard no evidence to suggest significant recruitment and retention issues for South East forces. These allowances have not been updated since their introduction and we conclude there is no evidence for any uprating for 2015/16.

- 4.64 More generally on the London and South East packages, there was widespread support from all organisations, particularly the MPS and the staff associations, for a fundamental review of regional allowances. We agree and conclude that this should be a priority for our five-year work programme. Such a review should consider the balance between national, regional and other pay elements and how greater flexibility might be introduced. We return to this in paragraph 4.74 below.
- 4.65 The overall evidence submitted by the parties on allowances was limited and there was no consensus on a single approach to uprating, although where proposals were made they favoured following the practice of uprating allowances normally linked to the basic pay uplift. This is our first consideration of these issues and therefore we have taken an approach that we believe provides a firm and fair base for fuller reviews. We recommend, for this year, uprating by 1% of London Weighting, as set out above, and of the Dog Handlers' Allowance, noting the latter recognises this specific police officer role rather than costs. Such uprating is, in our view, affordable within the Government's pay policy.

Recommendation 3. We recommend that London Weighting (from 1 July 2015) and Dog Handlers' Allowance (from 1 September 2015) should be uprated by 1%.

Observations on differentiation at regional and local level

- 4.66 The Home Secretary's remit letter specifically asked for our observations on the level and scope of existing arrangements for differentiation of police officer pay and allowances at the regional and local level, with a view to making substantive recommendations in subsequent years, with a focus on local labour markets.

Parties' evidence

- 4.67 The **Home Office** said that the Winsor Review had recommended that the pay review body consider an enhanced system of regional allowances with a focus on local labour markets. The Home Secretary endorsed this view in 2013 when giving chief constables the discretion to amend payments of regional allowances based on the needs of their force. Depending on local labour markets and the views of operational leaders on skills shortages or recruitment/retention difficulties, the Home Office considered that there might be scope for greater local flexibility. Specifically, the Home Office asked us to consider extending local discretion for chief officers on the payment of regional allowances on condition that there should be no (new or continued) set allowances and that there should be standard criteria and a cap on payments to keep them within affordable limits. It added that this would need to be considered in the light of evidence from operational leaders on what roles or specialist skills might be difficult to recruit and retain.
- 4.68 The **NPCC** noted that the Winsor Review recommended that we should review the level and scope of regional allowances for police officers. Since then, the NPCC said that other pay review bodies had examined regional variations but discounted them and that there had been limited progress in regional pay and other sectors. The NPCC reviewed national statistics and noted that they provided evidence of different salary rates (across all sectors) and unemployment figures plus London and the South East continuing to attract the highest median earnings. The Winsor Review outlined a number of options for regional pay and indicated that the cost of enhanced regional allowances might be £200 million which the NPCC felt would create an additional burden on forces requiring

national funding or managing within local budgets. The NPCC added that the possible savings from regional pay had not been tested for policing. It might also cause difficulties for force collaboration. The NPCC considered that there was strength in having a national pay structure which provided a basic pay that is consistent across the country. However, chief constables should have the flexibility to pay regional allowances that reflected local market conditions and ensured that recruitment and retention was maintained at the necessary levels to maintain an effective and efficient police force.

- 4.69 The NPCC considered that the evidence confirmed the variations across the country in terms of pay, employment and cost of living. It supported a single national pay structure for policing but the flexibility to apply local uplifts or supplements already existed for officers and needed to be explored further. The NPCC recommended we confirm the use of regional allowances (or supplements) to allow flexibility to respond to local requirements with this being developed in tandem with work on the national pay structure.
- 4.70 The **APCC** said that there was no great appetite among PCCs to look at regional and local pay. PCCs were content with the current provisions for differentiation at a regional and local level which lay largely with allowances in the South East and London. PCCs noted that other pay review bodies had already dismissed it as a concept and, although there were potential attractions, there were pitfalls including pay leapfrogging and a block to collaboration.
- 4.71 The **MPS** said that a fundamental review of the balance between national, regional and local pay elements of the package was urgently needed. The current rather complex and confusing collection of individual initiatives and legacy entitlements would not provide an adequate platform for the future to compete for and retain talent in London. Police officer total reward was a market-leading package in many areas of the country but, according to the MPS, in London the pay package represented only a median earnings figure. The allowances provided less of a differential at more senior ranks. Current arrangements for London allowances provided around a 30% premium on entry as a constable but only 8.5% at chief superintendent. The MPS invited us to provide greater flexibility to target priorities supported by commensurate funding from Government in the settlement.
- 4.72 The **staff associations** were unaware of any formal, systematic evaluation of the benefits of the existing regional allowances system. They said that there were a number of risks in regionalising pay particularly the devolution of policing and pay to Scotland and Wales would result in a loss of officers from bordering services to either Scotland or Wales (or vice versa) depending on which service set the higher salaries and also causing pay drift. The staff associations said that there was a need to consider mutual aid, collaboration and interoperability in any regional pay system in policing plus equality concerns. They added that the need for appropriate administration and governance processes was likely to be costly and offset any intended saving.
- 4.73 The staff associations pointed to the police service having a system of four zones – London, two South East zones and the rest of England and Wales. They commented that this was similar to other roles in the public sector where the most common approach was to use a national pay structure with additional compensation for cost of living in London and the South East. Without a formal evaluation of the benefits of the existing police system, the associations felt it would be difficult to justify any changes to the existing arrangements. They added that it was inappropriate to consider regional pay in isolation from other features of the pay system and that, in essence, the evolving police pay system was a hybrid incorporating length of service, competency and regional pay.

Our observations

- 4.74 We welcome the invitation from the Home Secretary to make observations on existing arrangements for differentiation of police officer pay and allowances at regional and local level. We are grateful to the parties for their views in evidence which, generally, provided a consistent message on the existing and required approach to any regional or local differentiation. We also draw on the Winsor Review's conclusions and note the earlier work by several pay review bodies in considering the general themes.
- 4.75 We accept and agree with the main views of the parties that a national framework is the best approach for police officers' basic pay but note that many consider there is scope for greater flexibility in relation to some elements of the reward package. We comment further on how such an approach might be developed in Chapter 5. Developments in policing suggest that maintaining national consistency across pay and conditions will continue to be desirable to support effective service delivery, underpinned by collaboration on services and resources and mutual aid. The College of Policing's Leadership Review also indicated the need for national consistency across a range of recommended developments. Most importantly, we saw no evidence that police forces wished to depart from a national structure on basic pay and the NPCC confirmed its support although seeking greater flexibility to respond to specific requirements. We will also consider the effectiveness of available flexibilities such as how police forces have made use of the discretion on constables' starting pay.
- 4.76 Having reviewed the evidence from the Winsor Review and the pay review bodies' reports in 2012, we conclude that the current arrangements for police officers broadly align with those elsewhere in the public sector and those in the private sector. The model generally tends to be a national pay structure with variations for London and the South East in most cases using compensatory allowances. There is some indication from the private sector⁴⁴ of organisations reverting to this approach having found more complex systems of payments in several zones or "hot-spots" could not be justified and hindered flexibility of deployment across boundaries.
- 4.77 The current package for police officers allows for a series of allowances in London which appear to have been developed, necessarily, in a piecemeal fashion responding to changing circumstances over time. In addition, the South East Allowances were developed to combat the pull of officers receiving an improved package in London and we note that the flexibility to vary rates up to a maximum has not been used. These London and South East allowances must therefore be considered together.
- 4.78 The MPS signposted the need for a full review of the London package with a view to better targeting of spend on priorities. We concur that the changing nature of policing in London necessitates early review of the currently fragmented package. Some considerations under such a review might also apply to other police forces across England and Wales. Specifically for London and the South East, there are different dimensions to the labour market, housing and travel. Consideration might also be given to whether different rewards and compensation might be required for different roles or at certain career stages. We consider a distinct rationale should be drawn between elements of the package designed to compensate for cost of living, support recruitment and retention, or to reward specific roles or circumstances. Our role in such a review would focus on pay measures including the future of London Weighting, London Allowance (and precursor allowances) and the London inspecting lead. A full review of these, led by MPS supported by the NPCC and with the engagement of the staff associations, should be a priority with a view to establishing a more coherent and flexible package for police officers in London

⁴⁴ IDS (2012) *Case Studies on Geographically-Differentiated Pay in the Private Sector*. Commissioned by the Office of Manpower Economics.

and the South East. We would welcome evidence on any wider, non-pay elements of a new package of proposals to ensure we have adequate context for a review of the pay elements and how they might impact on recruitment and retention.

- 4.79 Turning to more general approaches to greater flexibility, we comment in Chapter 5 on how some developments might be incorporated into our five-year programme. We particularly draw attention to the need for clarity and distinctions between elements of the package including the rationale for existing allowances, a robust evidence-base to support regular reviews and appropriate mechanisms for any uprating. To enable greater flexibility for allowances or one-off payments either to reward specific roles or circumstances, police forces will need to develop a sound information base for decision-making, with clear criteria for introduction and withdrawal. The impact on boundaries with other forces should also be a factor for consideration. From our perspective, we ask the parties to provide further data on the numbers receiving existing regional and other allowances and use staff surveys to test their effectiveness. We look forward to receiving such evidence in future pay rounds.

CHAPTER 5 – OUR FIVE-YEAR WORK PROGRAMME

Introduction

5.1 In this chapter we set out our initial conclusions on a five-year work programme to enable us to play our strategic role in recommending on police pay. In addition to specific issues for the 2015/16 remit, the Home Secretary's letter noted that our work would inevitably develop over the coming years to reflect the continuing need for the police to have an effective, efficient and flexible workforce to deliver best value for taxpayers' money. Accordingly, she invited our initial comments on priorities for a five-year work programme including those issues deferred by the Winsor Review.

Emerging principles

5.2 We start with some emerging principles which we have developed in the light of evidence presented this year and which provide a platform to develop our five-year work programme. We were mindful of the pay developments likely to flow from the College of Policing's Leadership Review which will need our consideration. Although the timing of our report did not allow us to receive further evidence following publication of the Review, its draft recommendations suggest some important themes for our future work. These themes will frame our work programme on remuneration along with the forthcoming People Strategy for Policing. We expect these developments to lead to pay proposals for future remits which we stress will need to be evidence-based, costed and underpinned by clarity on how reform will be funded.

5.3 Overall, we consider our five-year programme should be guided by the following principles:

- **Balancing change with the need to allow the significant Winsor reforms to take effect;**
- **Enabling flexibility within a national pay framework**, acknowledging the wide support for retaining a single police service, but allowing individual forces to better meet demanding and complex operational environments, while sustaining collaboration and mutual aid;
- Finding a pay and conditions framework that **supports further professionalisation** in the context of the work of the College of Policing; and
- Finding a **coherent and cohesive pathway** for changes to police pay.

5.4 We have these guiding principles in mind as we consider the parties' priorities as set out in their evidence below including the Home Secretary's priorities on outstanding reforms following the Winsor Review. We go on to define four main priority areas for action in paragraphs 5.22 to 5.32 below; and to indicate some considerations on timing, sequencing and the evidence-base we would require.

Overview of the parties' evidence

5.5 The **Home Office** told us that reforming remuneration remained key to delivering transformational change and delivering value for money. Ministers remained committed to the Winsor Review's principles and objectives. These included linking pay to skills and contribution, modernising management practices, improving leadership and professionalism, and opening up police career pathways. The Home Office said that the Government had established a pay review body to take a wide view of police remuneration, to act in a strategic forward looking manner, and to take a holistic view of

police reward. The Home Office expected our first five-year programme to include: the impact of new pay and allowance structures; pay differentials between ranks; and specific issues from the Winsor Review.

- 5.6 The **NPCC** said that the People Strategy and the Leadership Review would provide important opportunities to construct a framework to enable policing to recruit, retain and develop the police workforce. Policing would have to operate with fewer and more capable officers with the pace and complexity of change meaning the workforce would need to develop and adapt to meet those demands. In oral evidence, the NPCC commented that it would be assessing the implications of the College of Policing's Leadership Review for pay and conditions with the outcome forming part of evidence to the next pay round.
- 5.7 The NPCC suggested the following for a reward and recognition framework:
- A basic national pay structure – setting a standard level for police officers across England and Wales;
 - Local supplements – flexibility to reflect local needs through a market uplift or supplement with a framework to avoid unhealthy competition for officers between forces;
 - Links between pay, competence and contribution – initially through pay progression linked to satisfactory performance and threshold assessments; and as professional accreditation develops through the College of Policing, rewarding continuous professional development, core competencies and behavioural competencies;
 - Link between pay and specialist skills – lateral development to complete complex and specialist functions with the flexibility to recognise certain posts with additional pay;
 - Review of increments – a review of annual increment rises to allow a fairer and more appropriate pay structure;
 - Consolidate allowances – a further review of allowances including the possibility to incorporate into basic pay or incorporate into other changes;
 - Consistency between police staff and officers where appropriate.
- 5.8 The **MPS** encouraged an aggressive timetable for a fundamental review of the overall remuneration package to ensure the flexibility to respond to changing employment needs and changes to employment patterns. The MPS felt that the current package, despite recent reforms, was still largely based on the notion of a “career for life” giving significantly more weight to time-served progression and pension benefits above choice and flexibility to match different career paths and the value of different skills in a competitive employment market. The MPS referred to a different approach to the overall employment framework including career development, different expectations about normal lengths of careers and bringing in individuals and specialists into the organisation at different levels.
- 5.9 The **PFEW** and **PSAEW** considered that the pay system should: attract and retain officers representative of the public served; be designed to ensure organisational justice within the system; be based on evidence of need and what works; facilitate deployability to a range of roles and requiring a range of skills; and appropriately recognise the skills, knowledge, attributes and workload required. They reiterated the need for evidence-based workforce planning, comprehensive and reliable data, and modelling and monitoring the impact of changes. They pointed to: anomalies in the current system; lack of clarity on the rationale underpinning basic pay; rank based differences; lack of

clarity on what is being rewarded; and considering the impact of changes on the overall remuneration package. The PFEW and PSAEW asked that the Home Office gave a clear statement of the aims of the pay system.

5.10 The PFEW and PSAEW commented on the specific priorities in the Home Secretary's remit letter (see paragraphs 5.11 to 5.20 below). In addition, they set out their priorities for elements of the existing pay system as follows:

- Constables' pay scale for those recruited after 1 April 2013 – an assessment of the impact of new entry levels on attracting mature and graduate applicants, whether incremental steps reflect skills and abilities required, and the impact on the gender gap;
- Pay progression – the impact of changes to pay progression including for officers with protected characteristics;
- Skills thresholds – the impact of threshold assessments on incremental pay progression including those with protected characteristics;
- Away From Home Overnight Allowance – review the allowance and the impact of any changes to its provisions;
- Motor Vehicle Allowances – review the current rates and whether there is a case for a new formula;
- Equality issues (on which we noted their fuller evidence in Chapter 2).

Deferred issues from the Winsor Review

5.11 The Winsor Review deferred a number of issues for consideration or review by a pay review body once established, including: On-call Allowance; gaps between pay scales; the buy-out of sergeants' casual overtime; impact of the management of officers on limited duties; and a greater degree of coherence between the terms and conditions of police officers and police staff. We summarise below the views of the parties on these issues and how they might be taken forward.

5.12 On-call Allowance. The **NPCC** said that the need for this allowance was likely to remain but it should be reviewed alongside other allowances and in tandem with a review of police staff allowances. The **APCC** said that there was significant disparity with the similar allowance (standby) paid to police staff and that a review of the allowance would see if the On-call Allowance was necessary and paid at the right level. The **staff associations** did not believe that there was any evidence that the current £15 allowance sufficiently incentivised officers or helped achieve a reasonable work-life balance for officers. They suggested that the use of on-call should be reviewed as a priority in the light of clear management data plus reviewing the rate of the allowance and an annual uprating mechanism.

5.13 The gap between the constable, sergeant, inspector and chief inspector pay scales. The **NPCC** said that looking at the links between pay, competence, contribution and specialist skills would overtake this issue. The **APCC** said that the present gaps were minimal but that finance should not be the key motivation for promotion. PCCs felt evidence should be collected on candidates seeking promotion and whether the difference between ranks was the source of any operational difficulties. The **staff associations** recommended that the gaps between pay scales should not be considered in isolation and all pay scales needed to be considered based on comprehensive job weighting and benchmarking data.

5.14 The buy-out of sergeants' casual overtime. The **NPCC** considered that overtime provided for the flexible use of resources and this should be incorporated into reviews of basic pay and allowances. The **APCC** said that the removal of casual overtime needed careful

consideration in the context of the potential for constables to earn more than sergeants and the lessons learned from the buy-out of inspectors' overtime. The **PFEW** and **PSAEW** believed that it was important to understand the reasons for overtime which would help forces identify peaks, better match demand for resources and improve workforce planning. They felt overtime was the most efficient way of dealing with immediate needs and providing resources for emergency or public order situations. They were opposed to a buy-out of sergeants' overtime, with the **PSAEW** considering overtime an effective management tool, and also pointed to the unforeseen consequences observed by inspectors.

- 5.15 The impact of changes to the management of officers on limited duties. The **Home Office** told us that, after consulting the Police Advisory Board, regulations were being amended to specify the procedure for determining the circumstances in which an officer might be placed on limited duties, the arrangements which chief officers might make for officers on limited duty and the adjustments to pay for such officers. The focus was to assist sick or injured officers to return to work after a period of recuperation on full pay and afterwards, if not fully deployable, the decision to retain them on a reduced rate of pay to reflect their duties⁴⁵. The Home Office expected forces to monitor equalities issues once in place and it would keep us informed of any pay-related issues.
- 5.16 The **NPCC** said that work on limited duties and the X-factor was being considered by the Police Advisory Board but, as part of monitoring implementation, we would have a role in reviewing the X-factor element. The **APCC** confirmed that the Police Advisory Board advice should be allowed to take effect before further consideration. The **staff associations** noted that discussions were being conducted in the Police Advisory Board although it was not considering the level of the deployment component of X-factor. To value the component, they said definitive labour market evidence would be required including comparison data from organisations with similar requirements.
- 5.17 The Home Office brought to our attention the determination⁴⁶ on limited duties in effect from 1 May 2015 which defines the categories of limited duties and the relevant pay adjustment.
- 5.18 A greater degree of coherence between the terms and conditions of police officers and police staff. The **NPCC** sought consistency between police staff and officers where appropriate with fairness and consistency as guiding principles as the police workforce became increasingly integrated. The **NPCC** recognised that the national arrangements for consultation and negotiation were different for staff and officers⁴⁷, but chief officers and PCCs needed to keep both bodies informed of progress. The **APCC** said that, where there was no justifiable reason for difference, PCCs would welcome convergence of terms and conditions for police officers and staff.
- 5.19 The **staff associations** said that they would not comment on the terms and conditions of police staff and drew the distinction that police officers were not "employees" but public servants holding a "common law" office and therefore had a range of rights and remedies that were different from police staff. They felt that moving police officers onto contracts of employment would be inconsistent with the office of constable because they would become employees and any such proposal should be rejected.

⁴⁵ The reduction was recommended by the Winsor Review and the Police Arbitration Tribunal (the deployable component of the police officer X-factor) at 8% of basic pay for constables and for other ranks expressed in cash terms benchmarked at 8% of the maximum of constables' basic pay.

⁴⁶ Available at: <https://www.gov.uk/government/publications/circular-0102015-changes-to-the-management-of-limited-duties-police-amendment-regulations-2015-si-2015455-and-supporting-determinations>

⁴⁷ Police staff are covered by the Police Staff Council or by local arrangements in some police forces.

5.20 The Trade Union Side of the Police Staff Council wrote to the Policing Minister in January 2015 seeking an explanation of the origin and intent of this part of the Home Secretary's remit letter. It also sought an assurance that no matters which impinged on police staff terms and conditions would be the subject of our recommendations. The Minister replied in February 2015 stating that one of the principles emerging from the Winsor Review was a single police service and that the system for officer and staff pay and conditions should be brought into a degree of harmony. The Minister commented that this was the basis on which the review body had been asked to assess the feasibility of greater coherence but confirmed that it could only make recommendations in relation to its police officer remit, with any consideration in respect of police staff being for discussion in the Police Staff Council.

Our five-year programme

5.21 We set out at the start of this chapter our initial views on the guiding principles which should underpin our five-year programme. Our work will, of course, also need to take account of the Government's developing priorities for policing and its pay priorities for specific remits. Drawing on the evidence presented, we explore how pay development work might be taken forward under four main areas, some of which are interrelated and interdependent.

5.22 (i) **Pay implications of a review of rank structure.** The College of Policing's Leadership Review proposes reviewing the rank and grading structure across the policing workforce. It points to flatter structures with greater autonomy and expertise, advanced practitioners, flexibility over entry, exit and re-entry points, and lateral career development. This accords with the evidence we heard on our visits of flatter structures and police officers doing more or different work with new skills but with less resource. Our guiding principle on a police officer pay and conditions framework that supports further professionalisation recognises these developments which will have implications for police officers, for their careers, and for pay and reward.

5.23 We are pleased to note that the NPCC intends, with other parties, to review the implications of the Leadership Review for police officers' pay and conditions. This could link directly to reviewing the structural changes introduced by the Winsor Review including constables' starting pay, the incremental structure and increment values, the pay gaps between ranks (linking to effective incentives for promotion), and the operation of the threshold criteria currently under development. Some of these will be dependent on maintaining the effectiveness of performance management arrangements for police officers. We would add to the list of areas for review that coherence is maintained between pay arrangements for chief superintendents and chief police officers. We consider the review is a medium term priority once the College of Policing has finalised its work and the NPCC has assessed the implications.

5.24 (ii) **Review of implementation of the Winsor reforms.** We acknowledge that police officers have experienced significant change through the Winsor reforms and our guiding principles recognise that time should be allowed for these reforms to be fully implemented and to take effect. We note above that consideration of structural issues should link with pay development work flowing from the Leadership Review. On specific Winsor reforms, there is a series of related allowances (Overtime, On-call Allowance, Unsocial Hours Allowance, Away From Home Overnight Allowance and Hardship Allowance) which compensates for specific working arrangements and should therefore be reviewed collectively. This would include reviewing the impact of the changes, establishing regular review of these elements and, if required, any mechanism for uprating. We suggest these allowances are reviewed in the medium term once the parties confirm they have taken effect although we note the staff associations' view that On-call Allowance could be a priority for review. In the meantime, we would welcome any initial

comments on the impact of these reforms in evidence to our next pay round particularly as evidence from the Police Earnings Census begins to capture the changes made post-Winsor.

- 5.25 We received no specific evidence from the parties or views on our visits to guide any conclusions on the buy-out of sergeants' casual overtime. However, we note that the parties alerted us to the interaction between sergeants' and constables' pay, and the lessons to be learned from the experience on inspectors' overtime. We await any further evidence should the parties wish to pursue this issue as part of any wider development work but do not regard it as a priority for now.
- 5.26 We welcome the new arrangements for police officers on limited duties which concluded this outstanding element from the Winsor Review. The arrangements include a pay adjustment to account for the deployability element of the X-factor. We note the intention to review these arrangements by September 2016 and therefore look forward to subsequent evidence to us on the pay implications. More widely and in the longer term, we will consider the construction and value of the X-factor for police officers as part of the overall remuneration package.
- 5.27 Finally under the Winsor reforms, a greater degree of coherence was sought between the terms and conditions of police officers and police staff. In this respect we note the exchange of correspondence between the Minister and the Trade Union Side of the Police Staff Council which makes clear that our remit is confined to police officers. We will respond to any issues raised in evidence specifically for police officers and make recommendations for them accordingly. In the meantime, we would be grateful if the parties could keep us informed of any relevant developments in the Police Staff Council.
- 5.28 (iii) **Examining the scope for greater flexibility within a national pay framework.** As we make clear in Chapter 4, in considering the Home Secretary's request for observations on differentiation at regional and local level, we agreed with the parties' views that a national framework is the best approach for police officers' basic pay. This acknowledges the wider support for retaining a single police service. Co-existing with this, however, is a clear desire from police forces to introduce greater flexibility which would allow them to manage their workforces to better meet demanding and complex operational environments, while maintaining collaboration and mutual aid. In this regard, we continue to welcome contextual evidence on how demand and complexity is changing and its impact on the workforce.
- 5.29 There are many examples across public sector groups of how flexibility can be applied, within a national pay framework, and some of these are already present to some degree in the police officer remuneration package. We identify below four areas from the evidence where elements of the package might benefit from greater flexibility and should be explored further:
- Compensation for cost of living – including London Weighting and whether this extends further to the South East as seen in other public sector models. We emphasise that there is a clear distinction between specific compensation for cost of living and any, more targeted, allowances designed to combat recruitment and retention;
 - Supporting recruitment and retention – possibly developing allowances or one-off payments that recognise the recruitment and retention risks for specific posts including specialists or difficult to fill roles. Further analysis is required to identify the extent of these roles, the risks and any market considerations;
 - Rewarding skills and specific roles – work by the College of Policing on the rank structure and career pathways would provide an important stepping stone to designing any required reward arrangements. In evidence and on our visits, we

heard that within ranks there are heavily-weighted posts that cover differing spans of responsibility and demands, particularly at inspecting and superintending ranks. This should incorporate future consideration of the London inspecting lead;

- Linking pay to performance and contribution – the development and effectiveness of performance management and implementation of the threshold criteria have been priorities and will need to take effect. However, developing demands on policing may point to further work in this area and we stand ready to consider proposals as necessary.

5.30 On the evidence we have received to date, we would attach priority to progressing development of greater flexibility on pay. We recognise, however, that the necessary detailed work by the NPCC, flowing from the Leadership Review, is unlikely to be concluded in time for our next remit. In the meantime, we conclude that there is an urgent need to review the London package for police officers for our next pay round. We noted the general support for an early review in our considerations in Chapter 4 on London Weighting and other allowances, and in making our observations on regional and local differentiation. Such a review should be led by the MPS with the NPCC and involve engagement with the staff associations. It should consider the fitness for purpose of particular elements of the London package distinguishing between the rationale for each element (specifically between cost of living and recruitment and retention). It will also need to take into account the MPS's recruitment and other HR policies, the London labour and housing market, legacy arrangements, how to target priorities and the application of the package at various stages of a police officer career. We also strongly advocate that the review is extended to consider existing South East Allowances, their rationale and whether they require modification. We look forward to further evidence and will also continue to receive updates on how London packages apply in other parts of the public sector.

5.31 (iv) **Periodic review of individual components of the package.** Our final guiding principle was to finding a coherent and cohesive pathway for changes to police pay. The priority areas we have identified above will enable progress in this regard. In addition, however, the individual components of the package will, in our view, require systematic review to ensure they remain valid with an appropriate structure and value.

5.32 We therefore propose the development of a rolling programme to review specified components of the package which allows the Home Secretary to determine appropriate annual remits. We have asked our secretariat to discuss this further with the Home Office and the other parties ahead of the next pay round particularly with a view to establishing the elements to be covered and any priorities, dependencies between elements, appropriate intervals for reviews and the required evidence-base.

Our conclusions

5.33 Taken together, we consider that our guiding principles, and the four main areas for review, provide a sound and coherent basis for our five-year work programme. In summary, we anticipate the following:

- **For the 2016/17 pay round** – any early proposals from the NPCC arising from the Leadership Review, a full review of the London package (including South East Allowances), initial consideration of the impact of Winsor changes, including the implementation of threshold criteria, and development of a rolling programme of reviews for individual components of the package;

- **For the medium term** – a full assessment by the NPCC of the implications of the Leadership Review and the People Strategy for Policing on police officer pay and conditions, to inform our consideration of specific pay proposals. We would expect such proposals to include developments on enabling greater flexibility and assessing the impact of Winsor reforms; and
- **For the longer term** – the development of any areas of the package not covered by the above reviews, including the X-factor.

5.34 We believe that this programme will help inform the Home Secretary in considering our annual remits. We will continue to assess the overall package, its value and its effectiveness in recruiting, retaining and motivating police officers. We will also consider any equality and anti-discrimination issues raised in evidence. We note that the environment for the development of police officer pay and conditions will continue to be challenging for police forces both financially and operationally for the foreseeable future. As we commented earlier in this chapter, this programme for pay developments could result in significant pay proposals which would need to be accompanied by a full assessment of set up, implementation and continuing costs, and clarity on how these are to be funded. We therefore request that in presenting evidence-based proposals to us the parties take account of the financial considerations alongside the wider impact on policing.

Evidence-base, data limitations and information gaps

5.35 Our experience of conducting this first remit, together with the identification of likely remit items over the next few years, has enabled us to reflect critically on the scope and depth of the evidence-base that is required to support our considerations and recommendations. A fundamental requirement for us is the availability of consistent, nationally collated data, on the police workforce, officers' earnings and forces' finances. We believe there is a critical role here for the NPCC, the Home Office and, in relation to London data, the MPS in helping meet this requirement.

5.36 We have set out below the essential areas on which we require robust and up to date information to inform our future work. These are core pieces of evidence likely to be relevant to all our pay remits:

- Recruitment (numbers required/recruited, demographic profile and quality);
- Retention (intent to leave, numbers leaving and exit information);
- Staff surveys (to help inform our assessment of morale and motivation);
- Officer earnings;
- Pay bill modelling;
- Equality impact assessments of any pay proposals; and
- Operational context (including the impact on officer roles of changing demands, increasing complexity, and developing specialisms).

5.37 To inform our future remits, we would also welcome updates on other relevant developments from the College of Policing, the Police Advisory Board and the Police Consultative Forum to complement evidence from those who are formal parties to our process.

5.38 We will also require more specific evidence to inform particular remits which we are likely to be asked to undertake in coming years. Early such requirements will include: assessing the impact to date of the Winsor reforms, including implementation of the threshold pilots; and the use of, and impact of proposed changes to, geographical allowances. As we consider future remits, we will of course invite evidence from the parties as part

of our formal processes. However, we recognise that certain types of evidence take time to develop so believe it is helpful to identify now some priority areas which are likely to form important parts of our remits in the short to medium term. We will also require contextual data on trends in officer business interests, second jobs and levels of debt to help us assess any emerging issues of significance which might bear on judgements on the overall appropriateness of the reward package.

- 5.39 We have asked our secretariat to liaise with relevant parties to help ensure a common understanding of our detailed requirements.

Looking ahead

- 5.40 We are submitting this report to the Home Secretary at a time when the country faces continuing fiscal challenges and with policing budgets likely to remain under pressure when the new Government's spending plans are announced. Our future remits will need to take account of the Government's overall policy on public sector pay as well as the specific priorities on police pay, as defined by the Home Secretary. We are also aware of the potential for wider developments to impact on our work, such as the Silk Commission recommendation on devolution of policing to Wales.
- 5.41 Ahead of our next remit, it will be a priority for us to continue to develop our understanding of policing and the views of, and pressures on, police officers. We plan to visit several forces in the autumn to hear direct from officers, including their reactions to our recommendations in this first report.
- 5.42 We conclude by emphasising our role as an independent pay review body is to operate within an annual remit from the Home Secretary alongside our standing terms of reference. Our process allows us to consider our remit matters and reach conclusions which are based on evidence, drawing on submissions made by the parties, the views of officers heard on our visits and our considerations of the economy, the labour market and wider good practice on pay and reward. We do not generally consider it our role to initiate evidence (although our secretariat from time to time commissions work to keep all the pay review bodies informed about developing wider organisational practices) and we rely on the parties to have sound systems to produce reliable and timely evidence to support their proposals. The NPCC, APCC and MPS are important in this regard as they will provide the "employers' view". We look forward to working with them and the staff associations to provide a pay and conditions package which supports police officer recruitment, retention and morale and therefore enables an effective and efficient police service.

APPENDIX A – CHIEF SECRETARY TO THE TREASURY'S LETTER

OFFICIAL



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Mr David Lebrecht, Chair
National Crime Agency Remuneration Review Body
Office of Manpower Economics
Victoria House, Southampton Row
London WC1B 4AD

29 July 2014

Dear David

PUBLIC SECTOR PAY 2015-16

I would like to thank you for your work on the 2014-15 pay round. I am strongly convinced of the role of the pay review bodies in determining national pay awards in the public sector and appreciate the important part the pay review bodies have played over the last four years. For a number of review bodies this has included providing expert advice and oversight of wider reforms to pay policy and systems of allowances, in addition to the annual award. I am confident the changes brought about by the pay review body recommendations in these areas are making a significant contribution to the improvement and delivery of public services.

2. You will have seen that for the 2014-15 pay round there were some review body recommendations which, after careful consideration, the Government decided were unaffordable at this time. I hope you will appreciate this was a difficult decision and that the Government continues to greatly value the contribution of the pay review bodies in delivering robust, evidence-based pay outcomes for public sector workers.

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3. The Autumn Statement of 2013 highlighted the important role in consolidation that public sector pay restraint has played. The fiscal forecast shows the public finances returning to a more sustainable position. However, the fiscal challenge remains and the Government believes that the case for continued pay restraint across the public sector remains strong. Detailed evidence will be provided during pay review process, but at the highest level, reasons for this include:

a. Recruitment and retention: While recognising some variation between remit groups, the evidence so far is that, given the current labour market position, there are unlikely to be significant recruitment and retention issues for the majority of public sector workforces over the next year.

b. Affordability: Pay restraint remains a crucial part of the consolidation plans that are continuing to help put the UK back on to the path of fiscal sustainability – and continued restraint in relation to public sector pay will help to protect jobs in the public sector and support the quality of public services.

4. In the 2013 Budget the Government announced its policy that public sector pay awards would be an average of up to 1 per cent in 2015-16.

5. The pay review bodies will want to consider the evidence carefully in producing their reports. In particular, what award is justified within the bounds of pay restraint and whether there is a case for a higher award to particular groups of staff, relative to the rest of the workforce, due to particular recruitment and retention difficulties.

6. Pay awards should be applied to the basic salary based on the normal interpretation of basic salary in each workforce. This definition does not include overtime or any regular payments such as London weighting, recruitment or retention premia or other allowances.

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7. Following the Government's announcement in the 2013 Spending Review, substantial reforms to progression pay have been taken forward or are already underway across the public sector. As in the 2014-15 pay round, the Government also asks the pay review bodies to again consider the impact of their remit group's progression structure and its distribution among staff in recommending annual pay awards.

8. I look forward to your recommendations, and reiterate my thanks for the invaluable contribution made by the National Crime Agency Remuneration Review Body during the course of this Parliament.

Best wishes
A handwritten signature in black ink, appearing to read 'Danny Alexander'.

DANNY ALEXANDER

OFFICIAL

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APPENDIX B – HOME SECRETARY’S REMIT LETTER



HOME SECRETARY

2 Marsham Street, London SW1P 4DF
www.homeoffice.gov.uk

David Lebrecht
Chair, Police Remuneration Review Body
Office of Manpower Economics
8th Floor,
Fleetbank House,
2-6 Salisbury Square,
London.
EC4Y 8JX

03 NOV 2014

Dear Mr Lebrecht

Police Remuneration Review Body (PRRB) Remit

I write following the Chief Secretary to the Treasury's letter of 29 July confirming the Government's approach to public sector pay for 2015/16. I look forward to seeing the PRRB's consideration of police officer pay and conditions, for the first time based on your objective, independent and comprehensive assessment of the evidence. I am confident that you will help deliver pay and conditions that are not only fair to police officers, but are fair to the public as well. You are aware that this remit is in addition, and complementary, to your remit in relation to the National Crime Agency. You also expect a remit from the Minister for Justice, Northern Ireland.

In considering your recommendations I would ask you to have regard to:

1. The need to ensure that the proposals reflect the Government's policy on public sector pay, for average awards in 2015/16 of up to 1%;
2. The Government's continued commitment to maximising flexibility for chief constables and Police and Crime Commissioners to manage their workforce in the most efficient way possible at a local level;
3. The role and nature of the office of constable in British policing;
4. The prohibition on police officers being members of a trade union or withdrawing their labour;
5. The need to recruit, retain and motivate (including to seek promotion) suitably able and qualified officers that reflect the communities they serve;
6. The affordability of any recommendations;
7. The levels of pay for operational police leaders, especially in respect of Chief Superintendents and coherence of pay with the chief officer ranks; and
8. The work of the College of Policing in identifying skills requirements at the various levels in policing.

You will be aware that the recommendations of Tom Winsor's *Independent Review of Police Officer and Staff Remuneration and Conditions* have strongly influenced the Government's approach in this area. In shaping your remit for this first year and the five year programme for the body, I set out below a number of issues from the Winsor Review that were specifically deferred for the PRRB to consider.

I refer for your consideration in this **first remit**:

1. What adjustments should be made to pay and allowances for police officers up to and including the rank of Chief Superintendent, having regard to the Government's policy that public sector pay awards in 2015/16 average up to 1%;
2. Whether the additional amount paid to the inspecting ranks in the London forces ("the London lead") should be retained;
3. Observations on the level and scope of existing arrangements for differentiation of police officer pay and allowances at the regional and local level, with a view to making substantive recommendations in subsequent years, with a focus on local labour markets.

The remit of the PRRB will inevitably develop over the coming years. This will reflect the continuing need for the police to have an effective, efficient and flexible workforce to deliver best value for taxpayers' money. Given your strategic role on police pay, I would welcome your initial comments on priorities for a **five year** work programme including those issues deferred by the Winsor review for the PRRB to consider:

1. Review the national on-call allowance;
2. Consider whether to increase the gap between the constable and sergeant pay scales, and between the inspector and chief inspector scales;
3. Consider whether there is a case for the buy-out of sergeants' casual overtime;
4. Consider the impact of changes to the management of officers on limited duties, including reviewing the value of the deployment component of the X-factor;
5. Assess the feasibility of attaining a greater degree of coherence between the terms and conditions of police officers and police staff.

I look forward to receiving your recommendations no later than 19 June 2015.

Yours sincerely



The Rt Hon Theresa May MP

APPENDIX C – RECOMMENDED CHANGES TO POLICE OFFICER PAY SCALES AND ALLOWANCES FROM SEPTEMBER 2015

Salary Scales

The salary scales in effect from 1 September 2014 are set out below along with our recommendations for effect from 1 September 2015.

Rank	Pay point	With effect from 1 September 2014	Recommended for effect from 1 September 2015	Notes
Constable (appointed before 1 April 2013)	On commencing service	£23,727	£23,964	
	On completion of initial training	£26,484	£26,748	
	2	£28,023	£28,302	a
	3	£29,733	£30,030	
	4	£30,669	£30,975	
	5	£31,653	£31,971	
	(point removed on 1 April 2014)	(£32,556)	–	
	(point removed on 1 April 2015)	(£33,360)	(£33,693)	
	6	£34,434	£34,779	
	7	£36,516	£36,882	
	8	£37,254	£37,626	b
Constable (appointed on or after 1 April 2013)	0	£19,383	£19,578	c,d
	1	£22,443	£22,668	e
	2	£23,460	£23,694	f
	3	£24,483	£24,729	
	4	£25,503	£25,758	
	5	£27,543	£27,819	
	6	£31,653	£31,971	
	7	£37,254	£37,626	
Sergeant	1	£38,526	£38,910	g
	2	£39,819	£40,218	
	3	£40,668	£41,076	
	4	£41,865	£42,285	b

Rank	Pay point	With effect from 1 September 2014	Recommended for effect from 1 September 2015	Notes
Inspector	0	£47,730	£48,207	
	1	£49,074	£49,566	
	2	£50,421	£50,925	
	3	£51,771	£52,290	b
Inspector (London)	0	£49,821	£50,319	
	1	£51,171	£51,684	
	2	£52,524	£53,049	
	3	£53,880	£54,420	b
Chief Inspector	1	£52,830	£53,358	h
	2	£53,892	£54,432	
	3	£55,005	£55,554	b
	In post 31 August 1994	£55,905	£56,463	b
Chief Inspector (London)	1	£54,936	£55,485	h
	2	£55,992	£56,553	
	3	£57,105	£57,675	b
	In post 31 August 1994	£57,996	£58,575	b
Superintendent (promoted to rank before 1 April 2014)	1	£63,552	£64,188	
	2	£66,171	£66,834	
	3	£68,793	£69,480	
	4	£71,421	£72,135	
	5	£74,043	£74,784	
Superintendent (promoted to rank on or after 1 April 2014)	1	£63,552	£64,188	
	2	£66,873	£67,542	
	3	£70,365	£71,070	
	4	£75,066	£75,816	
Chief Superintendent	1	£78,768	£79,557	
	2	£81,435	£82,248	
	3	£83,094	£83,925	

Notes:

- a. All officers move to this salary point on completion of two years' service as a constable.
- b. Officers on this point who are in receipt of a Competence Related Threshold Payment will continue to receive the payment in accordance with Regulation 24, Annex F, Part 9A
- c. Entry point for an officer appointed in the rank of constable, however:
 - (i) The chief officer of police may, after consultation with the local policing body, assign any officer to pay point 1 on the basis of local recruitment needs or the possession of a policing qualification or relevant experience other than those specified in sub-paragraph (ii) of this note; and
 - (ii) The chief officer of police shall assign to pay point 1 any officer who:
 1. Possesses a Policing Qualification as defined by the chief officer after consultation with the local policing body;
 2. Was, prior to appointment, serving as a special constable who has been assessed and has achieved 'Safe and Lawful' attainment to National Standards, or the equivalent as specified by the chief officer;
 3. Was, prior to appointment, serving as a police community support officer who has been signed off as competent to perform independent patrol and who has served a minimum of 18 months in the role.
- d. The salary paid to an officer at pay point 0 shall be between £19,578 and £22,668 as determined by the chief officer of police, after consultation with the local policing body, based on local recruitment needs or the possession of a policing qualification or relevant experience other than those specified in sub-paragraph (ii) of note (c) above.
- e. On completion of initial training, an officer who entered at pay point 0 will move to pay point 1.
- f. All officers will move to pay point 2 after 12 months at pay point 1 and progression will continue to be at a rate of one pay point per 12 months of service thereafter.
- g. Entry point for officers promoted from constable.
- h. Entry point for an officer appointed to the rank, unless the chief officer of police assigns the officer to a higher point.

Allowances

The recommended revised values of allowances from 2015 are set out below:

<i>London Weighting</i>	<i>£2,349 (from 1 July 2015)</i>
<i>Dog Handlers' Allowance</i>	<i>£2,196 (from 1 September 2015)</i>

The values of all other allowances and payments remain unchanged.

APPENDIX D – PRRB 2014 VISITS

Our evidence-base for this report included visits to the forces below to better understand working conditions and perceptions of pay and related issues.

FORCE	MEMBER
Greater Manchester Police	Heather Baily Elizabeth Bell
Devon and Cornwall Police	Elizabeth Bell Chris Pilgrim
South Wales Police	Chris Pilgrim Patrick Stayt
Hertfordshire Police	Brian Bell Patrick Stayt
Metropolitan Police Service	Elizabeth Bell David Lebrecht

APPENDIX E – THE PARTIES’ WEBSITE ADDRESSES

The parties’ written evidence should be available through these websites.

The Home Office	https://www.gov.uk/government/publications/home-office-evidence-submission-to-the-police-remuneration-review-body-2015-to-2016
National Police Chiefs’ Council	http://www.npcc.police.uk/documents/ACPO%20submission%20to%20PRRB%202015%20Final.pdf
Metropolitan Police Service	http://www.met.police.uk/foi/pdfs/other_information/corporate/met_submissions_to_prrb_january2015.pdf
Association of Police and Crime Commissioners	http://apccs.police.uk/wp-content/uploads/2013/08/APCC-PRRB-Submission-2015-Final1.pdf
Joint submission from the Police Federation of England and Wales, and the Police Superintendents’ Association of England and Wales	http://www.polfed.org/documents/PFEW_and_PSAEW_submission_2nd.pdf

