**PAY REFORM**

National Reward Team: Employer-led consultation

November 2020

Enterprise Architecture Report

October 2018

1. scope and purpose

|  |
| --- |
|  |

* 1. This paper from the National Reward Team (NRT), led by CC Matt Jukes, updates Chief Constables on the delivery of pay reform. It summarises progress on delivering the first phase, and sets out proposals for delivering the second and final phase by March 2022.
	2. The consultation paper and accompanying questions reflect previous endorsement on the direction of travel from previous CCC meetings, and the joint APCC/NPCC submission to the Home Office for the Comprehensive Spending Review. Decisions on priorities, and on the affordability of proposals, will be reviewed in the light of this consultation and any settlement from government. This NPCC-led consultation is intended to be in addition and separate from the formal consultation process, which the Home Office administers via the Police Consultative Forum (PCF). The NPCC consultation period will inform the proposals made to Chief Constables Council in January 2021, and then underpin the submission to the Police Remuneration and Review Body (PRRB).
	3. These proposals have been discussed with a range of forces, the Association of Police and Crime Commissioners, and the College of Policing. Staff associations have been engaged informally with some, but not all, of the proposals.
	4. The **NRT has continued to actively support the uplift programme team within NPCC** as they have developed and implemented policies which will help to attract, motivate and retain officers. Measures from the first phase of pay reform include targeted variable pay, improving pay for sergeants, and enhanced maternity and adoption pay.
	5. Reforming police pay in a way that meets operational need and shows a clear link between pay progression and performance, underpins the success of this programme of work and it is therefore **an essential foundation in order to meet both the immediate and long-term challenges that policing faces**. The benefits, costs and risks of the design options and ways in which this can be done effectively can be assessed. However, in the NRT’s view and reinforced by its dialogue with the Home Office, the message **continues to be that** **reform is non-negotiable**, and that, in particular, **the proposals should deliver a break between automatic pay progression and time served**.
	6. This reform, once implemented, represents a commitment to reform on the part of the policing service, recognising that a more proactive approach is necessary to shape pay and reward to actively ensure officer competence in role. To support this, it is essential that forces are able to demonstrate that they have a meaningful PDR process embedded, that officers have sufficient time to fulfil their duties as line managers, and that the College of Policing has established effective assessment procedures after probation and clear guidance on effective supervision for forces.

**PRRB report: July 2020**

* 1. The Sixth PRRB report[[1]](#footnote-1) was issued towards the end of July 2020 and recommended:
* The annual pay lift for all officers at all ranks should be set at 2.5%
* A consolidated increase of 2.5% to all police officer pay points at all ranks.
* The removal of the lowest point of the sergeants’ pay scale.
* Dog Handlers’ Allowance should increase by 2.5%.
* London Weighting should increase by 2.5%.
* The maximum rate of London Allowance should increase[[2]](#footnote-2) by up to £1,000 to £5,338 a year[[3]](#footnote-3).
	1. The PRRB made a number of other observations which are being followed through. These have been discussed at the Police Consultative Forum and will be reflected in the submission in January 2021.

**Scope of the paper**

* 1. An overview of the pay reform programme, showing what has been delivered in the first phase, and what will be delivered in the second phase by March 2022, is set out below.
	2. The paper is divided into five further sections, with survey questions accompanying each section:
1. linking progression to performance through the Pay Progression Standard (paras 2.1 – 2.15)
2. a proposed approach to using the benchmarking and P Factor work to address pay recommendations to the PRRB (paras 3.1 – 3.8)
3. an assessment and prioritisation of a range of other pay and related conditions (paras 4.1 – 4.16)
4. an assessment of the financial planning forces have made for the next three financial years (para 5.1)
5. next steps and conclusions (6.1 – 6.7)
6. LINKING PROGRESSION TO PERFORMANCE

|  |
| --- |
|  |

2.1. NPCC has developed the Pay Progression Standard (PPS) to link pay progression to performance[[4]](#footnote-4). This standard removes the current subjectivity within the existing requirement under police regulations[[5]](#footnote-5) for incremental pay progression to be dependent on a grade of ‘achieved performance’ (as defined by the Chief Constable), by replacing it with a PPS that is objective.

2.2 **The PPS complements the Professional Development Review (PDR) process**, which is a wider professional developmental tool, not bound by the same annual cycle, which enables line managers to review performance, recognise good work, note in-year changes to objectives, and assist career development or address performance. This is reinforced by the latest CoP guidance that sets out principles and expectations for forces to follow in terms of effective supervision and PDRs. This will allow forces to either define their own PDR process or use their existing one. The PDR will increase service productivity through regular, fair and focused discussions around performance.

2.3 **The PPS sits alongside the PDR process as an annual assessment, which will be applied consistently across the service, ensuring that there is a positive and conscious decision made before progression.** It applies only to those on the incremental pay scale.

2.4 There are three elements to the PPS:

1. No officer will progress up their relevant rank pay scale unless a Professional Development Review (PDR or appraisal) has been completed in accordance with the existing force process. This shouldconfirm that an acceptable level of performance has been achieved, because no formal capability process is in place.
2. Statutory and mandatory training has been completed.
3. Where an officer manages others, that they have completed PDRs and made PPS decisions on behalf of those they manage.

2.5 The PPS will initiate further medium-term cultural change in attitudes regarding pay progression and bring about a greater focus to performance conversations and the need for continuous professional development. The PPS will build on an increasingly mature picture of ongoing performance scrutiny and assessment across policing, distinct from this pay reform, including:

• Rigorous tests of competences via PEQF and the FOC

 • National examinations and/or structured force-level assessments at rank

• Probationary periods at rank

• PDR processes maturing across forces

2.6 Further details on each element of the PPS are set out below.

i) **Achieving an acceptable level of performance**

The PPS recognises that an officer has achieved an acceptable standard by virtue of the fact that no decision has been taken be taken to commence formal capability proceedings (UPP).

An acceptable performance grading would therefore encompass all performance levels above the formal capability proceedings (from ‘poor’ to ‘outstanding’). This broad range allows forces to manage officers’ performance through an open and honest appraisal process which identifies areas for improvement and development and, by using the formal capability process as the test, would maintain consistency and objectivity. The PPS will be a proactive process, where pay progression takes place only when there is confirmation that the PPS has been met.

The PPS does not prescribe the exact nature of the PDR; but formally recognises that one has been completed, **in accordance with the agreed Force process.** The College of Policing are content with the alignment (and the distinction) between the PPS and PDRs, recognising that PDR processes across forces are not designed (and not yet sufficiently mature) to support more sophisticated decisions about pay.

**Q. Are you content to implement a positive decision on progression through the PPS?**

The NRT has also considered whether to include Unsatisfactory Attendance Proceedings(UAP)in any assessment of performance prior to achieving the PPS. The inclusion of UAP has some attractions, and would provide a more holistic assessment of what was an acceptable level of performance. The staff associations are, however, not supportive of its inclusion in the PPS because of the potential risk of discrimination on the grounds of disability.

**Q Should ‘formal capability proceedings’ also include attendance (UAP), as well as UPP? If so, are you confident that this could work in your force in a way that avoids unlawful discrimination?**

ii) **Completion of statutory and/or mandatory training**

Achievement of the PPS also verifies that officers have been suitably trained for the roles they undertake. It recognises the importance of prioritisation of training, or the service may struggle to accommodate training demands (which could result in officers being unfairly penalised), while also recognising that the primary responsibility for arranging and completing training remains with the officer.

Initial discussions with a range of forces have identified Officer Safety Training and First Aid as core central training, which should be successfully completed to achieve the PPS. Forces also wished to be able to reflect local priorities (such as prioritised in a Police and Crime Plan, Force Management Statement, or HMICFRS recommendation), and NRT’s proposal is therefore that forces should be able to include a further 2 local priorities which should be successfully completed for achievement of the PPS.

**Q. Are you content with the core central training identified to achieve the PPS?**

**Q. Are there other training areas which should be included in the core central training to achieve the PPS?**

**Q Do you intend to include any local priority training areas in your assessment of the PPS? If so, what areas are under consideration?**

In addition to defining mandated training, it will be necessary to build in exemptions where officers have been unable to undertake training through no fault of their own, for example, sickness, or where operational requirements have prevented training taking place, and this has been endorsed by the relevant supervisor.

iii) **For line managers, completion of the PPS and PDRs for those they manage**

As with the training at (ii) above, it is clearly appropriate that this should take place.Again, certain exemptions will need to be agreed, for example where a supervisor can show that protracted operational commitments/absence (appropriately endorsed) has prevented them from completing PDRs and the PPS. In such cases, it will also be important to ensure that officers who have not had their PDR or PPS completed are not unfairly penalised. The challenge for the service will be to ensure that any exemptions are tightly and appropriately managed and do not become the norm.

**Q. Are you content that this should form an element of the PPS for supervisors?**

**Q. What checks and balances should be included to ensure fairness and consistency of application?**

**Approving and withholding Payments**

2.7 Application of the PPS would take place at the anniversary of pay progression (either date of joining or of promotion), and confirmation that it has been met will relate to that date. It is proposed that, where an officer does not, at that point, achieve the PPS, pay progression should be frozen until the particular issue has been addressed.

2.8 For example, in the case of UPP (and potentially UAP), once an officer is removed from a capability process pay would be reinstated at the appropriate point on the scale the point they would have moved to at the time the PPS was applied). In these circumstances, pay would not, however, be backdated. Similarly, in the case of completion of training, pay would be reinstated, but not backdated, once all statutory and/or mandatory training had been completed.

2.9 Should an officer challenge the decision and their appeal be upheld, pay would be reinstated and backdated to the anniversary of pay progression. (In the case of UPP, and potentially UAP, the existing capability procedures’ appeal processes should be used.) Forces would need to put an appeals process in place to allow officers to challenge non-progression decisions relating to other elements of the PPS and it is recognised that any removal of pay could see an upturn in grievances. The NRT will provide guidance to forces, and will consult with staff associations to ensure that such processes are transparent and fair.

**Q. Are you content that, with the provision of suitable guidance, you would be able to implement a robust and fair process for the PPS?**

**Q. Are there additional checks and balances which will be necessary to ensure that pay progression is not withheld unfairly? If so, what are they?**

**Disciplinary action and the PPS**

2.10 Consideration has been given to including the question of including ongoing disciplinary action in the achievement of the PPS. On balance, NRT considers that this would not be appropriate. Although disciplinary action features in achievement of a similar PPS in the NHS, the regulatory framework surrounding police complaints is different, and the nature of policing has the potential to attract a high number of complaints (which can be vexatious in nature, and take considerable time to complete). Current procedures can be triggered by relatively minor public complaints and most lead to exoneration of officers or low levels of interventions, such as words of advice. Financial penalties (fines) were also removed from Police Regulations in 2008 and police conduct procedures are being reformed principally to improve performance rather than act, save in the most serious cases, punitively.

2.11 More substantively, there are current concerns around equality in the disciplinary process. Research has identified disproportionality for Black, Asian, & Minority Ethnic (BAME) police officers in complaints and misconduct investigations. The 2019 report[[6]](#footnote-6) documents further research in order to improve understanding of the reasons for this disproportionality across the wider service. The results concur with many of the findings of the previous academic research with the added evidence base to show that the issue is reflected across the service and not limited to those metropolitan forces which formed part of the initial work undertaken. NRT do not therefore feel that it would be appropriate to include discipline as a factor in the achievement of the PPS.

**Q. Are you content that discipline should not be a factor in considering achievement of the PPS?**

**Implementation**

2.12 It is proposed that forces implement the PPS by March 2022, which is when this Pay Reform Programme will be completed.

2.13 NRT recognises, and CCC has previously endorsed, that **implementation of the Pay Progression Standard represents a step-change for policing in terms of performance management**. Practical process and system amendments (eg ERP or Learning and Management Systems) may be required to minimise the central burden of: evidencing that PDRs have been completed; ensuring that there is adequate training provision to allow officers to complete mandatory training; ensuring an accurate record of training undertaken is maintained; and following up officers proactively to ensure that they fulfil their responsibilities as line managers.

2.14 NRT also recognises that the introduction of the PPS places increased responsibility on line managers to ensure timely completion of PDRs and the PPS decision. Forces will wish to ensure that there is sufficient time given to allow for this.

2.15 NRT will prepare, working with forces and staff associations, practical advice and guidance to ensure that there is consistent and fair implementation.

**Q. Taken overall, does the Pay Progression Standard make sense in the context of pay reform, breaking the link between progression and time served?**

**Q. How confident are you that you could meet the implementation date of March 2022?**

**Q. What challenges do you see to implementation?**

**Q. Would you welcome assistance and advice from the NRT in helping to assure effective implementation? Are there particular areas on which NRT should focus?**

**Q. Please indicate if your force would welcome supplementary briefing on the PPS.**

 **YES/NO**

1. Using benchmarking and the P Factor to inform pay recommendations

|  |
| --- |
|  |

3.1 As part of its annual cycle of work the NRT now analyses benchmarking remuneration data each year on each rank. It is currently refreshing the data for federated and superintending ranks, as well as completing a review of Chief Officers’ remuneration, in conjunction with APCC and staff associations. This data helps to highlight particular challenges for each rank in terms of recruitment, motivation and retention. Where pay points may not be competitive with relevant comparator roles or appropriately aligned across ranks this data will provide an evidence basis for future recommendations.

3.2 The NRT’s current main source of data is Korn Ferry’s PayNet database, which is a widely recognised and well-established methodology, to gauge relative competitiveness of police officer salaries with the UK market. Base salary pay points are used for market comparison purposes (less the notional value of the P Factor). By regularly monitoring police salaries against the market, the findings can then be used, along with other relevant indices and data, to inform future pay submissions to PRRB.

3.3 We know from previous benchmarking exercises that results at each rank vary; with pay generally becoming less competitive with external markets as rank increases. **Radical proposals in these areas are not affordable for forces within current operational and budgetary constraints and would require central funding** to deliver a pay structure which is demonstrably fairer and linked to a market ‘rate for the job’ which is both sustainable and motivating. The results of the Spending Review will impact the scale and pace of change.

3.4 Without central funding, it would be possible to take a more incremental approach, focusing on ranks where the benchmarking and P Factor work, combined with other retention and market data, had highlighted gaps. This would allow for a more focused intervention at a particular pay point, within the context of an affordable funding envelope, as well as applying a percentage pay award to all ranks. Year on year, it will permit a more sophisticated approach to ensuring that police officer pay is sufficient to motivate and retain officers at all ranks, and ensure that we are paying ‘the right rate for the job’.

3.5 NRT has previously identified a number of areas where ongoing focus (utilising the benchmarking data at 3.1 above) will be necessary to ensure that the service is well-placed to attract, motivate and retain officers.

3.6 NRT will continue to work with the Uplift Programme to ensure that the starting pay for constables is appropriate to continue to attract sufficient numbers and diversity of applicants. There is currently discretion at force level about the level of starting pay, to reflect local market conditions, and forces are well on target to meet recruitment targets for the Uplift Programme.

3.7 It will also be important to ensure that constables’ pay remains appropriate when they are deemed fully competent, to ensure the service is better placed to complete the Uplift programme, and counteract rising attrition levels in years 4-6 of service. The Uplift Programme is now capturing more robust retention data across forces, which will inform proposals. This area was highlighted by the PRRB as an area which NPCC should address in future submissions.

3.8 The benchmarking work has also highlighted a number of ranks where pay points may not be competitive with relevant comparator roles or appropriately aligned across ranks.

**Q. Are you content that the NRT brings forward detailed proposals in January, which reflect the benchmarking work, current market and retention data, and the outcome of the Spending Review?**

**Q. Is there any further information which you would like to provide to inform the NRT as it develops recommendations for January 2021?**

1. assessment and prioritisation of a range of other pay and related conditions

|  |
| --- |
|  |

4.1 NRT is currently aware of a number of issues which forces, staff associations, or the PRRB have raised and which are at various stages of consideration and implementation. These issues are:

* the geographical allowance relating to the south-east
* review of wider parental leave
* buy back of annual leave
* the voluntary exit scheme
* extending honorariums to the federated ranks

4.2 This section of the consultation asks for your force’s view on the prioritisation of these items, recognising that, taken with pay reform and supporting uplift, there will be limited bandwidth to pursue all these items. It also asks whether there are additional areas of which you are aware which you would wish NRT to consider.

**Geographical allowance**

4.3 The Police Remuneration Review Board have continued to request a review of the South East and London Allowances. In their report[[7]](#footnote-7), they stated that Staff Associations had expressed concern that the inconsistent levels of payment might encourage an unhelpful interchange of officers between forces. However, the PRRB noted that they had seen no evidence, and suggested that this could be resolved efficiently and effectively though discussion and co-operation among chief constables, especially given their current ability to flex the level of South East Allowance. To take this forward, forces have established a South East Forces Recruitment and Retention Forum to improve cross-force dialogue about attraction and retention.

4.4 The NPCC’s preference is to allow the new Forum to progress this issue with the affected forces, and seek a view on the extent to which a wider review is supported. It will report progress to the Police Consultative Forum.

**Q . SE FORCES & MPS only:**

**Are you content to allow the new Reference Group to consider the suitability of the current SE & London allowances as part of its remit and to advise NRT** **of progress to inform the January Paper to CCC and the next submission to the PRRB?**

**Review of wider parental leave**

4.5 Enhanced changes to Maternity and Adoption Leave are due to become effective by January 2021. Following on from this, other types of parental leave are being reviewed. More detailed data-gathering is taking place about other parental leave types.

**Q. Is the review of other types of parental leave a H/M/L priority for your force?**

**Buyback of Annual Leave**

4.6 The buyback of annual leave was originally proposed as an emergency COVID measure but, due to the regulatory change required, it was not progressed urgently. It is, however, a reasonably commonplace measure across employers as part of a planned cycle of organisational planning. It could provide a more flexible approach to leave, enhancing the flexibility of the employment package for officers. If progressed there would be safeguards developed to ensure officers still had sufficient time off work to meet their welfare needs. There would be a cap on the maximum amount of leave that could be ‘bought back’. Monitoring would take place to provide assurance that officers were using a sufficient proportion of their full annual leave entitlement.

4.7 The NPCC is seeking a view from forces on where the progression of this initiative sits as a level of priority.

**Q Is the development of a buyback of annual leave scheme a H/M/L priority for your force?**

**A refined Police Officer Voluntary Exit scheme**

4.8 Chief Constables already have a Police Officer Voluntary Exit (POVE) scheme available to them, but it is viewed as inflexible and carries some risk of the unintended exit of officers with vital skills. Currently officers cannot, on an individual basis, negotiate mutually agreed release terms with sufficient compensation to make voluntary resignation a viable option, which would mean that was a further exit option for officers who may be disaffected and/or disengaged.

4.9 A new scheme has been developed, designed to support ongoing modernisation and drive workforce efficiencies. The scheme definition being, where an Officer, in agreement with the Chief Constable, chooses to leave in return for a severance payment.

4.10 An officer opting for this scheme would receive an individually agreed compensation payment, including a commensurate cap. The payment may be restricted to a lesser amount if the value of annual savings achieved through progressing the application are of a lesser amount than the payment made. It would also recognise time served’ (subject to legal advice regarding age discrimination).

4.11 This is not an alternative to ill health retirement, UAP, or UPP or a compulsory or voluntary redundancy scheme. Each application would also need to be supported by a local business case, demonstrating that the use of the POVE would both be in the financial interests of the organisation and of the service to the public.

4.12 The NPCC is seeking a view from forces on where the implementation of this initiative sits as a level of priority.

**Q Is the implementation of a Police Officer Voluntary Exit scheme a H/M/L priority for your force?**

**Q. To what extent would your force consider using the Police Officer Voluntary Exit scheme?**

**Extending the use of honorariums to federated ranks**

4.13 Chief Officers and more recently Superintending ranks are able to request an honorarium, to deal with the issues of Annual Allowance pensions tax where a temporary promotion may trigger a tax payment, which may then subsequently not be reflected in pension payable. This work would consider whether, and under what conditions, it would be desirable to extend this policy to federated ranks? They would then be able to choose to receive an increase in pay arising from a temporary promotion as an honorarium, rather than it be treated as pensionable pay.

4.14 The NPCC believe it will assist forces, in being able to move their officers to more senior supervisory roles at a time when there is maximum requirement for mobility across the workforce, as officers will not have to undertake a detailed review of their pension circumstances prior to responding to the request to take on a more senior role.

4.15 This request relates to temporary promotions only and therefore has minimal impact on pension funding. The specific costs of temporary promotions would need to be met within force budgets.

4.16 The NPCC is seeking a view from forces on the priority they would attach to developing this initiative.

**Q Is the development of an honorarium for federated ranks a H/M/L priority for your force?**

**Q Please provide further information about the numbers affected, and likely use you would make of such an initiative.**

**Other initiatives**

**Q Are there other pay and related conditions initiatives which your force would like to see progressed?**

1. assessment OF FORCE BUDGETING ASSUMPTIONS

|  |
| --- |
|  |

### 5.1 This short section asks about your current force budget assumptions for 2021/22, 2022/23 and 2023/24.

**Q. What figure have you allowed for growth over this period to take account of inflation?**

**Q. Are you anticipating having to make further savings over this period? If so, how much?**

1. NEXT STEPS AND CONCLUSIONS

|  |
| --- |
|  |

6.1 This section sets out the timetable and governance for the next few months. Developments on the Spending Review may impact this timetable; should there be significant developments, NPCC will provide an update to the consultation.

6.2 This period of employer-led consultation with forces and staff associations is planned to take place until **2 December 2020**. The NRT plans to use this period proactively, building on the good progress and constructive debate that has taken place during the informal engagement.

6.3 This phase will be supplemented by proactive engagement with forces and staff associations. There are a number of existing forums for this:

* + Regular informal engagement with staff associations
	+ Steering Group (regional representatives from forces)
	+ Design Reference Group (representative HR / Reward Directors / Managers / leads)
	+ CIPD Forum (all HR Directors)
	+ NRT ‘interested parties’ (list of 300+, including HR / Reward / Payroll Managers)
	+ Officer focus groups

6.4 The NRT is more than willing to engage with forces outside these groups so that they can discuss the proposals (and indeed we have done so during the informal engagement).

6.5 Engagement with the College of Policing will take place between October and December via existing arrangements.

6.6 The NRT will collate and summarise all comments; there will be a record maintained of all comments and the team’s response. These comments will inform the final design and the recommendations and decisions which are made to Chief Constables in January 2021. This will then form the basis of the submission to the PRRB.

6.7 An update on the work will be provided to the December meeting of the PCF.

## Concluding questions

### **These questions build on those asked in last year’s employer-led consultation, and help demonstrate consistency and progress to PRRB and the Home Office.**

### **[DO WE NEED A FOUR/FIVE POINT SCALE SUCH AS Yes/To a great extent/To a lesser extent/No – will need a term for a middle box if five]**

### **Is the overall approach proposed in this Pay Reform Consultation Paper appropriate to achieve the following aims:**

#### **Q. Correctly position the service between ambition and pace of change, to give confidence on delivery**

**YES / NO**

#### **Q. Underpin the effective delivery of the Uplift Programme through attracting, motivating and retaining officers**

**YES / NO**

#### **Q. Improve performance management of officers, leading to increased productivity of the police service**

**YES / NO**

**Q. Please add any further comments you wish to make on the pay reform proposals not covered by the questions above.**

1. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\_data/file/902426/CCS0520653454-001\_PRRB\_2020\_00\_Book\_Web.pdf [↑](#footnote-ref-1)
2. At the Commissioner’s discretion (as with chief constables’ flexibility regarding the south-east allowance). [↑](#footnote-ref-2)
3. for officers appointed on or after 1 September 1994 and not receiving Replacement Allowance [↑](#footnote-ref-3)
4. The NHS Pay Progression Standard (as part of *Agenda for Change*) was cited as a public sector exemplar and this has formed the basis of the policing Pay Progression Standard (PPS) [↑](#footnote-ref-4)
5. Regulation 24 of the Police Regulations 2003 (Annex F – Pay): Circular 006/2015 [↑](#footnote-ref-5)
6. Understanding Disproportionality in Police Complaint & Misconduct Cases for BAME Police Officers & Staff 2019 - DCC Phil Cain – NPCC Race, Religion & Belief – Internal Confidence Lead. [↑](#footnote-ref-6)
7. <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902426/CCS0520653454-001_PRRB_2020_00_Book_Web.pdf> [↑](#footnote-ref-7)