Submission to the Police Remuneration Review Body

on behalf of

The Police Federation of England and Wales
(PFEW)

and

The Police Superintendents’ Association of England and Wales
(PSAEW).

11th January 2016
To: The Chair of the Police Remuneration Review Body: Mr David Lebrecht.

Dear Mr Lebrecht,

We are pleased to enclose the second submission to the Police Remuneration Review Body. This is a joint submission provided on behalf of the Police Federation of England and Wales (PFEW), and the Police Superintendents’ Association of England and Wales (PSAEW).

In making a recommendation for this year’s pay uplift, we have taken into account the Chief Secretary to the Treasury’s position. However, we believe that, as an independent body, the PRRB will want to take into account the following: compelling data that demonstrate that the economic context has changed considerably, and that there is a real danger officers will be left behind other workers; data demonstrating low morale; and data showing expansion of the roles officers fulfil. We believe that the pay officers earn should be fair, and that it should be sufficient to attract and retain officers capable of doing the best possible job for the public served. For these reasons we ask for an uplift of 2.8% for all: in line with private sector uplifts.

We were asked in this year’s submission to consider targeting of pay. We have reviewed both previous attempts at targeting, and those suggested for the future. In the absence of a defensible evidenced system for revisions to the pay system overall, we recommend that targeting is not undertaken this year.
It is disappointing that some issues from last year reappear in this year’s remit letter, without any further evidence being provided during the year for us to review. Any adjustments to London and South East Allowances, other than an uplift in line with basic pay, would need to be demonstrated to be necessary. Bank holiday rates of pay, and Motor Vehicle Allowances need to be set nationally to facilitate mutual aid and ensure consistent service delivery. In the case of bank holiday working, in certain situations mechanisms exist to charge costs to others, and these should be exercised, in place of penalising officers. With regard to Away from Home Overnight Allowance, we recommend that the decisions made by the Police Arbitration Tribunal some time back be properly enacted through clearly drafted Determinations. We are deeply concerned lest this allowance be seen to be problematic in large part because of the lack of resourcing (as yet) of the Police Consultative Forum.

We look forward to engaging in the Pay Review Body process, and will be pleased to provide further explanation of the case we have made, during our oral evidence submission.

Andy Fittes, General Secretary of PFEW

Tim Jackson, National Secretary of PSAEW
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1 Executive summary

1.1 The remit letter

1.1.1 This is the second submission to the PRRB. The Home Secretary’s remit letter was received on 10th November 2015 and is included at Annex A. The letter states there is a need to have regard to:

- The need to ensure that the proposals reflect the Government’s policy on public sector pay as outlined in the Chief Secretary to the Treasury’s letter – in particular, that there will be funding for pay awards up to an average of 1% a year, with the expectation that these will be applied in a targeted manner;

- 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;

- The 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, promote, retain and motivate suitably able and qualified officers that reflect the communities they serve;

- The affordability of any recommendations, particularly in light of the forthcoming Comprehensive Spending Review; and

- The work of the College of Policing and Chief Constables in taking forward recommendations from the Review of Police Leadership.
1.1.2 The Home Secretary asked for submissions to the PRRB to include recommendations on the following:

1. How to apply the pay award for 2016-17, in accordance with the Chief Secretary to the Treasury’s letter, including the consideration of parties’ evidence on the targeting of particular groups;
2. Whether any adjustments should be made to London and South East allowances in light of further evidence put forward by employers;
3. To be included as part of your rolling review of payments and allowances:
   a. Overtime rates for bank holiday working;
   b. Motor vehicle allowance rates; and
   c. The Away from Home Allowance.

1.1.3 The staff associations have considered all these issues, as requested. Our submission is structured into the following sections:

1. The case for the pay award, and taking into account both internal and external contexts, including the Treasury direction.
2. How to apply the increase, including consideration of targeting.
3. Whether there should be adjustments to London and SE Allowances.
4. The Allowances included as part of the rolling programme for consideration, these being:
   a. Overtime rates for Bank Holiday working
   b. Motor Vehicle Allowance rates
   c. The Away from Home Overnight Allowance

5. An additional taxation issue: the Annual Allowance and the consequences.
1.2 The pay award

1.2.1 The staff associations have taken a number of factors into account in arriving at our recommendation regarding the pay award. These are:

i. The economic context, including government policy, external pay awards, and recent changes to remuneration.

ii. The ability of the service to recruit and retain sufficient numbers of qualified officers.

iii. Morale in the service.

iv. Changes to the roles of officers.

1.2.2 The government policy is to average public sector pay increases at 1%. The Office for National Statistics (ONS) shows that pay in the three months to September 2015 increased by 2.8% in the private sector, and by 1.2% in the public sector as a whole. The Office for Budget Responsibility (OBR) states that the economic growth in 2015 was estimated as 2.4%, and analysis shows that pay settlements in the whole economy and the private sector over the past two years have clustered around a median of 2%.

1.2.3 The police service overall has suffered a decrease in the real terms value of pay settlements of about 13.6% (taking into account inflation) since 2010. If the pay cap of 1% were to be continued for another four years, the resultant real terms fall in the value of settlements would be around 21%. Furthermore, when the impact of changes made since Winsor’s Review of Police Remuneration and Conditions are also taken into account, (for example, removal of certain payments made to those in designated roles), the federated ranks have had a real terms reduction of 12%, and Superintendents of around 15%. 
1.2.4 Recruiting and retention issues are currently difficult to gauge. In most forces a recruitment freeze has been used to reduce numbers and costs. It is therefore difficult to ascertain whether there are recruiting problems currently. Data are not currently gathered to determine whether the calibre of recruits is adequate, nor are detailed data available to show how long officers stay, and why they leave. We made Freedom of Information requests to six forces, to try to find out the numbers of vacancies and the number of applicants for each; and reasons for leaving. Only two forces (Devon and Cornwall, and Wiltshire) provided data. The others have acknowledged the requests, but have not otherwise replied within the statutory timeframe. This includes the Metropolitan Police Service, and Greater Manchester Police: the two largest forces in England and Wales. (Email correspondence, between PFEW and force FOI teams, 20th November 2015 to present).

1.2.5 What is clear is that the low recruiting of recent years has led to a workforce profile that stores problems for the future. Only around 15,000 officers have under five years’ service. By contrast, over 35,000 have 10-15 years’ service. There is therefore likely to be a significant skills’ and experience gap in the future, as a large proportion of the workforce retires at once. There will be a need to recruit substantial numbers of officers over the coming years to make up this shortfall. However, the reduction of starting salary to £19,000 is likely to act as a disincentive. Further, the wish to recruit officers with, or able to achieve, degrees will mean the service is competing with other organisations for degree calibre applicants. This may exacerbate recruiting difficulties if the pay is not comparable.

1.2.6 The Institute for Fiscal Studies are already forecasting that by the end of the CSR period public sector pay will fall significantly behind the private sector, and the public sector is likely to see significant recruiting difficulties.

1.2.7 In the 2015 PFEW Workforce Survey, 70% of respondents said their personal morale was low. 16% of respondents said they intend to leave in the next two years.
1.2.8 Officers’ roles have changed and become more arduous. There are a number of factors that have influenced this, including increased workloads and responsibilities due to budget cuts and restructures; changes in crime, some of which requires more sophisticated skillsets to investigate; increased recruiting requirements; and expanding roles due to the reduction in partner agency capacities (e.g. reduction in NHS and social services).

1.2.9 As a result of all these factors, we recommend that the uplift for the service be 2.8%. We believe this is a reasonable recommendation, being in line with private sector increases, as evidenced by the Office for National Statistics. In our first submission, we stated that we believe that over time, the service needs to start to make up some of the losses to officers’ real terms pay. The current economic forecasts for the UK suggest that the time is right to begin this process. We believe that if police service pay is constrained to 1%, there is a real danger that the calibre of officers that are recruited and retained will not be as required to meet the public need.

1.3 How this should be applied, including targeting

1.3.1 Last year, the staff associations stated that pay and conditions should support the advancement of a service that is representative of the public it serves, with a pay system that attracts and retains officers of differing genders, ethnicity, and age groups; they should be designed to ensure officers believe there to be organisational justice, such as fair pay, appropriately distributed; and they should be designed based on evidence of need, and what works in attracting, retaining, and motivating officers of the right calibre, and an objective evaluation.

1.3.2 The staff association want a pay system that reflects responsibilities and workload carried, while facilitating the need for officers to be deployed across a spectrum of activities.
1.3.3  We have reviewed both previous and suggested attempts at targeting pay. Past systems include Competency Related Threshold Payments and Special Priority Payments, removed following the Winsor Review. Both these were beset with problems in terms of the gender gap in payments, both in terms of eligibility, and application (females being less likely to be put forward for payments). A recent attempt to introduce competency based payments (the College of Policing Defining and Assessing Competence project) has had to abandon Advanced testing payments, largely because the Metropolitan Police Service wrote to the College stating that they would be unable to train supervisors adequately to ensure consistency. This has demonstrated the need for any targeting of pay to be grounded in a robust system.

1.3.4  Both the College of Policing Leadership Review and the National Police Chiefs’ Council projects are aimed at changing the rank and grading structures. Both contain far reaching ideas that are still in development. These are not yet at a stage where the pay system could be revised in order to support and embed them. Likewise, the MPS has commissioned work by Deloitte to consider attraction, development, reward, and exit and re-entry. Were this work to be enacted new legislation would first be required. And while some of the recommendations are intended to give Chiefs flexibility to recruit and pay officers, we are concerned that they will have a negative effect on the force’s ability to respond, and are not in the public interest.

1.3.5  The staff associations believe that none of these proposals are yet mature enough for pay to be targeted based on them. That said, we are cognisant of the likely changes ahead, and the need to be able to incentivise appropriate change in the future. We believe there is no evidence that internal comparisons have been done in a systematic enough way to state that any officer is worth more or less this year, in comparison to peers, than others. We therefore recommend that pay is not targeted in this Financial Year: rather an uplift of 2.8% should be applied to all.
1.4 Adjustments to London and SE Allowances

1.4.1 Last year staff associations stated that, until a formal job evaluation is conducted, comparing roles in London and the South East to others in England and Wales, we do not believe there is evidence that the London and SE Allowances should be changed, other than uplifts in line with other remuneration.

1.4.2 The staff associations have not been made aware of any new data on this issue.

1.4.3 We are interested to see whether any other respondents to the PRRB remit letter make a case for change: however, unless convincing evidence is provided to the contrary, we recommend that the London and SE allowances be uplifted by the same percentage as base pay.

1.5 Overtime rates for Bank Holiday Working

1.5.1 There is a lack of clarity over what is being examined: compensation for duty on a Bank Holiday is not strictly overtime. Public holidays are treated differently to overtime because they are considered to cause even greater disruption.

1.5.2 Except in exceptional circumstances, forces have the ability to manage the need to require officers to work on a public holiday, and therefore to control expenditure.

1.5.3 We are concerned that this is at least in part due to policing large events on Bank Holidays – e.g. the Notting Hill carnival. Forces and PCCs can, and should, recover costs for policing commercial and non-commercial events, especially those that are under-stewarded. It is not appropriate for officers to be penalised where this is not achieved. We believe it would be demoralising for officers, and could have a negative effect on the policing of events, if the compensation arrangements for policing particular events were changed because of concerns about cost, when other solutions are possible.

1.5.4 We recommend there should be no changes to the compensation arrangements for a requirement to work on a public holiday for Constables and Sergeants. The arrangements provide fair compensation that reflects the significantly greater amount of disruption caused to an officer who has a public holiday cancelled or interrupted.
1.6 **Motor Vehicle Allowance rates**

1.6.1 The rates currently detailed in Police Regulation 34, Annex U were agreed by the Police Negotiating Board in 2010. They did not actually take effect until April 2012 because the Home Secretary broke the long standing practice by not approving the rates agreed by the Police Negotiating Board. In his part one report Tom Winsor restored the link between MVAs for police officers and local government workers.

1.6.2 The local government rates have not been reviewed since 2010; we understand that there is no intention by local government employers to review the rates until an alternative method of recompense is agreed with local government trade unions.

1.6.3 We consider it unfair that the rates for MVAs for police officers will be set in accordance with an alternative method of recompense for another group of workers on which police officers’ representatives will have no input.

1.6.4 In addition, there are no nationally agreed rates for motorcycle and bicycle users.

1.6.5 We consider that a nationally determined scheme for a MVA for police officers should be retained. In addition, we consider that the two categories of user – essential and casual and the method for reimbursing each category should be retained. We are aware that some forces have inappropriately re-designated all essential users as casual users. We do not consider it appropriate that officers who are required to have a vehicle at their disposal at all times should be classed as ‘casual’. Officers who are classed as casual users cannot be lawfully required to use their own vehicle in the performance of their duties. Alternatively, forces would need to consider making available pool or lease cars or officers would have to use public transport.
1.7 The Away from Home Overnight Allowance

1.7.1 The Away from Home Overnight Allowance is a relatively new allowance, suggested by Winsor. It provides some form of compensation for being unable to return home, for the difficulties that may arise in relation to childcare arrangements or care of dependents, and any additional costs which may be incurred, or services paid for but not utilised. It enables a balance to be struck between forces having resources available at short notice, to be moved around the country as necessary; and the price paid for the disruption and inconvenience caused to officers’ private lives. In recent times the growing use of collaboration arrangements has increased the demands placed on officers. Many officers who work in units such as Counter Terrorism Units, Witness Protection, as detectives and football spotters now work in regional units and are required to travel vast distances, often with no notice and often for undefined periods of time.

1.7.2 There have been difficulties with the implementation of the allowance. Following the Home Secretary’s decision to ratify the 2011 PAT award, draft regulations and determinations were circulated for comment by 12 March 2012. The final determinations were published on 16 April, taking effect from 1 April 2012, under HOC 10/2012. However, when the determination on the Away from Home Overnight Allowance was published it contained new elements that had not been part of the original PAT award reflecting ACPO’s desire to limit the scope of the allowance. These changes have caused difficulties and inconsistencies across the country with regards to the circumstances in which the allowance is paid.

1.7.3 A revised determination was published under HOC 4/2015, following acknowledgment by ACPO that the determination was causing problems at local level (reference Francis’ letter to Policing Minister). However, the revisions have only exacerbated the problems.

1.7.4 Since the determination was first published PFEW has consistently articulated its concerns with the drafting of the determination, through the PNB, directly to the Home Office and Home Secretary and now through the Police Consultative Forum. We have attempted to discuss the inconsistencies that have arisen with a view to looking at how these can be resolved. We have also requested on a number of occasions that the NPCC guidance be forthcoming. However, we have been disappointed with the lack of progress made at the PCF.
1.7.5 We do appreciate there has been a transition of responsibilities from the Home Office to the NPCC on a number of issues and that there may be some difficulties in terms of resourcing. However, we are concerned that the PCF is not yet operating to its fullest potential and we hope that in the future the Forum can be used more effectively, to resolve issues such as this.

1.7.6 We firmly believe that the Away from Home Overnight Allowance is an essential part of the remuneration package and that provides necessary compensation for those occasions required to stay away from home overnight, according to the needs of their, or another force. The PAT asserted that the allowance, as they saw it, would be broadly cost neutral given the removal of the Hertfordshire agreement.

1.7.7 However, the allowance has not been implemented well. It does not properly reflect the intention of the PAT and this has resulted in wide variations in payment.

1.7.8 We believe it would be short-sighted to remove the Away from Home Overnight Allowance now.

1.7.9 We recommend the allowance should remain. However, the determination needs revising to properly reflect the original PAT decision.
1.8 The Annual Allowance, and consequences

1.8.1 Although pensions do not come under the remit of the PPRB, its Terms of Reference state that it should be “mindful of developments in police officer pensions to ensure that there is a consistent, strategic and holistic approach to police pay and conditions.” To this end we would like to draw the Review Body’s attention to a pensions’ taxation issue, the Annual Allowance, which impacts disproportionately on members of the Police Pension Scheme (PPS) 1987. This, in turn, is having a negative impact on promotion to senior ranks.

1.8.2 On 6 April 2006 various changes were brought in to simplify the pensions’ taxation regime. One of these was the Annual Allowance (AA), the maximum amount of pension savings an individual can accrue each year that receives taxation relief. The effect of the AA charge is to remove taxation relief on any pension savings over the available AA. The AA was originally set at £215,000 in 2006 and had increased to £255,000 by 2010-11. However instead of remaining at £255,000 in 2011-12 it was reduced to £50,000. Since 6 April 2014 the AA has been set at £40,000.

1.8.3 The AA disproportionately impacts upon police officers in the Police Pension Scheme 1987 because of its double accrual feature, which provides that in the last 10 years in the scheme the pension accrues at a rate of 2/60th instead of 1/60th. This means that PPS 1987 officers in the last 10 years of service accrue pension at a faster rate and are more likely to breach the AA. This particularly impacts on the Superintending (and Chief Officer) ranks but, due to the dramatic reduction in the AA, it can also affect officers in the Sergeant and Inspecting ranks.

1.8.4 In order to avoid breaching the AA we are aware that officers are now choosing not to put themselves forward for promotion, including temporary promotion.

1.8.5 The results from the PSAEW Workforce Survey 2015 show that of Superintendents who did not apply for promotion, 26% said it was because of the impact on their pensions of the Annual allowance (AA) taxation charge (and also the Lifetime Allowance taxation charge, against which pension benefits are measured at retirement).

1.8.6 We are concerned that not only is this situation prohibiting officers’ career progression, it is also negatively impacting upon the operational ability of forces to promote the most competent person for the role.
A practical solution to this problem would be to allow members of the three police pension schemes, to be able to treat as non-pensionable (in whole or in part), any pay increase that would cause them to breach the AA. The default position would be that the increase would remain as pensionable pay. Precedents for this already exist.
2 Structure of submission

2.1 Key questions

2.1.1 In this submission, we aim to address the key questions that have been posed in the remit letter to the Police Remuneration Review Body.

2.1.2 The main body of submission is structured into the following sections:

1. The case for the pay award, taking into account both internal and external contexts.
2. How to apply the increase, including consideration of targeting.
3. Whether there should be adjustments to London and SE Allowances.
4. The Allowances included as part of the rolling programme for consideration, these being:
   a. Overtime rates for Bank Holiday working
   b. Motor Vehicle Allowance rates
   c. The Away from Home Allowance
5. Additional issues: Annual Allowance and taxation issues
3  The case for the pay award.

3.1  Key factors

3.1.1  In order to make the case for the pay award to officers we have analysed information on a number of factors, both internal and external.

3.1.2  The key factors we believe are of most relevance are:

i.  The economic context.

ii.  The ability of the service to recruit and retain sufficient numbers of qualified officers.

iii.  Morale in the service, officers’ views on organisational fairness, and stated intentions to leave.

iv.  Changes to the roles of officers – both current, and anticipated.
i. The economic context, including recent changes to remuneration

**Government policy**

3.1.3 Although the Government’s recent Comprehensive Spending Review 2015-2020 has sought to protect police budgets after 2016, police funding is still set to reduce by 4.9% in real terms (after accounting for inflation) for the current financial year 2015-16.¹ Police cuts since 2010 have also coincided with the Government’s public sector pay restraint – first a two year freeze and then an annual 1% pay cap that we understand the Treasury wishes to impose until 2019-20.² By the end of this Parliament police officers will have endured eight years of pay restraint.

3.1.4 However, there is evidence that the real value of officers’ pay has been seriously reduced by this restraint. Below, we set out both the real value of police pay settlements and the continuing cumulative effects of pay restraint, pay reform and inflation on officers’ average pay.

3.1.5 Since 2013 Quarter 1, the UK economy has continued to grow in every quarter resulting in annual growth of 2.9% in 2014.³ Total growth for 2015 is estimated by the Office for Budget Responsibility (OBR) to end the year on 2.4%, and be around this figure each year until 2020.⁴

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⁴ Office for Budget Responsibility, Economic and fiscal outlook, November 2015 (Cm 9153), p12 and p86. See also table 3.4 on p84 reporting other forecasters. Available from OBR website, [http://cdn.budgetresponsibility.independent.gov.uk/EFO_November_2015.pdf](http://cdn.budgetresponsibility.independent.gov.uk/EFO_November_2015.pdf)
**Public and private pay settlements**

3.1.6 The prolonged period of public sector pay restraint is coinciding with stronger pay growth in the private sector resulting in a widening pay gap. The most recent average weekly earnings as reported by ONS shows regular pay in the 3-months to September 2015 increasing by 2.8% in the private sector but only 1.2% in the public sector. In November 2015 the OBR noted that the AWE figures have gathered pace since March, particularly in the private sector. Consistent with a tightening in the labour market they forecast average earnings to rise steadily to 3.9% by the end of the CSR period. Given the continuing public sector pay restraint this will continue to be driven by the private sector.

3.1.7 The gap with the public sector will only widen more with serious implications for public sector recruitment and retention. The Institute for Fiscal Studies says that the public-private pay gap will soon be back to levels last seen in the late 1990s and 2000s, when there were related recruitment and retention problems in parts of the public sector.

3.1.8 Graph 3.1 shows that pay settlements in the whole economy and the private sector over the past two years have clustered around a median of 2%.

3.1.9 Due to the fall in RPI inflation over the past year the median settlement in the whole economy and private sector is now well above the level of inflation. By contrast public sector settlements are only just keeping pace with inflation.

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6 See OBR, *Economic and fiscal outlook*, November 2015 (Cm 9153), p12


3.1.10 However, many local government negotiated settlements have exceeded 1.5% this year.
In negotiations with the Local Government Association (LGA) at the Police Staff Council (PSC) this year police staff obtained a 2.2% settlement over 18-months (annualised at 1.5%).

**Graph 3.1: Whole economy and private sector median pay settlements and RPI inflation, July 2013 to September 2015 (XpertHR)**

- Blue line: Whole economy
- Purple dotted line: Whole economy upper quartile
- Red line: Private sector
Impact on police pay: pay settlements

3.1.11 In Graph 3.2 we have updated last year’s analysis of the value of police officer pay settlements since 2010. Over the period to 2015 cumulative pay settlements for the police have totalled 5.55%, whereas cumulative RPI inflation has been 19.1%. The value of police pay settlements since 2010 continues to be eroded, resulting in a real terms fall in the value of police pay settlements of 13.6%.

Graph 3.2: Police officer pay settlements compared to RPI and CPI inflation, 2010-15
3.1.12 Given the Government has set out its public sector pay policy for the next four years we have calculated the likely impact on the annual value of such police pay settlements going forward. For this calculation we have used Office for Budget Responsibility (OBR) RPI inflation projections for September each year until 2019. Most economists expect that as economic growth continues and the labour market continues to tighten the Bank of England will raise interest rates in the next year. The OBR forecasts RPI inflation of approximately 2% in September 2016 rising to 3.2% by September 2019. Therefore, a 1% police settlement in each of the next four years would result in a further fall of 7.4% in the value of police settlements. This would equate to an overall fall in the value of police settlements of approximately 21% since 2010.

**Impact on police pay: average earnings**

3.1.13 The analysis of officers’ average earnings in our submission to the pay review body last year only covered the period up until March 2013 since no PNB Earnings Census data was available for 2013-14. Therefore our analysis was likely to understate the impact on police pay since it covered only some of the changes to pay arising from the Winsor Review.

3.1.14 We now have earnings data for 2013-14 which the Home Office has shared with the Sides. As last year we have used average nominal pay data from the Earnings Censuses for 2010 to 2014 as the basis for calculating the fall in average real pay for each Federated and Superintending rank officer. Once again 2009-10 was selected as the base year. Again RPI inflation rates for each financial year have been calculated from the 12 month rate published every month by the Office for National Statistics (ONS). Over the four years following 2009-2010, RPI inflation has been 5.0% for the FY 2010-11, 4.8% for the FY 2011-12, 3.1% for the FY 2012-13 and 2.9% for the FY 2013-14.

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9 OBR, *Economic and fiscal outlook*, November 2015 (Cm 9153), table 4.1, p92.

10 FY average calculated from monthly figures in table 37, Office for National Statistics (ONS), *Consumer Price Inflation Reference Tables*, October 2015 (see previous reference).
3.1.15 As in 2012-13 the new data for 2013-14 again shows average total pay (nominal)\(^1\) actually falling for most officers, reflecting the continuing impact of Winsor’s changes to various pay elements: Constables’ nominal total pay fell -0.45%, Sergeants -1.0%, Inspectors -0.29%, Superintendents -3.02% and Chief Superintendents -4.56%.\(^2\)

3.1.16 Whilst recent pay changes have impacted on officers’ pay over the whole period 2010-14, RPI inflation has also reduced the real terms value of all officers’ pay. We have used Census figures for nominal average pay (basic and total) in each financial year from 2009-10 to 2013-14 for full-time officers in each rank, and then calculated the nominal percentage increase from one year to the next and set this against RPI inflation for each year, and cumulatively across the period. Over this period the recent changes in pay and inflation have together reduced the real terms value of full-time Constables’ average basic pay by approximately 9% (from £31,601 in 2009-10 to £28,861 in 2013-14), and total pay by about 11% (from £38,125 to £33,831).

3.1.17 The real pay of Sergeants and Inspectors fell by a similar amount – about 11% (basic) and 14% (total). Chief Inspectors’ pay fell by about 12% (basic) and 14% (total), whilst Superintendents’ basic pay fell by 13% and total pay by 15%. Chief Superintendents’ basic pay fell by 12% and total pay by 16%.\(^3\)

\(^1\) Total pay includes location payments, London Weighting, all overtime, public holidays, CRTP, SPP, replacement allowance, unsocial hours, overnight allowance, hardship allowance, on-call allowance, other additional allowances and in the past superintending ranks’ bonus payments. Since the 2010 base data excluded ‘other additional allowances’ (dog handler payments, secondment payments etc.), the total pay figure for 2011-14, which included such payments was adjusted accordingly.

\(^2\) ‘Other Allowances’ are normally quite small amounts, however in 2013/14 the ‘other allowances’ reported for the Chief Superintendent rank seems especially high at £623 per officer in rank – about £500 more than recorded in previous years. However, its exclusion makes little difference to the percentage fall in average total pay (nominal) for this rank (-3.84% compared to -4.56%).

\(^3\) Note inclusion of other allowances for Chief Superintendents makes little difference to the percentage fall in total pay (-15% compared to -16%). However, it should be noted that the available data does not capture the effect of the increase to the Chief Superintendents’ basic pay scale from 1 April 2014.
Graph 3.3: Average basic pay in real terms for federated ranks (at 2009-10 prices)

Graph 3.4: Average total pay in real terms for federated ranks (at 2009-10 prices)
**Graph 3.5: Average basic pay in real terms for superintending ranks (at 2009-10 prices)**

**Graph 3.6: Average total pay in real terms for superintending ranks (at 2009-10 prices)**
Recent changes to remuneration

3.1.18 It should also be noted that recent changes to pensions have greatly impacted officers’ take home pay, and longer-term remuneration. The introduction of the Career Average Revalued Earnings (CARE) scheme in April 2015 saw many officers moving from the NPPS 2006 to CARE 2015 paying a contribution rate that is higher in the CARE scheme by between 8+% and 13+. Meanwhile those in the PPS 1987 pension scheme would have better pensions than they will receive in CARE. These changes have therefore impacted on the take home pay immediately for many, and in the longer term will impact on the pension achieved, and the length of time for which it is paid, for all.

3.1.19 In addition, the introduction of a Single Tier State pension, from April 2016, will mean that police officers will no longer be able to contract out of some National Insurance contributions. This means members of all the police schemes will be paying National Insurance Contributions at a rate which is 1.4% higher than they currently are, on earnings between the Lower Earnings Limit and the Upper Accrual Point (these are £155 and £770 per week for 2015/16).

3.1.20 There is a danger that, because of these changes, any pay rise within the Treasury’s guidelines would mean that officers would still face a reduction in the actual amount of take home pay.

Summary

3.1.21 Although the policing budget is to be protected from 2016, police funding is still set to fall in the current financial year to March 2016. Since 2013 the UK economy has grown in every quarter, with annual growth of 2.9% in 2014 and projected growth of 2.4% in 2015. Pay settlements in the whole economy, and private sector, in the last two years have clustered around a median of 2%. Many settlements in local government, including police staff, have been above the government’s public sector pay cap.

3.1.22 Over the period since 2010 to now, there has been a real terms fall in the value of police pay settlements across all ranks on the pay scales (compared to RPI) of about 13.6%. Continuing the pay cap for another four years will result in an overall fall in the real terms value of police settlements of about 21% since 2010 (-13.6% plus a further -7.4% in 2016 to 2019).
3.1.23 In terms of average total pay (which takes into account Winsor reforms, as well as inflation) over the period 2010-14 the federated ranks (covering all ranks from Constable to Chief Inspector) as a whole have had a real terms reduction of 12%, and Superintendents a reduction of about 15%.

3.1.24 Although the Home Office has obtained pay data for 2013-14 there still remains the issue of more timely pay data collection in the future. It would have been useful for the Sides to have had access to more recent pay data for 2014-15.
ii. **The ability of the service to recruit and retain sufficient numbers of qualified officers.**

3.1.25 We are conscious that all Pay Review Bodies assess the ability to recruit and retain sufficient and suitably qualified officers, as being an indicator of whether pay is sufficient for the job in question. We have attempted to assess data to determine whether that is the case within the police service. Unfortunately, the current national data collection is not especially enlightening or useful for understanding workforce issues (as noted in our previous submission). For example, data regarding the calibre of applicants are not collected.

**Recruiting**

3.1.26 With regard to recruitment, one of the measures that forces have taken in the last few years to reduce numbers is to have a moratorium on recruiting. This means it is difficult to ascertain the extent of any recruiting problem, as the numbers taken in have been low.

3.1.27 Data are not currently gathered to determine whether the calibre of recruits is adequate, nor are detailed data available to show how long officers stay, and why they leave. We made Freedom of Information requests to six forces, to try to find out the numbers of vacancies and the number of applicants for each; and reasons for leaving. Only two forces (Devon and Cornwall, and Wiltshire) provided data. The others have acknowledged the requests, but have not otherwise replied within the statutory timeframe. This includes the Metropolitan Police Service, and Greater Manchester Police: the two largest forces in England and Wales. (Email correspondence, between PFEW and force FOI teams, 20th November 2015 to present).

3.1.28 It is worth pointing out, however:

- with an aging workforce, there will be a significant gap in a few years and at that point any recruiting difficulties will be more apparent;

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• the impact of the reduction in starting salary to £19,000 is likely to start to become more apparent, and it is likely to be a disincentive;

• The wish to recruit officers with, or able to achieve, degrees will mean the police are competing with other organisations for degree calibre applicants in a way they have not previously been doing: this may cause recruiting difficulties if the pay is not comparable.

Retention

3.1.29 In light of the upcoming PRRB submission, the HO has supplied additional information over and above that normally available, including outflow broken down by type, for the years 2009/10, 2012/13 and 2014/15. Table 1 displays the data provided and highlights that the number of officers actually leaving the service ranged between 5,894 and 6,278, with an average of 6,136. Table 3.2 shows the turnover rates for the police service for these years, whilst Table 3.3 displays the turnover rates for the police service of England and Wales (4.9%) alongside comparator groups for the year ending in 2015.

3.1.30 The overall turnover rate could be considered to be relatively low by comparison to professions such as nursing, which in 2015 was recorded by the Health and Social Care Information Service as being 8.6% (with a range of 7.3% -17.5% depending on region/health body) for Qualified nursing, midwifery & health visiting staff in 2015. However, this masks the fact that in most professions lateral movement to the same jobs, or similar ones, is possible. For example, turnover in nursing is often quoted as high, but includes movement between hospitals. This is not the case for police officers: there are very few other comparable jobs, and usually if an officer leaves a force he/ she leaves the profession as a whole. For that reason the overall cost of each leaver can be considered higher, as the skills set is completely lost to the public.

3.1.31 Graph 3.8 illustrates officers’ length of service between 2012 and 2015. Low levels of recruitment in recent years have meant that there are substantially fewer officers with under five years’ service than there were four years ago. However there has also been a decline in the number of officers with between 15 – 25 years’ service; whilst the number of officers with over 25 years’ service has remained relatively stable. This could suggest that there has been an increase in the number of leavers amongst mid-career officers but, in the absence of more detailed data on the demographic characteristics of leavers, we cannot draw clear conclusions about who is leaving and at what point in their policing careers.

3.1.32 There is a substantial bulge in the number of officers with 10-15 years’ service. Clearly this has arisen because of a “boom and bust” recruiting scenario. It seems that between 10 and 15 years ago recruiting was around double the rate it is today.

3.1.33 All other things remaining the same, in 15-20 years’ time there will be a large increase in the numbers leaving the police service as this group reach retirement age. This could leave a significant “black hole” in policing, with a sharp loss of skills and experience. It is unclear how the Home Office might mitigate this loss and/or plan to prevent the same sort of issue repeating in years to come. This needs to be addressed, and only by recruiting now will the future capability be protected.

**Force Level Recruitment and Retention**

3.1.34 At a force level, regardless of whether an officer has left the police service entirely or just moved forces, it still leaves a position open. This means that unlike national turnover, the broader Home Office terms of ‘Leavers’ and ‘Joiners’ are more appropriate to use in order to calculate turnover at a force level.

3.1.35 Table 3.5 displays the number of officers joining and exiting the service over the last six years using the broad Home Office terms of ‘Leavers’ and ‘Joiners,’ on both a national level as well as six individual indicator forces. The “Net Change” column in illustrates the net loss or gain in officer numbers in each force and is calculated by subtracting the number of ‘Leavers’ from the number of ‘Joiners.’ However, as the only figures that are published are the broad terms of ‘Leavers’ and ‘Joiners’, there is not ability to dig down into the data further. This means that the utility of these data remains relatively limited and provides only a partial picture of recruitment and retention within the police service.
3.1.36 As previously mentioned, the Home Office supplied additional information on ‘Leavers’ in response to the upcoming PRRB. These additional data sets, amongst other things, included information on types of outflow. When looking at representative values, no individual force were more than 1% over represented in the broad ‘Leavers’ data category for 2014/15, nor were any forces number of ‘Leavers’ more than 11% of their total workforce for that year.

3.1.37 However, Table 3.6 and Graph 3.9 illustrate that the number of voluntary resignations and the number of medical retirements (for officers with less than 30 years’ service) have both increased since 2009/10.

3.1.38 At present it is necessary to rely on Freedom of Information (FOI) requests to individual forces to obtain more meaningful data. The PFEW submitted FOI requests on 20th November 2015 to a sample of six forces to gain information on applications, appointments and retention. The deadline for forces to supply information is 20 days after request (10th of December). While all the forces acknowledged receipt of the requests, only two forces (Devon and Cornwall, and Wiltshire) supplied data. In both these forces, recruiting had been low or non-existent for a number of years, so it is unsurprising that applications exceeded the numbers of recruits needed. However, these are small forces, and nothing was supplied regarding the calibre of applicants. Neither the Metropolitan Police Service, nor Greater Manchester Police, two of the three biggest forces in England, answered the FOI request, other than to acknowledge receipt. This is disappointing, as the size of these forces, and their likely requirements to recruit even during austerity, might have meant more reliable data sets would have been available, had the data actually been collected and supplied. Given these forces’ inability to supply such data in response to statutory deadlines for FOIs, the question must be raised – on what basis are these forces making decisions regarding whether current remuneration is adequate?
Graph 3.7: Leavers, Joiners and the number of Full Time Equivalent (FTE) Officers across 2010-2015. 

Please note that both ‘Leavers’ and ‘Joiners’ data refers to officers who have left or joined between the April and March, whilst the number of FTE Officers reflects a head count taken on the 31st of March each year.

Graph 3.8: National Number of Officers by Length of Service across 2012-2015.\textsuperscript{18,19}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{graph3.8}
\caption{National Officer No. by Length of Service: 2012-2015}
\end{figure}

\textsuperscript{18} Reflects a head count taken on the 31\textsuperscript{st} of March each year.

Graph 3.9: Number of Officers Leaving Service due to Voluntary Resignations (post probationary period) and Medical Retirement (after less than 30 years’ service).\textsuperscript{20,21}

\textsuperscript{20} Denotes officers who have left between April and March.
\textsuperscript{21} H. Mackinlay (personal communication via J. Donnelly, 12 November 2015)
Table 3.1: Outflow type by year for 2009-10, 2012/13 and 2014/15

<table>
<thead>
<tr>
<th>Year and Data Type</th>
<th>Actual Leavers</th>
<th>Transfers</th>
<th>Total Leavers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Death on Active Duty</td>
<td>Death - Other</td>
<td>Dismissal (including requirement to resign)</td>
</tr>
<tr>
<td>2009/10</td>
<td>No. of officers</td>
<td>8</td>
<td>81</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>5894</td>
<td>930</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>86%</td>
<td>14%</td>
</tr>
<tr>
<td>2012/13</td>
<td>No. of officers</td>
<td>11</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>6278</td>
<td>516</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>92%</td>
<td>8%</td>
</tr>
<tr>
<td>2014/15</td>
<td>No. of officers</td>
<td>5</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>6237</td>
<td>751</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>89%</td>
<td>11%</td>
</tr>
</tbody>
</table>

22 Denotes officers who have left between April and March of stated years
23 Calculated from data contained in H. Mackinlay (email, personal communication via J. Donnelly, 12 November 2015)
24 There may appear to be small discrepancies between the totals and the sums of the constituent items as the figures are presented to the nearest whole number but are actually provided unrounded.
25 Please note, this figure does not match the figure from the annual HO publication.
Table 3.2: Turnover rate by year for 2009-10, 2012/13 and 2014/15 26, 27, 28, 29

<table>
<thead>
<tr>
<th>Year</th>
<th>2009/10</th>
<th>2012/13</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL No. of officers</td>
<td>146912.17</td>
<td>129584</td>
<td>126818</td>
</tr>
<tr>
<td>Total Leavers</td>
<td>5894</td>
<td>6278</td>
<td>6237</td>
</tr>
<tr>
<td>Turnover rate</td>
<td>4.01%</td>
<td>4.84%</td>
<td>4.92%</td>
</tr>
</tbody>
</table>

Table 3.3: Turnover rate by year 2014/15 30

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Total number of workers</th>
<th>Total number of leavers</th>
<th>Turnover rate for 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified nursing, midwifery &amp; health visiting staff 31</td>
<td>358,755</td>
<td>30,655</td>
<td>8.6%</td>
</tr>
<tr>
<td>Army 32</td>
<td>91 070</td>
<td>12 210</td>
<td>4.61%</td>
</tr>
<tr>
<td>Royal Navy/Royal Marines 39</td>
<td>33 330</td>
<td>3 520</td>
<td>5.22%</td>
</tr>
<tr>
<td>Royal Airforce 39</td>
<td>35 230</td>
<td>3 180</td>
<td>4.74%</td>
</tr>
<tr>
<td>Police service 34</td>
<td>126818</td>
<td>6237</td>
<td>4.92%</td>
</tr>
</tbody>
</table>

26 Denotes officers who have left between April and March of stated years
27 Calculated from data obtained in H. Mackinlay (personal communication via J. Donnelly, 12 November 2015)
28 There may appear to be small discrepancies between the totals and the sums of the constituent items as the figures are presented to the nearest whole number but are actually provided unrounded.
30 Please note – for police service and military figures, number of leavers is calculated on an April – March basis; whilst nursing figures are based on a March-March figure.
### Table 3.4: Number of Officers by Length of Service between 2012-2015

<table>
<thead>
<tr>
<th>Length of Service</th>
<th>YEAR</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2013</td>
<td>2014</td>
<td>2015</td>
</tr>
<tr>
<td>&lt;5 years</td>
<td>21809</td>
<td>17921</td>
<td>15239</td>
<td>15908</td>
</tr>
<tr>
<td>5 to 10YRS</td>
<td>37234</td>
<td>33347</td>
<td>30500</td>
<td>28023</td>
</tr>
<tr>
<td>10 to 15YR</td>
<td>24231</td>
<td>28140</td>
<td>32850</td>
<td>35626</td>
</tr>
<tr>
<td>15 to 20YR</td>
<td>18810</td>
<td>18964</td>
<td>18760</td>
<td>17716</td>
</tr>
<tr>
<td>20 to 25YR</td>
<td>18757</td>
<td>17996</td>
<td>16841</td>
<td>15684</td>
</tr>
<tr>
<td>&gt;25YR</td>
<td>15498</td>
<td>15744</td>
<td>16324</td>
<td>16430</td>
</tr>
</tbody>
</table>


34 As counted on the 31st of March of the stated year


36 There may appear to be small discrepancies between the totals and the sums of the constituent items as the figures are presented to the nearest whole number but are actually provided unrounded.
Table 3.5: Indicator Forces and National Number of Joiners and Leavers per Force for 2011-2015

<table>
<thead>
<tr>
<th>FORCE</th>
<th>2010/11</th>
<th></th>
<th></th>
<th>2011/12</th>
<th></th>
<th></th>
<th>2012/13</th>
<th></th>
<th></th>
<th>2013/14</th>
<th></th>
<th>2014/15</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Devon and Cornwall</td>
<td>46</td>
<td>148</td>
<td>-102</td>
<td>0</td>
<td>195</td>
<td>-195</td>
<td>1</td>
<td>131</td>
<td>-130</td>
<td>177</td>
<td>105</td>
<td>+72</td>
<td>125</td>
</tr>
<tr>
<td>Greater Manchester</td>
<td>17</td>
<td>362</td>
<td>-345</td>
<td>3</td>
<td>289</td>
<td>-286</td>
<td>52</td>
<td>337</td>
<td>-285</td>
<td>98</td>
<td>294</td>
<td>-196</td>
<td>57</td>
</tr>
<tr>
<td>Metropolitan Police</td>
<td>432</td>
<td>1352</td>
<td>-920</td>
<td>1498</td>
<td>1618</td>
<td>-120</td>
<td>187</td>
<td>1863</td>
<td>-1676</td>
<td>2343</td>
<td>1772</td>
<td>+571</td>
<td>2682</td>
</tr>
<tr>
<td>Norfolk</td>
<td>10</td>
<td>70</td>
<td>-60</td>
<td>36</td>
<td>83</td>
<td>-47</td>
<td>81</td>
<td>78</td>
<td>+3</td>
<td>119</td>
<td>76</td>
<td>+43</td>
<td>89</td>
</tr>
<tr>
<td>Northumbria</td>
<td>54</td>
<td>126</td>
<td>-72</td>
<td>1</td>
<td>177</td>
<td>-176</td>
<td>20</td>
<td>180</td>
<td>-160</td>
<td>99</td>
<td>204</td>
<td>-105</td>
<td>78</td>
</tr>
<tr>
<td>South Wales</td>
<td>47</td>
<td>124</td>
<td>-77</td>
<td>4</td>
<td>193</td>
<td>-189</td>
<td>70</td>
<td>119</td>
<td>-49</td>
<td>124</td>
<td>122</td>
<td>+2</td>
<td>131</td>
</tr>
<tr>
<td>TOTAL UK</td>
<td>2197</td>
<td>6664</td>
<td>-4467</td>
<td>2394</td>
<td>6965</td>
<td>-4570</td>
<td>2358</td>
<td>6848</td>
<td>-4490</td>
<td>5589</td>
<td>6904</td>
<td>-1315</td>
<td>6432</td>
</tr>
</tbody>
</table>

37 Denotes leavers and joiners who have left or joined between April and March of stated years
39 There may appear to be small discrepancies between the totals and the sums of the constituent items as the figures are presented to the nearest whole number but are actually provided unrounded.
Table 3.6: Number of Officers Leaving the Service Over the Last Year by Type of Outflow

<table>
<thead>
<tr>
<th>Type of Exit</th>
<th>2009/10</th>
<th>2012/13</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Death on Active Duty</td>
<td>8</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>Death - Other</td>
<td>81</td>
<td>56</td>
<td>42</td>
</tr>
<tr>
<td>Dismissal (including requirement to resign)</td>
<td>157</td>
<td>173</td>
<td>228</td>
</tr>
<tr>
<td>Medical retirements - after less than 30 years’ service</td>
<td>270</td>
<td>579</td>
<td>598</td>
</tr>
<tr>
<td>Medical retirements - after 30 years’ service or more</td>
<td>21</td>
<td>11</td>
<td>52</td>
</tr>
<tr>
<td>Normal Retirement</td>
<td>3895</td>
<td>4230</td>
<td>3662</td>
</tr>
<tr>
<td>Voluntary resignations - other</td>
<td>1033</td>
<td>1133</td>
<td>1482</td>
</tr>
<tr>
<td>Voluntary resignations - probationer officers</td>
<td>429</td>
<td>86</td>
<td>168</td>
</tr>
<tr>
<td>Transfers - to non-Home Office force in England, Wales or abroad</td>
<td>39</td>
<td>43</td>
<td>38</td>
</tr>
<tr>
<td>Transfers - to another English or Welsh force</td>
<td>891</td>
<td>473</td>
<td>713</td>
</tr>
</tbody>
</table>

40 Denotes leavers who have left between April and March of stated years
41 H. Mackinlay (personal communication via J. Donnelly, 12 November 2015)
42 There may appear to be small discrepancies between the totals and the sums of the constituent items as the figures are presented to the nearest whole number but are actually provided unrounded.
iii. Morale in the service, officers’ views on organisational fairness, and stated intentions to leave.

3.1.39 Whilst objective turnover rates are important, these can be affected by things other than pay per se. We believe it is important to consider such figures alongside “soft” measures of organisational morale, and perceptions of the pay system. We believe that the numbers stating an intention to leave should also be considered.

3.1.40 We conducted two surveys: one of PFEW members, and one of PSAEW and the Superintendents’ Association of Northern Ireland (SANI) members. There were many common items, but there were also some different questions reflecting the differing roles. Full reports are available.

PFEW survey

Morale and Intention to Leave

3.1.41 The figures we reported last year, in our first pay survey for the PRRB, indicated poor morale in the police service, compared to other organisations. The situation has worsened.

3.1.42 In the 2015 PFEW Workforce Survey, 70% of respondents said that their personal morale was low (categorised as either low or very low). This is a larger proportion of respondents compared to the 2014 survey, where 59% of officers said that their morale was low. In the 2015 survey, 95% of respondents said that morale within their force is low and 97% said that morale within the service as a whole is low; compared to 90% and 94% respectively in 2014.

Graph 3.10: Proportion of Officers Reporting Low Morale
Furthermore, another distinction between the 2014 and 2015 results was seen in the proportion of respondents who said that their morale was “very low”, as opposed to “low”. In 2014, 36% of respondents said their morale was low and 23% said their morale was very low. In 2015 39% of respondents reported low morale, whilst 31% said that their morale was very low. Therefore, not only did a larger proportion of respondents report low morale this year than last year, there was also a particularly substantial increase in the proportion of respondents who said that their personal morale was currently very low.

**Graph 3.11: Proportion of Officers Reporting Low Morale (with Low/Very Low and High/Very High Responses Separate)**

**Intention to leave**

16% of respondents in the 2015 PFEW Workforce Survey said that they intended to leave the police service within the next two years. Of these, 9% were currently seeking alternative employment and intended to leave as soon as possible. This is slightly higher than in 2014, when 8% said that they were planning to leave as soon as possible, and a further 6% said that they intend to leave within two years.

In last year’s survey, 51% of respondents said that they intended to stay in the police service until pension age, with a further 12% planning to stay for at least two years. The proportion of respondents intending to stay in the police service remained relatively similar in 2015, 49% of respondents planned to stay until pension age and 13% intended to remain for at least two years. 22% of respondents did not currently know whether or not they intended to stay in the police.
Graph 3.12: Proportion of Respondents Intending to Stay in or Leave the Police

- **I intend to stay until pension age**: 51% (2014), 49% (2015)
- **I will stay for at least the next two years**: 12% (2014), 13% (2015)
- **I am planning to leave within the next two years**: 6% (2014), 7% (2015)
- **I am seeking alternative employment at the minute**: 8% (2014), 9% (2015)
- **I don’t know**: 23% (2014), 22% (2015)
**PSAEW Survey**

3.1.46 Morale amongst the superintending ranks appears higher than amongst the federated ranks. 22% of respondents said that their personal morale was low, whilst 45% of respondents reported high personal morale. A large majority of respondents to the PSAEW survey also said that they had a strong attachment to the police and were willing to go the extra mile. 84% agreed that they had a strong personal attachment to the police and 93% agreed that they were willing to go the extra mile for the police; only 3% of respondents said that they were not willing to go the extra mile.

**Graph 3.13: Proportion of superintending ranks who agree and disagree with engagement indicators**

![Graph showing proportions](attachment:image.png)

3.1.47 However although at first glance these figures appear positive, and are indicative of high levels of engagement amongst the superintending ranks, they also highlight two areas of potential concern that should also be borne in mind. First, despite high levels of engagement, fewer than half of respondents said that they felt valued in the police. This suggests that for some officers there may be an imbalance between what they put into the police service and level of recognition and respect they receive from the service in return.
Researchers have previously argued that inequity of this nature can have negative consequences both for a person’s wellbeing and their long-term relationship with an organisation; there is perhaps some indication of this latter outcome within other findings from the survey. For example, 63% of respondents said that they planned to stay in the police until pension age, however only 12% said that they wanted to remain in police after they had attained maximum pensionable service. In addition, only around two in five respondents said that they wished to apply for further promotion, with just one in five respondents saying that they aspired to apply for chief officer rank.

**Graph 3.14: Superintending ranks intention to apply for further promotion**

![Graph showing the intention to apply for further promotion and chief officer rank.]

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Second, a possibly more immediate concern arising from the high levels of engagement reported in the PSAEW survey are the potential costs of high engagement. This is particularly pertinent in terms of its impact on working hours, recovery time and work-life balance. Our analysis indicated that there was a statistically significant negative relationship between respondents’ engagement and their work-life balance (even when controlling for a range of additional demographic and attitudinal variables). This means that as engagement increased the quality of respondents’ work-life balance decreased. As such, many superintendents and chief superintendents appear to have made sacrifices in terms of their family life and recovery time because of their engagement and commitment to the police, and it is particularly important that these negative, as well as positive, consequences of engagement amongst superintending ranks are taken into account.

Graph 3.15: Proportion of superintending ranks who have taken all of their annual leave and rest days

![Graph showing the proportion of superintending ranks who have taken all of their annual leave and rest days.](image)

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The survey showed that only one in three respondents had taken all of their annual leave in the last year, and just 17% of respondents had taken all of their rest days in the last three months. There is therefore clear evidence to indicate that a large proportion of superintending ranks see their work life encroach upon their life away from the police on an on-going basis. Whilst the aforementioned “over-engagement” is likely to play a part in this, it must also be noted that 83% of respondents have experienced an increase in their workload in the last 12 months, with 80% saying that their workload has been too high over this period.

Therefore although many respondents may choose to make sacrifices because they are engaged and committed to the police service, still more have to make these sacrifices simply to stay on top of their high and increasing workload. What this does highlight however is a need to differentiate between what can be expected from officers and what should be expected. Whilst officers might be willing to work long hours and go the extra mile for the police, there is the risk that this can be taken advantage of to their detriment. One such area where concerns may be raised is in relation to on-call arrangements. Respondents were asked within the survey whether they were required to perform on-call whilst either on rest days or annual leave for which no compensatory days off in lieu were then provided. This practice should not happen, yet 39% of respondents said that they did perform on call on weekly or annual leave days without compensation.

The challenges of workload and work pressure also have implications for respondents’ attitudes towards their pay. Although just fewer than half of respondents disagreed that their pay was fair considering the amount of experience and training they had, more than two thirds disagreed that they were fairly paid for their responsibilities and more than seven out of ten respondents did not feel fairly paid given the stresses and strains of their job and the number of hours they work in order to do their job. The pressures placed upon the superintending ranks within their day-to-day job roles are notable factors in influencing attitudes towards pay.
Graph 3.16: Proportion of superintending ranks who agree and disagree with engagement indicators

I am fairly paid considering the amount of experience and training I have
- Agree: 33%
- Neither Agree nor Disagree: 49%
- Disagree: 19%

I am fairly paid considering the responsibilities I have within my job
- Agree: 21%
- Neither Agree nor Disagree: 68%
- Disagree: 11%

I am fairly paid considering the number of hours I work in order to do my job
- Agree: 15%
- Neither Agree nor Disagree: 73%
- Disagree: 12%

I am fairly paid considering the stresses and strains of my job
- Agree: 15%
- Neither Agree nor Disagree: 74%
- Disagree: 11%
iv. Changes to the roles of officers – both current, and anticipated.

3.1.53 We believe the skills required in the role of a police officer should be taken into account. We believe this has changed substantially over the last few years, and, due to austerity measures, this has not yet been taken into account in the remuneration system.

3.1.54 Although the following pressures are not the only drivers of change within policing, they represent just some of the many influences that may affect the recruitment, retention of capable and motivated officers.

Police role and demand

3.1.55 Although the role of the police is often seen primarily as the prevention of crime, only one third of the incidences recorded on the police service’s command and control systems are related to crime or antisocial behaviour.\(^{45}\)

3.1.56 Furthermore, as continuing austerity cuts into partner agencies, the police role inevitably expands further as they all too often must act as the ‘service of last resort;’ stepping into the breach when other agencies are unable to manage. Every year, for example, police cells are used as ‘places of safety’ for some 11,000 people experiencing a mental health crisis,\(^{46}\) even though the Home Office and the Department of Health both agree that this should only happen under exceptional circumstances.\(^{47}\)


**Crime**

3.1.57 Although the overall crime numbers according to the Crime Survey for England and Wales have been falling since 2010,48 some types of crime have actually increased. Reports of sexual assault, for example, have increased by 41% between 2014 and 2015, and both the numbers of reported rapes and other sexual offences are at the highest level since the introduction of the National Crime Recording Standard in 2002.49 Cyber- crime has also been increasing and is likely to carry on doing so as technology continues to grow and adapt.50 This changing topography directly impacts on the skills needed by police officers to be effective, for example, the need for officers to keep up with the scale and pace of changing technology and how it can be used to commit crime.51 In addition, the HMIC has been vocal in noting that crimes against vulnerable people often require officers to have additional skills.

**Political influences and police reform**

3.1.58 Over the last few years there have been a number of large-scale reforms and changes to policing that have directly affected the job requirements for police officers. These are detailed in great detail in the previous PFEW and PSAEW PRRB submission,52 but one particularly important driver has been the 2012 Winsor Review.53 The findings of this review resulted in the implementation of fitness testing and increased officer recruitment requirements, whilst simultaneously reducing new officer starting salaries. Unsurprisingly, on-going PFEW work streams continue to highlight officers’ dissatisfaction towards this ‘more for less’ approach, eloquently exampled by the following quote from the 2016 PFEW pay survey:

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“I am feeling increasingly stretched and pulled in different directions and feel unable to complete all tasks to the high standard I would like to complete them to. I feel this continued ‘more for less’ culture lets down both the public we serve and police officers and staff trying their best to provide an outstanding service and this in turn exacerbates the drop in my morale.”  

Reduced numbers

3.1.59 In the 2010 Spending Review police funding was cut by 14%.\textsuperscript{55} Even though the spending review specified that these savings should be made from “efficiencies in IT, procurement and back office function,”\textsuperscript{56} savings have, in reality, translated into a 19.95\% reduction in police support staff and an 11.77\% reduction in police officers.\textsuperscript{57}

3.1.60 Innovation and streamlined processes aside, this drop in the police workforce has had a significant effect on officers, often increasing their workloads, responsibilities and number of working hours. One Inspector with 24 years’ service articulated these problems whilst responding to the 2015 PFEW Pay Survey:

“In my current post I had responsibility for 3 DS’s and 22 DC’s and approximately 50\% of the city’s burglaries, robberies and auto crime. Since February I now have 6 DS’s and 44 DC’s and I am responsible for 100\% of the stated crimes. Less than 5 years ago the same was divided across three DI’s, now I have responsibility for it all.”\textsuperscript{58}

Summary

3.1.61 Officer numbers have dwindled, and the remaining officers are suffering from increasing workloads, higher recruitment requirements, expanding roles and all whilst the landscape of crime is changing. Thus, it is not unreasonable to infer that officers must now acquire a wider and more advanced skill set and/or resources to meet these new demands.


However, as a considered evaluation of the national policing workforce requirements has not yet been conducted, it is difficult to determine the magnitude of change required in relation to officer skills sets. Nonetheless, some examples of these changes have been outlines in Table 3.7 below and the demand and capacity model developed from recent PFEW focus groups may be helpful to give context (Figure 3.1).

**Table 3.7: Changes in Policing**

<table>
<thead>
<tr>
<th>Changes in Policing</th>
<th>Examples of increases to required skill set and/or resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expanding role due to partner agency deficits, such as mental health services and social support.</td>
<td>Increased awareness and understanding of mental health issues and training in social support such as the ‘Troubled Families Programme.’</td>
</tr>
<tr>
<td>Changes in crime, such as an increase in cybercrime.</td>
<td>Increased knowledge of specialist technology and how such technology might be used with criminal intent e.g. cyber-stalking, harassment and fraud.</td>
</tr>
<tr>
<td>Increased recruitment requirements such as policing qualifications.</td>
<td>Increased financial resources and academic abilities.                                                                ëlèv</td>
</tr>
<tr>
<td>Increased workloads and operational responsibilities.</td>
<td>Advanced time management, negotiation, multidisciplinary working and decision making skills.</td>
</tr>
</tbody>
</table>

In order to support adequate recruitment and retention of capable and motivated officers, this ever increasing requisite must be recognised and rewarded by the Government. More specifically, without proper financial recompense we fear that policing will no longer be considered as a valid long-term career option and attracting and retaining individuals of the right calibre will be increasingly difficult.
Figure 3.1: Influence diagram showing the effects of reduced numbers

3.2 Anticipated changes

3.2.1 There are a number of anticipated proposals for change to the nature of pay and conditions. These are dealt with in the next section, under targeting. However, it is important to note here that while we are aware these may impact in the future, the staff associations do not believe that there is any system or case for targeting in this year. As a consequence, our recommendation is for an uplift that is applied to all.

3.3 Recommendations

3.3.1 Last year we asked for an uplift of 1% for all in recognition of the Government’s intent, and the need for public sector austerity. However, we also recommended that the economic data we have provided be considered in future pay uplifts, as demonstrating the need to make appropriate adjustments when the economy is buoyant, and that over coming years officers are given pay uplifts that enable them to maintain their standard of living. Since 2013, the UK has had one of the strongest economic recoveries relative to the rest of the G7 economies (ONS) which suggests the economy is indeed more buoyant now. Therefore in this context and to halt the further fall in officers’ pay we ask for an uplift of 2.8% for this 2016-17 pay round. This is in line with the average of private sector pay settlements in the yearly quarter to the end of September 2015.
4 How to apply the increase, taking targeting into consideration

4.1 Core principles

4.1.1 The PFEW and PSAEW made a joint submission to the PRRB last year, as we have this year. Last year we stated:

4.1.2 In July 2013 the Staff Associations were asked to outline what we would wish to see included in the remit letter to the PRRB. PFEW stated then:

“The core principles we would wish to see embedded in the pay and conditions of officers are as follows:

• pay and conditions should support the advancement of a police service that is representative of the public it serves, with a pay system that attracts and retains officers of differing genders, ethnicity, and age groups;

• they should be designed so as to ensure that officers believe there to be organisational justice: such as fair pay, appropriately distributed;

• they should be designed based on evidence of need, (especially where changes are considered), and of what works in attracting, retaining, and motivating officers of the right calibre, and on objective evaluation.”
4.1.3 The PSAEW supported these aims, and further stated:

“We are concerned that the public sector pay freeze followed by below-inflation pay rises together with the freeze on incremental progression has led to a reduction in the living standards of police officers when compared with other sectors. We would wish this to be considered and addressed by the PRRB at the earliest opportunity. We also consider it important that an effective comparison is made between the pay and conditions of service of police officers and those roles undertaken within other professions which are of similar significance and comparable responsibility, to ensure that police officers are not disadvantaged and are properly rewarded for what they do”.

4.1.4 The Staff Associations are united in wanting to have a pay system that reflects the responsibilities and workload carried, while facilitating the need for officers to be deployed across a broad spectrum of activities.

4.2 Previous attempts at targeting

4.2.1 The Staff Associations understand the arguments that have been played out in recent years – including the Winsor Review of Police Officers’ and Staff Remuneration and Conditions, and continuing now through the work of the College of Policing Leadership Review and, more recently the work of the NPCC and the Metropolitan Police Service. All these separate initiatives have had a common strand: the idea that police pay should be in some way targeted. However, they differ in terms of how they state that targeting should be applied.
The Winsor Review - Removal of Competency Related Threshold Payments and Special Priority Payments

4.2.2 Prior to the Winsor Review of Police Officers’ and Staff Remuneration and Conditions, there were two main methods of rewarding federated ranks over and above the incremental pay scale. These were the Competency Related Threshold Payment (CRTP), and the Special Priority Payment (SPP). CRTPs were intended to reward competency. Winsor argued that 99% of applicants received CRTPs, and so they were not effectively linked to performance. The staff associations maintain that Winsor’s argument was flawed. Access to pay based on competency should not be quota based: it is possible that all officers could exhibit the requisite level of competence. Further, while 99% of officers put forward for CRTPs achieved the payment, we believe this largely because supervisors were not putting forward candidates who would not meet the criteria. That is, the rate was reflective of supervisors exhibiting good judgement, rather than the criteria being too easy.

4.2.3 CRTPs were phased out between 2013 and April 2016, during which time they would have cost the service £284 million. Obviously this was lost from officers’ remuneration.

4.2.4 Special Priority payments were related to the requirements of the post. They were designed to reward officers who took on posts that were especially arduous or challenging. These, too, were removed following the Winsor Review. This resulted in a £150 million loss to officers’ remuneration.

4.2.5 Both CRTPs and SPPs showed some problems in terms of gender gaps in these payments. The PFEW has analysed data up to 2013 (the last year for which the full census information was available, at the time of writing). Since access to CRTPs was dependent on time served, these disadvantaged females, who tend to have fewer years in service than males. In 2013, there was a gender gap of 20% for Constables in terms of access to these (i.e. female eligibility was only 80% of male). The application rate had 3.7% difference, also of some concern following the guidance on patterns of thresholds set by the Equality and Human Rights Commission (EHRC). The success rate did not demonstrate a gender gap. Similarly, the gap in eligibility was high for Sergeants, Inspectors, and Chief Inspectors, as was the application gap: but at all ranks the success rate was negligible. Likewise for SPP the gender pay gap was in excess of the 5% threshold set by EHRC as demonstrating cause for concern, for all federated ranks. Only for Superintending ranks was the gap below the thresholds set by EHRC.
4.2.6 Whilst the eligibility gap can only be addressed by encouraging females to stay in service longer, and is not a function of the pay system per se, but rather of the ability of the service to retain females, the application gap is a cause for concern, suggesting females are either less likely to be put forward, or less likely to apply for these payments. The gender gap may well be a function of the managerial discretion allowed on these payments. This should be remembered when introducing any targeted reward system in policing.
4.2.7 In his Review of Police Officers’ and Staff Remuneration and Conditions (2011) Winsor stated that:

“The basic structures of the present system of police officer pay were established in 1920. Pay scales are long and in most cases there is no appreciable link between pay and competence or the acquisition of new skills. A new approach is needed for both police officers and staff that replaces a culture of entitlement on the basis of time-service with one which recognises skills and professionalism”.

Recommendations included a “new, shorter pay scale for Constables that is properly linked to the time over which increased experience results in increased competence”, and “contribution-related pay progression and skills threshold tests [to] ensure that only those who make a full contribution to the police service, and are able to demonstrate the necessary skills and knowledge, earn the maximum salary”. (Vol 2, P325).

4.2.8 The staff associations do not agree that there is no link between pay and the acquisition of skills. In fact, we believe that the incremental pay scale rewards experience: which can be used as a reasonable proxy for skills acquisition.

4.2.9 Nonetheless, recommendations that flowed from Winsor’s report included the introduction of testing for Constables at the 4 year pay point, and again at the top of the pay scale. The latter was originally intended to be Specialist Skills pay, for certain groups only. However, following discussion, this became an intention to introduce assessment of competencies which for Constables would take place to determine whether Constables would achieve the fourth and seventh pay spine points.

4.2.10 These recommendations were discussed at the Police Negotiating Board, and the College of Policing was tasked with a project to design tests to (ultimately) enable pay progression. This work became known as the “Defining and Assessing Competence” project. The tests to be designed to access the fourth pay point became known as the Threshold tests, and those to access the seventh became known as Advanced tests. The PFEW has fully engaged in this work, sitting on both the project board, and a number of associated working groups.

4.2.11 However, despite the best efforts of the College, and a substantial stakeholder group including the NPCC, APCC, several force HR departments, staff associations and unions, this work has not resulted in competency based testing as planned.
4.2.12 All stakeholders were concerned to ensure the regime was transparent, based on the job, and practical to implement. Throughout, the staff associations have maintained the argument that if tests are introduced, they must be reliable and capable of consistent application. Further, they should be fair to all, including those of protected characteristics. We have requested an Equality Impact Assessment. We have also noted that in order to enhance the reliability of the tests the supervisors are likely to need to be trained.

4.2.13 While it has been possible to design tests that will be introduced at Threshold level for Constables, it has now been recommended by the project board that the tests at Advanced level will not determine pay. There are a number of reasons, but the primary driver has been that the Metropolitan Police wrote to the College stating that they would be unable to train supervisors adequately in the assessments, to ensure that they were applied consistently. Following that letter, the project board were asked to suspend working towards the introduction of the Advanced tests for pay purposes. In meetings since, it has also been made clear that the piloting of the work has shown that supervisors do not feel confident to make decisions that determine pay, based on the tests.

4.2.14 In short, the attempted introduction of these Threshold and Advanced tests has demonstrated the need for any targeting of pay to be grounded in a robust system.

4.2.15 There is a need to consider carefully whether, in fact, the costs of developing and enacting such a system actually outweigh the benefits it is hypothesized to bring.

4.2.16 Current possibilities for targeting

4.2.17 The staff associations are aware of at least three current initiatives that may result in targeting of some kind.

The College of Policing Leadership Review

4.2.18 The College of Policing Leadership Review is a wide ranging review aimed at changing the culture of policing. It does not deal solely with pay and conditions: but there is an acknowledgement that changes would need to be supported by appropriate pay. In particular, it is stated that Advanced Practitioners would have to have recognition and reward. However, there is no detail on what this might actually look like. In the PFEW response to the Leadership Review, we clustered the recommendations into five categories:
Table 4.1: College of Policing Leadership Review Recommendations

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Recommendations</th>
</tr>
</thead>
</table>
| Structure and powers     | 2 Review the rank and grading structures in warranted and staff roles  
7 Increase flexibility in assigning powers and legal authorities to staff                     |
| Development              | 6 Create a new model of leadership and ...development, accessible to all in policing  
8 Develop career opportunities which allow recognition and reward for Advanced Practitioners |
| Careers                  | 4 Provide a structure of entry, exit and re-entry points to allow for career flexibility.  
5 Advertise all vacancies for recruitment and promotion nationally  
9 Introduce national standards for recruitment and promotion into all ranks and grades        |
| Ethics                   | 3 Embed the values articulated in the principles from the Code of Ethics in all local and national selection processes                           |
| Implementation           | 1 Existing police leaders should influence and drive the required culture change...  
10 The Home Office should review whether existing structures, powers and authorities...are sufficient support consistent implementation |

4.2.19 We believe the various recommendations are interrelated. If they are to be enacted, then they must be considered in conjunction with remuneration that would support them.

4.2.20 However, at this stage, there are a number of unanswered questions.

4.2.21 For example:

- The rank and grading structures have not yet been reviewed fully. Should staff be given increased powers, then there may be an aspiration to bring the staff and officer pay systems into line. This would require significant effort.
- The recommendations that all vacancies for recruitment and promotion are advertised nationally, with national standards for recruitment and promotion would require the retention of national pay scales.
- Entry, exit, and re-entry points would require some system for determining skills requirements, and the commensurate salary levels, that would be different to time served and promotion.
4.2.22 In summary, the Leadership Review presents a number of ideas that are still in development. These are not yet at a stage where the pay system could be revised in order to support and embed them. This leads to the conclusion that certainly for this year, and the immediate future, targeting of pay based on the Leadership Review is not appropriate.

The National Police Chiefs’ Council Future Reward Framework

4.2.23 The NPCC are currently undertaking work to assess the rank structure. This includes preliminary ideas, borrowed from industry, that most organisations should have five levels. The framework, as of October 2015, suggests the following:

Table 4.2: Slide from NPCC presentation pack, dated October 2015

<table>
<thead>
<tr>
<th>Practitioner</th>
<th>First Line Supervisor</th>
<th>Middle Manager</th>
<th>Senior Manager</th>
<th>Executive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry</td>
<td>Entry</td>
<td>Entry</td>
<td>Entry</td>
<td>Entry</td>
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<tr>
<td>Qualified</td>
<td>Qualified</td>
<td>Qualified</td>
<td>Qualified</td>
<td>Qualified</td>
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<tr>
<td>Foundation</td>
<td>Foundation</td>
<td>Foundation</td>
<td>Foundation</td>
<td>Foundation</td>
</tr>
<tr>
<td>Skilled</td>
<td>Skilled</td>
<td>Skilled</td>
<td>Skilled</td>
<td>Skilled</td>
</tr>
<tr>
<td>Highly Skilled</td>
<td>Advanced</td>
<td>Advanced</td>
<td>Advanced</td>
<td>Advanced</td>
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<tr>
<td>Advanced</td>
<td></td>
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</table>

4.2.24 In the same presentation, the NPCC state that in the short term, pay “must be targeted to support delivery and to address recruitment and retention issues”.

4.2.25 As for the College of Policing Leadership Review, the work is not yet sufficiently mature for translation into targeting of pay in this year. We understand the NPCC are giving consideration to requiring pay assessments at every scale point. We would caution that the lessons learned in the Defining and Assessing Competence project should be remembered: in that project, inadequate resourcing of supervisor training has been a key factor in determining the inability to apply testing at the Advanced level.
The Metropolitan Police Service perspective

4.2.26 The MPS have commissioned work by the consultancy firm, Deloitte. This work, conducted over a six week period, feeds into the Workforce Coordination Committee. The consultants have been given a remit to consider four career components: attraction, development, reward, and exit and re-entry.

4.2.27 The Reward Framework has a number of high level principles. These are:

- Officer reward will be based on total contribution and competence, and not time served – reward will be explicitly linked to the PDR process and the assessment of competence through CPD.

- Reaching the top pay point will be conditional on becoming an Advanced Practitioner, reaching the third pay point will be conditional on passing the Accredited assessment of competence.

- Given the nature of policing and value of experience a small proportion of total reward will be linked to time served, but annual pay increases will recognise development of experience and competence.

- Underperforming officers will not be eligible for pay increases.

- Decisions on how allowances will be provided will be made at a local level and can be simplified and consolidated according to local needs. Expenses will be removed from allowances to provide greater clarity between an allowance for a role requirement and expense.

- Base pay and allowances can be amended and reduced if an individual’s role changes. For example, if an officer moves to a role where the Advanced Practitioner status is not required.

- Overtime will be paid at a single rate.
• Pay bands will overlap ranks so that Advanced Practitioners can be paid more, where appropriate to their skills and contribution, than entry-level officers at the next rank. In case of promotion, if these specialist skills and knowledge are still required, local forces have the discretion to promote officers above the starting salary for the rank.

• Forces will have the ability to determine the starting salary of a new hire, and the progression rate of an officer along the pay spine. Acceleration will be possible through demonstration of competence. Local flexibility will be available to pay over the pay spine where there is a valid requirement.

• Managers will have greater discretion in their in-year reward decisions for senior ranks.

• For future consideration – the pension scheme could be adapted to transfer some benefits into a flexible benefits scheme to provide additional choice.

4.2.28 The designers of these principles have outlined their perceptions of critical success factors, dependencies, benefits, and risks.
Table 4.3: MPS project stated success factors, dependencies, benefits and risks

<table>
<thead>
<tr>
<th>MPS Deloitte project stated success factors, dependencies, benefits and risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Critical success factors</strong></td>
</tr>
<tr>
<td>• Management capability for, and engagement in a robust PDR</td>
</tr>
<tr>
<td>process</td>
</tr>
<tr>
<td>• Complete transparency of pay scales, pay bands and non-pay</td>
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<tr>
<td>reward</td>
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<tr>
<td>• The framework is seen to de risk lateral movement in practice –</td>
</tr>
<tr>
<td>supports lateral moves to be seen as a viable alternative to</td>
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<tr>
<td>vertical progression</td>
</tr>
<tr>
<td>• Capability of the reward department and system to manage</td>
</tr>
<tr>
<td>complexity and ensure the system is sustainable</td>
</tr>
<tr>
<td><strong>Dependencies</strong></td>
</tr>
<tr>
<td>• Regulation change to allow for flexibility at Force level</td>
</tr>
<tr>
<td>• Force negotiation and consultation with the Federation</td>
</tr>
<tr>
<td>regarding application of Regulations</td>
</tr>
<tr>
<td>• Career Paths, PDR and CPD design aligned to the reward</td>
</tr>
<tr>
<td>framework</td>
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<tr>
<td>• Clear definition of mechanisms for people move jobs without</td>
</tr>
<tr>
<td>losing</td>
</tr>
<tr>
<td>• Capability of the reward team and system to manage</td>
</tr>
<tr>
<td>complexity and ensure the system is sustainable</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
</tr>
<tr>
<td>• Increases the flexibility of the reward system as a whole</td>
</tr>
<tr>
<td>• Critical workforce segments can be rewarded differently –</td>
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<tr>
<td>allowing easier recognition and attraction of specialists</td>
</tr>
<tr>
<td>• Local challenges can be rewarded in a national framework</td>
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<tr>
<td>• Provides an incentive for officers to own their learning and</td>
</tr>
<tr>
<td>development through the link to reward</td>
</tr>
<tr>
<td>• Increases management responsibility for decisions around</td>
</tr>
<tr>
<td>performance</td>
</tr>
<tr>
<td>• Simplifies payroll administration*</td>
</tr>
<tr>
<td>(* This would seem to be at odds with the admission that there</td>
</tr>
<tr>
<td>is a risk that there will need to be complexity in the</td>
</tr>
<tr>
<td>supporting systems)</td>
</tr>
<tr>
<td><strong>Risks</strong></td>
</tr>
<tr>
<td>• Successful operation will require a degree of complexity in</td>
</tr>
<tr>
<td>supporting systems</td>
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<tr>
<td>• A reward system linked to performance may increase employee</td>
</tr>
<tr>
<td>relations challenges</td>
</tr>
<tr>
<td>• Removing automatic pay increments may impact officer morale</td>
</tr>
<tr>
<td>• Rewarding officer specialism may impact non specialist officer</td>
</tr>
<tr>
<td>reward</td>
</tr>
<tr>
<td>• Increased flexibility of local Force reward may introduce</td>
</tr>
<tr>
<td>competition between forces</td>
</tr>
</tbody>
</table>
4.2.29 There is much in this review that has been proposed before, or indeed has already been accepted. For example, underperforming officers (on UPP) can have pay increases withheld. Attempts have been made already to link pay to competence, through the DAC project. The Staff Associations stated throughout that work that the PDR would be a useful primary mechanism for this (as minuted at the Police Negotiating Board (PNB)).

4.2.30 However, there are also a number of issues raised that would be substantial changes, that would require new legislation. For example:

“Decisions on how allowances will be provided will be made at a local level and can be simplified and consolidated according to local needs. Expenses will be removed from allowances to provide greater clarity between an allowance for a role requirement and expense”.

“Base pay and allowances can be amended and reduced if an individual’s role changes. For example, if an officer moves to a role where the Advanced Practitioner status is not required”.

4.2.31 We are concerned that both these suggestions could adversely impact on the overall flexibility of the police service. Allowing Chiefs to determine what allowances to pay locally may create inequalities throughout the country, leading officers to be unwilling to serve in some regions. It may also adversely impact on officers’ willingness to fulfil mutual aid. It sits uncomfortably with the College of Policing’s aim to ensure consistent standards across the country, and to advertise roles nationally.

4.2.32 In conclusion, whilst these suggestions allow police Chiefs to have flexibility over payments, we believe that they will have a negative impact on the service’s flexibility to respond. It is natural for individual Chief Constables and forces to consider the issues that affect them locally: but we believe it is essential for the good of the public that those with a national perspective are given adequate voice to shape the remuneration and conditions of officers, in order to protect consistency of service and protection across England and Wales.

4.2.33 The idea of changing base pay if an individual’s role changes would create uncertainty for many officers, who would be unable to ascertain whether they had guaranteed income to fulfil mortgages, and would be unclear as to their likely pension rights. (Given the recent changes to pensions, creating the CARE scheme, this could be extremely demoralising, and may cause even more officers to opt out of the scheme).
4.2.34 Officers can currently be moved at the will of the force. This means that many officers might work hard to gain Advanced practitioner skills, only to find that they are moved out of roles deemed to require these. It must therefore be asked – where is the incentive to undertake CPD, and gain such skills? This could undermine the College’s attempts to create a culture of continuing professional development. Superintendents can already find that they are moved out of roles in order to give another officer a career opportunity. There is a query as to whether it can be fair to penalise an officer who is performing well in role by moving him / her and reducing pay, simply to create opportunities for others.

4.2.35 The MPS proposal authors have themselves recognised that there are dangers inherent in the recommendations. Among these are the risks that:

- “Successful operation will require a degree of complexity in supporting systems”;
- “A reward system linked to performance may increase employee relations challenges”;
- “Removing automatic pay increments may impact officer morale”;
- “Rewarding officer specialism may impact non specialist officer reward”; and
- “Increased flexibility of local Force reward may introduce competition between forces”.

In other words, there is a danger that the HR systems and employee relations related expenditure will increase, and there may be a “bidding war” for talent between forces, with no increase to service delivery. All these impacts would cost the public, for no extra service.

4.2.36 The staff associations recognise that, like the College of Policing Leadership Review, and the NPPC rank structure review, this work is not yet fully mature enough for recommendations to be enacted. We are heartened that, in private and in forum such as the Police Advisory Body (PAB) and Police Consultative Forum (PCF), all parties including the NPCC have acknowledged that these are medium to long term projects, that should not be rushed through. That includes the need to fully understand the structures and processes being proposed, before making changes to the remuneration system. We would urge caution and full consultation. We would support a full cost benefit analysis, taking into account the projected cost to the public purse were the project to result in the risks the project team have themselves identified to come to bear. We believe that is it critical to invest proper effort into this activity, before rushing into enacting any change.
4.3 **Staff Associations’ position**

4.3.1 We agree that there are anomalies in the current pay system. There is sometimes a lack of clarity over why roles are graded in the way they are. In particular, we believe this most affects the Inspecting and Superintending ranks: for example, there are some Superintending roles where officers have spans of command far in excess of some Assistant Chief Constables (ACCs) / Commanders; and some forces have merged Inspector and Chief Inspector roles. The removal of Post Related Allowance for Chief Superintendents under Winsor means difficult and more demanding jobs don’t get a premium. There should be a systematic way to consider the weighting given to such roles.

4.3.2 There have been a number of attempts to target pay in the past. Some, such as CTRPs and SPPs, have only recently been removed, following the Winsor Review. The College of Policing Defining and Assessing Competence project is still underway. Yet already there are further initiatives that overlap with this: the NPCC work on rank structures, and the MPS work with Deloitte.

4.3.3 None of these are yet mature enough for pay to be based on them. Moreover, the number of differing initiatives creates a complex and confusing landscape.

4.3.4 We believe there is no evidence that internal comparisons have been done in a systematic enough way to state that any one officer is worth less in comparison to his / her peers than he / she was this time last year.

4.3.5 We therefore believe that it would be wholly inappropriate to target pay in this Financial Year (FY). For the future, any attempts at targeting must be carefully designed so as not to repeat the difficulties of the past. In particular, Equality Impact Assessments should be conducted. We would like safeguards to be put in place to avoid the sorts of issues that arose with SPP and CTRP, whereby females suffered adverse impact.

4.3.6 We are cognisant of the likely changes ahead, and we believe there will be a need to have leverage to incentivise positive change, such as encouraging officers to develop. We therefore ask that the PRRB takes a longer term approach, and does not enact any targeting now, that might be counterproductive.

4.3.7 Indeed, the staff associations are concerned that the remit letter in this FY does not make clearer mention of initiatives such as the Leadership Review. We are concerned that a short term approach to pay is indicated in the remit letter, without the joined up thinking that is required to enact strategy.
4.3.8 There are a number of initiatives that are aimed at enacting significant culture change. Set against this, a 1% increase on the pay bill represents a sum of approximately £71,000,000 for the federated ranks: about £500 per officer. This is a relatively small amount to try to incentivise major change.
4.4 Officer Attitudes to targeting

4.4.1 We believe it is also worth setting out officers’ current views on different methods to determine – or target – pay, in the 2015 PFEW workforce survey, respondents were asked about their attitudes towards different methods that can be used to determine an officer’s pay, specifically the extent to which respondents felt that various methods of determining pay were fair or unfair. The method most commonly seen as fair by respondents was incremental pay, the main method currently used in the police service. 75% of respondents felt it was fair for pay to be determined by an officers’ length of service; moreover there was generally consensus across lengths of service and roles about the fairness of this method, at least seven out of ten respondents regardless of role and service length said that incremental pay was fair.

4.4.2 61% of respondents said that it would be fair for an officers’ pay to be dependent on officers demonstrating more competence in policing over time, whilst 57% of respondents said it was fair for officers to receive extra pay for special skills, such as firearms or cybercrime, over and above the generic skills defined in the Policing Professional Framework. On the other hand, just under a quarter of respondents said specialist pay was unfair and attitudes to this method in particular varied across different roles. For instance, 46% of respondents in a custody role felt specialist pay was fair, compared to 68% of respondents in an operational support role.

4.4.3 Overall, 46% of respondents felt that regional pay would be fair. Understandably, this showed considerable variation between regions. For instance, 71% of respondents in London and the South East believed that it would be fair for an officers’ pay to reflect the cost of living in their area. This compares to 28% of respondents in Wales and the North East.
Respondents were least likely to believe that it was fair that officers who were believed to be performing their job to a higher standard than others should be paid more (i.e. "performance-related pay"). 40% of respondents felt that this method was fair, compared to 34% who felt it was unfair. A key theme that arose in respondents’ comments relating to performance-related pay, as well as other methods of determining pay that relied on making judgements about officers’ competence and skills, was how any method could be implemented fairly within the police service. Respondents questioned whether managers would have the ability, motivation or opportunity to carry out assessments fairly, whether assessment criteria would really fully reflect the work that officers do and whether there would be equal opportunity amongst all officers to achieve the highest levels of pay available.

“My issue with relating pay to qualifications and perceived competence is that this is heavily influenced by the amount and quality of training offered by a force. This is not always, in fact rarely, given out fairly.” Sergeant.

“I am all for performance led pay, or competence pay but only if it is enforced vigorously, lots of supervisors have neither the time nor the support to apply these theories effectively, so in this case increment by length of service in rank is more appropriate.” Sergeant

“If specialist roles/skills were awarded higher pay scales, then officers would be requesting these for the wrong reason (money), and if positions are not available for all then it would be unfair that officers cannot have the same opportunity to earn higher salaries.” Constable
4.5 **Recommendations**

4.5.1 Having agreed that there are anomalies in the current pay system, the staff associations remain concerned that previous attempts at targeting have created unintended consequences, including inequalities of opportunity to access pay.

4.5.2 We are keen to listen to members’ views on this, and believe that is one essential aspect of the discussion. However, we also believe it is essential that all parties take into account the history of attempts to target pay in the service.

4.5.3 Recent attempts to create competency assessments through the Defining and Assessing Competence project have suffered from an inability to provide standardised assessments, partly due to insufficient investment in training of supervisors.

4.5.4 Already there are further initiatives that overlap with this: the NPCC work on rank structures, and the MPS work with Deloitte. None of these are yet mature enough for pay to be based on them. Additionally, there is no evidence that internal comparisons have been done in a systematic enough way to state that any one officer is worth less in comparison to his / her peers than he / she was this time last year.

4.5.5 We therefore believe that it would be wholly inappropriate to target pay in this FY, and recommend that the same uplift be awarded to all officers.
4.5.6 For the future, any attempts at targeting must be carefully designed so as not to repeat the difficulties of the past. In particular, Equality Impact Assessments should be conducted. Care should also be taken to avoid creating a system that impacts on the flexibility of the service as a whole.
5 London and South East Allowance

5.1.1 In the submission last year, the staff associations set out the background to the London Lead and SE Allowances. Desborough concluded that even though overall the principle of standardisation of pay was to be desired, there was a rationale for additional payments to London Inspectors. This was that Inspectors and Chief Inspectors in London carry a level and a range of responsibilities not found anywhere else in the UK. This was subsequently confirmed by the Oaksey Review (1948), the Royal Commission (1962), the Edmund-Davies Report (1978) and the Sheehy Report (1993). All these reports endorsed the view that the job weight of London Inspectors and Chief Inspectors differs by such a degree that an additional payment is justified.

5.1.2 In his Independent Review of Police Office Pay and Conditions, Tom Winsor reviewed the London Lead. He considered submissions from a number of bodies, following which he stated that:

“the evidence [was] not conclusive, since, in the absence of a job evaluation exercise, it is not possible to the accuracy of the argument that Inspectors in the London forces have significantly greater responsibilities, spans of control, and workloads than their counterparts in other forces”.60

Winsor therefore recommended that:

“The London Lead for the Inspecting ranks in the London forces should be maintained in the short-term. The police pay review body should consider the London Lead in its first review...” (Recommendation 57)

“when it will have the opportunity of receiving fuller and perhaps more persuasive evidence on the issue”.61


5.1.3 Last year, the staff associations pointed out that London itself creates a number of unique policing challenges, due to demographic and socio-cultural issues; that it has strategic and tactical policing demands, being the capital city, and centre of Government and diplomatic activity; that it has a number of counter-terrorism related pressures; and public order and serious and organised crime differs to the rest of the country.

5.1.4 As we stated last year, the staff associations believe that the pay system should demonstrate organisational justice. Officers in significant management roles should be rewarded appropriately for their skills, knowledge, attributes, hours worked, sacrifices made, responsibilities, span of command, and the risks and demands of the job. We agree with Winsor’s position that these should be properly evaluated, through a systematic job analysis.

5.1.5 In order to fully evaluate whether there are differences between forces or regions, including London, this would need to be conducted in a number of locations and statistically reliable comparisons made.

5.1.6 The staff associations have not been made aware of any new data on this issue.

5.1.7 As we reported last year, there has been a study conducted on behalf of the Inspectors’ Branch Boards of the Metropolitan and City of London Police Federations that assesses the work-related well-being, job-satisfaction, and burn-out of the Inspecting ranks in the capital compared to other major cities and the rest of England and Wales. This study concludes that Inspecting ranks in the capital work more hours; have more rest days cancelled; experience a greater impact on work-related well-being; and have lower job satisfaction. These are indicators of significant differences between the roles of Inspectors in the capital and elsewhere. It is not clear from the study what the exact links are between these largely wellbeing related outcomes and job content, and we believe that relationship is worthy of further exploration: however, as an indicative study we believe this work is notable.

However, as we stated last year, Until such time as data are collected as part of a formal job evaluation, we do not believe that there is a case for removing the London Lead, and there is some evidence through the Cookson and Williams study that the Inspecting role in London differs from that elsewhere. To remove the London Lead would save the Home Office an insubstantial amount of money, (approx. £3,400,000 assuming 1,700 Metropolitan Inspectors) but would cause considerable hardship to those officers who are currently in receipt of the payment. In addition, the removal of this payment might have unintended consequences, such as turnover of Inspectors. As the job market improves in London, officers in the Inspecting ranks are leaving for other jobs. The PFEW Metropolitan Inspectors’ Branch Board is able to give examples of Inspectors who have left to join security businesses, particularly in Canary Wharf, for significantly higher salaries. Such turnover is costly to the service in terms of experience loss, and the need to train replacements.

Remuneration Satisfaction by region and force

Although this can only be taken as indicative, we believe it is of relevance to look at whether officers in London and the SE are less satisfied with their pay than those in other regions. If they are, then there may well be a concern about pay that needs to be addressed. But if they are not more dissatisfied, then this might indicate that the pay is – if not considered to be correct for the region - at least no less wrong than elsewhere.

Across England and Wales as a whole, 63% of respondents said that they were dissatisfied with their overall remuneration (including basic pay and allowances). The proportion of respondents dissatisfied with their overall remuneration in each region is presented in Figure 1 and shows that differences between regions overall are relatively small. That said, the highest proportions of respondents who are dissatisfied with their remuneration are found in London and the North East, closely followed by the North West.
Figure 5.1: Dissatisfaction with overall remuneration (by region)
5.1.11 Focussing on the level of dissatisfaction within each force, the proportion of respondents who reported remuneration dissatisfaction peaked in Cleveland, at 73% of respondents.

5.1.12 Figure 2 compares the proportion of respondents who said that they were dissatisfied with the overall remuneration in each force to the national average. Examination of this figure provides no clear evidence to suggest that respondents in the South East and London are consistently more likely to be dissatisfied with their overall remuneration than the national average. Moreover, the three forces with the highest proportion of respondents who are dissatisfied with their overall remuneration (10% or more above the national average, highlighted in dark blue in Figure Two) are all found in the North East region; although it can be noted that in terms of remuneration satisfaction there is variation between forces within this region, and indeed within most other regions as well.

Figure 5.2: Proportion of respondents who are dissatisfied with their overall remuneration compared to national average
5.2 Recommendations

5.2.1 In the absence of any additional data provision by either the NPCC or other stakeholders, such as the MPS, we recommend that the London and SE Allowances be uplifted in line with other remuneration. We do not recommend any other changes to these allowances at this time.

5.2.2 We note that our FOI request to the MPS for information that we believe has a direct bearing on this matter (i.e. data regarding recruits and leavers) was not addressed by the MPS within the statutory timescale. This is disappointing, and creates concern that the employer has not engaged fully in consulting with the staff associations on a matter of key importance to our members, and which has a bearing on service delivery to the public.
6 Allowances

6.1 Bank holidays

6.1.1 The Home Secretary’s remit letter asks the PRRB to make a recommendation on ‘overtime rates for bank holiday working’. We are unclear as to what the PRRB is being asked to examine. Overtime is paid only to Constables and Sergeants, and not to ranks above.

6.1.2 Overtime has a particular definition in Police Regulations and Determinations. Overtime for Constables and Sergeants is only payable in accordance with the provisions of Regulation 25, Annex G when:

- they remain on duty after their tour of duty or rostered shift ends;

- they are recalled between two tours of duty or rostered shifts; or

- they are required to begin earlier than the rostered time without due notice and on a day when they have already completed their normal daily period of duty or rostered shift.

6.1.3 Compensation for duty on a public holiday is covered by the provisions of Regulations 24 and 26, Annex H: it is not overtime and therefore it is somewhat misleading to refer to it as such. While this may seem like a point of detail, public holidays are covered by a different regulation to overtime to reflect the significantly greater amount of disruption caused to an officer who has a public holiday cancelled or disrupted as opposed to staying on for a couple of hours at the end of a shift.

6.1.4 The remit letter refers to ‘overtime rates’ so we have assumed that the PRRB was being asked to look at the compensation arrangements for Constables and Sergeants who are required to work on a public holiday. The use of the term ‘bank holiday’ also raised the question as to whether the review body was being asked to look at compensation for duty on all public holidays as defined in Police Regulation 3 or was it ‘bank holidays’ only in the ordinary sense.
6.1.5 However, we have learned that employers intend asking the review body to make recommendations on the overall public holiday arrangements currently set out in Police Regulations and Determinations including the meaning of ‘public holiday’. It is extremely disappointing that such wide ranging proposals have not been raised with the staff associations at the Police Consultative Forum, where a shared understanding of the drivers for change and possible solutions might have been achieved.
Police Regulations 2003 and Determinations

6.1.6 The provisions governing public holidays can be found in the following regulations and determinations:

6.1.7 Regulation 3 (1) states that ‘public holiday’ means Christmas Day, the 26th December (if it falls on a Saturday or a Sunday), the 1st January (if it so falls), Good Friday or a bank holiday.

6.1.8 Regulation 22, Annex E sets out the entitlement to a day’s leave on each public holiday for every member of a police force. Following the Winsor review, Annex E was amended to provide for Constables and Sergeants to propose substituting a day, which is not a public holiday as defined in Regulation 3(1), for any day which is a public holiday with the exception of Christmas Day.

6.1.9 Regulations 24 and 26, Annex H set out the compensation arrangements for officers who are required to do duty on a public holiday. These are:

Constables and sergeants

- Where less than eight days’ notice is received, payment of double time for each completed 15 minutes of duty plus another day off in lieu, to be treated as a public holiday;

- In any other case, payment at double time for each completed 15 minutes of duty;

- If the period of duty carried out is less than four hours, compensation will be paid for a minimum of four hours;

- A requirement to work on a public holiday with less than fifteen days’ notice must be authorised by an officer of at least assistant Chief Constable rank;

- If a member volunteers to work on a public holiday, the day shall be treated as a normal duty day and the member will be granted another day off in lieu, which shall be treated as a public holiday;

- There is no entitlement to overtime on a public holiday. All hours worked attract the same level of public holiday working compensation;
• Officers may choose to take time off in lieu of any time worked on a public holiday; and

• Subject to any reasonable limit imposed by the chief officer, travelling time to and from duty on a public holiday may also count as duty. It will not count from the point at which travelling time and the period of duty exceeds six hours. (Annex E).

6.1.10 In addition, PNB circular 86/2 records a PNB agreement relating to the cancellation of public holidays in anticipation of an operational need, for which in the event the Constable or Sergeant is not required to attend for duty. Where more than seven days’ notice is received that the officer will not be required to work on the public holiday, the public holiday will be taken with no compensation. Where seven days’ notice or less is received of the cancelled duty requirement, the officer may either choose to take the public holiday or work and claim compensation in accordance with Annex H; however, there is no entitlement to work a full shift on such days.

**Inspectors and Chief Inspectors**

• Where exigencies of duty have prevented an Inspector or Chief Inspector from taking a day’s leave on a public holiday, then subject to exigencies of duty members of the inspecting ranks should be granted a day’s leave in lieu during the next following twelve months.

**Superintendents and Chief Superintendents**

• Where exigencies of duty have prevented a superintendent or chief superintendent from taking a day’s leave on a public holiday, then subject to exigencies of duty members of the superintending ranks should be granted a day’s leave in lieu during the next following twelve months.
6.1.11 As part of his part one review Tom Winsor examined public holiday leave arrangements and the compensation arrangements for public holiday working following representations from among others the Association of Chief Police Officers (now known as National Police Chiefs Council) who suggested that the then system was expensive, inflexible and there were equality concerns. Tom Winsor concluded that, while he considered that public holidays were no longer appreciably different from other working days, the compensation arrangements for public holiday working should be kept in recognition of the considerable disruption to an officer’s personal and family life when required to work on a public holiday.\(^{63}\)

6.1.12 However, he did recommend a new approach to public holidays in response to the concerns raised by Chief Officers which he said would have significant benefits for all officers\(^{64}\) and would reduce the requirement for public holiday working.

6.1.13 Following a PAT ruling, the Home Secretary accepted Winsor’s analysis and in 2012, determinations were amended to provide officers with the ability to propose alternative days as public holidays, the only exception being Christmas Day. Where an officer does not choose to nominate any specific dates then the public holidays as defined in Police Regulation 3(1) will apply. We acknowledge that the ability to nominate public holidays benefits officers with particular personal needs on certain days. The changes do not, however, protect those days from being cancelled. Tom Winsor said that the nominated dates should only be cancelled as a last resort and Annex E now provides that a requirement to work on a public holiday with less than 15 days' notice requires the approval of an Assistant Chief Constable or above.

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\(^{63}\) Independent Review of Police Officer and Staff Remuneration and Conditions part 1 report, paras 2.5.46 & 2.5.51

\(^{64}\) Para 2.5.49
6.1.14 Winsor\textsuperscript{65} at the time said that it was no longer the case that all eight statutory public holidays in the year are appreciably and qualitatively different from other working days. He suggested that with the sole exception of Christmas Day, most businesses now continue trading and providing services on public holidays. The PFEW disagrees with the analysis that public holidays are no longer appreciably different from other working days. Many services such as schools, childcare facilities including day nurseries or summer holiday clubs and day centres for the elderly or disabled do close. In addition, many services that do continue to operate choose to enhance pay for public holiday working: for example fire-fighters and nurses are compensated at double time in recognition of the disruption to personal and family life, as are NHS Agenda for Change staff.

\textsuperscript{65} Para 2.5.47
Our position

6.1.15 We have examined available data on spend on compensation for Constables and Sergeants who are required to work on a public holiday. (Home Office Earnings Data 2013/14). The Home Office includes spend on compensation for public holiday working, compensation for rest day working and overtime as defined in Police Regulations and Determinations in the total overtime spend. This shows that public holiday spend as a percentage of total overtime spend is:

Table 6.1: Total holiday and overtime spend

<table>
<thead>
<tr>
<th></th>
<th>Total public holiday spend</th>
<th>Total overtime spend</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>England &amp; Wales</td>
<td>£51.8m</td>
<td>£236.2m</td>
<td>22.0%</td>
</tr>
<tr>
<td>MPS</td>
<td>£16.2m</td>
<td>£87.0m</td>
<td>18.6%</td>
</tr>
<tr>
<td>England &amp; Wales</td>
<td>£35.8m</td>
<td>£149.1m</td>
<td>24.0%</td>
</tr>
</tbody>
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6.1.16 We are unable to distinguish between public holiday working with less than eight days’ notice as the only data collected relates to the rate of compensation.

6.1.17 The following comparison of public holiday spend and total overtime spend in 2013/14 with the previous year 2012/13 shows that the number of Constables and Sergeants who are required to work on public holidays has reduced, even after excluding those forces with missing data (City of London, Cumbria, Northumbria and Nottinghamshire):
Table 6.2: Public holiday and overtime spend

<table>
<thead>
<tr>
<th></th>
<th>Public holiday spend</th>
<th>Total overtime spend</th>
<th>% PH of total overtime</th>
</tr>
</thead>
<tbody>
<tr>
<td>E&amp;W</td>
<td>£51.8m</td>
<td>£67.3m</td>
<td>£234.3m</td>
</tr>
<tr>
<td>MPS</td>
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</tr>
<tr>
<td>E&amp;W excl</td>
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<td>£40.6m</td>
<td>£147.3m</td>
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<tr>
<td>MPS</td>
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6.1.18 We recognise that officers’ entitlement to a day’s leave on a public holiday is subject to exigencies of duty. However, officers are entitled to a day’s leave and should be fairly rewarded if, as a result of a requirement to perform duty, they are unable to enjoy a day’s leave on a public holiday.

6.1.19 Furthermore, we believe that the current compensation arrangements, including the minimum four hour payment, for a requirement to work on a public holiday protect officers from mismanagement and exploitation. As Tom Winsor noted, the provisions provide “an appreciable degree of protection for officers against shortcomings in management practices (which can and should be eliminated over time) by attaching an economic cost to the requirement that an officer works beyond his normal hours.”

6.1.19 and that the current compensation arrangements recognise that in such cases “there is likely to be considerably more disruption to an officer’s personal and family life, when compared with the requirement to work additional hours on a day when the officer is already on duty.”

6.1.20 We strongly believe that, except in exceptional circumstances, forces have the ability to manage the need to require officers to work on a public holiday and therefore control expenditure. Forces should make better use of local demand data and draw up rosters based on that demand data and that identify public holidays.

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66 Para 2.5.42
67 2.5.46
6.1.21 We are also aware that some forces have attempted to limit the use of the provision to propose a substitute public holiday, which Winsor had recommended on the basis that it would give forces more flexibility and lessen the chances of having to cancel an officer’s day of leave on a public holiday. For example, by suggesting that officers cannot nominate Christmas Eve, New Year’s Eve or the Friday, Saturday or Sunday of the August bank holiday weekend as alternative public holidays.

6.1.22 Our analysis of the data shows that there is a large disparity between forces in expenditure on compensation for requirement to work on a public holiday. Although some forces clearly have greater demand on certain public holidays such as the August bank holiday Monday it is not clear from the available evidence why such a disparity exists between forces.

6.1.23 In addition, the NPCC and APCCs have developed guidelines on charging for police services. Each PCC including the Mayor of London is responsible for setting his/her own charging policy for their force area. For commercial events, the guidelines state that there should be full cost recovery; and for non-commercial or charitable events PCCs can choose to abate, not charge or request a reasonable contribution. We are unable to identify what proportion of expenditure on public holiday working is, if any, recharged out to other organisations: for example to police football matches on Boxing Day, New Year’s Day and bank holiday Mondays, pop concerts/festivals and other large scale events such as the Notting Hill carnival: but the mechanism exists for cost recovery.

6.1.24 We believe that it would be extremely demoralising for police officers - and could have a negative impact on the policing of such events - if the compensation arrangements for a requirement to work on a public holiday were amended because of concerns about expenditure. This would be especially true if PCCs have either decided not to recharge the policing cost or to seek a contribution towards the cost of any events that are non-charitable; that generate income including through sponsorship; or for which there is a large policing requirement because the event is under-steward.

6.2 Recommendations

6.2.1 There should be no changes to the compensation arrangements for a requirement to work on a public holiday for Constables and Sergeants. The arrangements provide fair compensation that reflects the significantly greater amount of disruption caused to an officer who has a public holiday cancelled or interrupted.
6.3 Motor Vehicle Allowances

6.3.1 The provisions covering the payment of a Motor Vehicle Allowance (MVA) to a police officer are set out in Police Regulation 34, Annex U. The allowance is payable to all officers up to an including Chief Superintendent if the chief officer considers it essential or desirable that the officer has, at all material times, a motor vehicle at his/her disposal for the purposes of performing his/her duties.

6.3.2 MVAs are payable to officers at either an essential or casual user rate. There is no definition in regulations or determinations of what an essential or casual user is. However, for clarity, we regard an essential user as an officer who is required by the force to have a motor car at her/his disposal at all times for instance, as a result of a requirement in the officer’s role profile. In contrast, a casual user is an officer for whom it is merely desirable that a car should be available in order for them to perform their duties. Consequently, if an officer is deemed to be a casual user by a chief officer, the chief officer cannot lawfully order the officer to use his/her own vehicle for police purposes.

6.3.3 Motor vehicle allowances (MVAs) are intended to reimburse police officers who use their own motor vehicles for journeys undertaken in the course of his/her normal duties. Where an officer (whether a designated user or not) chooses for his own reasons to use his car for a journey which the chief officer confirms could and should otherwise be undertaken by public transport, then the officer should be reimbursed the cost of the public transport rate. In addition, when an officer’s normal duties do not make the availability of a car either essential or desirable, but on specific occasions the Chief Constable is prepared to sanction the use of the officer’s own car in the interests of the efficiency of the service, then the officer should receive the casual user rate of allowance for the journey concerned.68

6.3.4 Historically, motor vehicle allowances for police officers have followed the rates set for local government workers. The local authority rates are set following a technical advisers’ report to Local Government Employers. The essential users’ rate comprises a fixed element and a mileage element. The fixed element is set at 30% of standing charges covering depreciation, tax and insurance. Both the fixed lump sum and mileage rate vary according to the cylinder capacity of the car.

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68 PNB circular 88/8
6.3.5 The rates currently detailed in Police Regulation 34, Annex U were agreed by the Police Negotiating Board in 2010. They did not actually take effect until April 2012 because the Home Secretary broke the long standing practice by not approving the rates agreed by the Police Negotiating Board. In his part one report Tom Winsor restored the link between MVAs for police officers and local government workers.

6.3.6 The local government rates have not been reviewed since 2010; we understand that there is no intention by local government employers to review the rates until an alternative method of recompense is agreed with local government trade unions.

6.3.7 We consider it unfair that the rates for MVAs for police officers will be set in accordance with an alternative method of recompense for another group of workers on which police officers’ representatives will have no input.

6.3.8 In addition, there are no nationally agreed rates for motorcycle and bicycle users.

**PFEW and PSAEW position**

6.3.9 We have not seen any proposals from PCCs or Chief Officers for changes to the arrangements for MVAs for police officers. We assume that in accordance with your remit letter you are only being asked to review the rates.

6.3.10 We consider that a nationally determined scheme for a MVA for police officers should be retained. MVAs should provide police officers with a fair reimbursement of their motoring costs incurred in the performance of their duties. Police officers should be fully reimbursed if they use their own vehicles to perform their normal police duties.

6.3.11 Virtually all superintending ranks and a significant number of federated ranks officers, particularly DetectiveInspectors and Detective Chief Inspectors, are required to provide ‘on call’ out of hours and at weekends. This is not just a desk/home-based function but necessitates officers being able to turn out and attend locations as required. For this they need to have access to a vehicle and could not perform such a function without one.

6.3.12 In addition, we consider that the two categories of user – essential and casual – and the method for reimbursing each category should be retained.
6.3.13 We are aware that some forces (e.g. Humberside) have inappropriately re-designated all essential users as casual users. We do not consider it appropriate that officers who are required to have a vehicle at their disposal at all times should be classed as ‘casual’. Officers who are classed as casual users cannot be lawfully required to use their own vehicle in the performance of their duties. Alternatively, forces would need to consider making available pool or lease cars or officers would have to use public transport.

6.3.14 We firmly believe that chief officers should pay essential user rate where there is a justification for doing so; that is where it is deemed necessary that the officer has access to a vehicle at all times to perform their police duties. It does not sit comfortably that chief officers appear to be keen to depart from the provisions set out in Police Regulations and Determinations at the same time as retaining their own provided vehicle schemes when, arguably, the case for them to have access to a vehicle for official duties is less well made out than it is for other ranks/grades.

6.3.15 We do not consider that it is appropriate that future MVA rates for police officers should depend on discussions on an alternative method of recompense covering another group of workers on which police officer representatives (and for that matter police employers representatives) have no input.

6.3.16 We also ask the review body to consider setting a national rate for motorcycle users and bicycles.

6.4 Recommendations

6.4.1 We have not yet seen the employer’s proposals on this matter. We would welcome the opportunity to provide a considered response, should there be any recommendation from the employer for change.

6.4.2 In the absence of a clear rationale for any changes to the rates, we recommend that the rates remain the same. We recommend that a nationally agreed scheme be retained. We recommend that the rates for MVAs for officers should be set by a different route that the current one, whereby rates are set by a forum in which there is no representation by officers’ staff associations.
6.5 Away from Home Overnight Allowance

6.5.1 The Home Secretary’s remit letter asked the Review Body to consider the Away from Home Overnight Allowance as part of its rolling review of payments and allowances. This section sets out the background to the Away from Home Overnight Allowance, the rationale and purpose for the allowance, the current difficulties that exist with its implementation and how PFEW has attempted to resolve these difficulties. It should be noted that this allowance is not payable to Superintending ranks.

Background

6.5.2 Prior to the Winsor Review officers ‘held in reserve’ were compensated according to the Hertfordshire agreement, which was detailed in PNB circulars 1995/8, 1988/9, 1986/15. This agreement provided for all hours to be counted as duty hours, except for a period not exceeding 8 hours, provided that proper sleeping accommodation was provided and the officers were stood down from immediate operational availability (otherwise payment would be made for all 24 hours).

6.5.3 ‘Held in reserve’ applied to officers who were serving away from their normal place of duty and who were obliged to stay in a particular, specified place, and not allowed to return home.

6.5.4 Tom Winsor made three recommendations (11-13) in the first part of his Review which would have resulted in those officers held in reserve being paid only for the hours they worked each day, plus travelling time (with relevant compensation for rest days, overtime and unsocial hours allowances; and the on call allowance for officers not receiving payment for any tour of duty). He also proposed changes to the definition of ‘proper accommodation’.69

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69 Winsor recommendations:

11 – Police officers on mutual aid service should be paid for the hours they are required to work each day, plus travelling time to and from the place of duty. Where those hours coincide with the ‘unsocial hours’ period, or the duty has been required at short notice and they are eligible for the new overtime rates, the officer should be paid at the applicable premium rates.

12 – The definition of ‘proper accommodation’ should be revised to describe a single occupancy room with use of en suite bathroom facilities. Where such accommodation is not provided, the officer should receive a payment of £30 per night. The current definition of ‘higher standard accommodation’ should be removed and not replaced.

13 – Officers held in reserve on a day and who have not been paid for any mutual aid tour of duty that day, should receive the on-call allowance of £15 for that day.
6.5.5 Winsor’s proposals were discussed in a PNB working party however the sides were unable to reach agreement. In particular, Staff Side sought clarity with regards to when recommendation 13 would apply: that is, under which circumstances would an officer held in reserve receive the on-call allowance, and when would they not. Staff Side felt that the Official Side were unable to provide a consistent response to this. A failure to agree was registered on 26 July 2011 and the recommendations were referred to the Police Arbitration Tribunal (PAT).

**PAT hearing**

6.5.6 The PAT hearing was held over two days in November 2011 and covered a number of Winsor recommendations, including recommendations 11-13. The Official Side’s submission to the PAT asked for the implementation of the Winsor recommendations on held in reserve. They wanted officers to be paid only for the hours they worked, plus travelling time and any relevant overtime and allowances. The Official Side sought to align being held in reserve with being on-call. They supported Winsor’s recommendation for an on-call allowance of £15 to be paid only after 12 sessions in a year. Their submission to the PAT did not provide any further clarity on when exactly this allowance would be paid to officers held in reserve (Winsor’s recommendation 13 suggested it would only be for a day on which an officer was not required for a tour of duty).
The PAT award was published in January 2012 and in respect of the held in reserve provisions the Tribunal modified Winsor’s recommendations. The award stated that:

Recommendations 11 and 13 – Mutual Aid and held in reserve:
“The Tribunal accepts the Winsor Report Part 1’s proposal that officers on mutual aid or held in reserve should be paid for the actual hours worked, but it also recognises that disruption is caused to officers’ lives, especially their family lives, and the fact that officers are/can be directed to be on mutual aid or held in reserve. The compensation measures proposed in the Winsor Report Part 1 are a major change from the existing arrangements. In the Tribunal’s view, there should be an element of additional compensation for officers who are held in reserve and unable to return home (whether this is in their own force or on mutual aid operations). Therefore, the Tribunal has calculated, by approximate reference to the hourly rate for Constables (at the 8th point on their scale), that an amount of £50 should be paid as an ‘Away From Home Overnight Allowance’. The existing 16-hour payment would cease. However, the new allowance will be some recompense particularly for officers who are held in reserve for protracted periods. The Tribunal is of the view that the financial impact of the new allowance is likely to be broadly cost neutral as its cost will be offset against the reduced cost associated with the removal of the 16-hour payment in respect of officers held in reserve [my emphasis]. The Tribunal accepts the second provision in recommendation 11 relating to unsocial hours, short notice and eligibility for the applicable overtime rates.”

Recommendation 12 – ‘Proper Accommodation’

65. The Tribunal accepts that the definition of ‘proper accommodation’ should be replaced by that contained in the Winsor Report Part 1. The Tribunal also accepts that the definition ‘higher standard accommodation’ should be removed and not replaced. The level of payment specified in the absence of proper accommodation, £30, should in the Tribunal’s view, be reviewed from time to time in the context of inflationary pressures. Further, the possibility exists that forces will simply pay the flat £30 allowance instead of providing officers with the level of accommodation specified in recommendation 12. Consequently, the outcome of this recommendation should be checked periodically.
6.5.8 It can be seen from the PAT award that the Tribunal intended the new allowance to be paid *in all circumstances* when an officer is held in reserve and unable to return home, whether in their own force or on mutual aid operations.

6.5.9 The Home Secretary ratified the PAT award on 30 January 2012. Her decision was published in Home Office Circular (HOC) 6/2012. It stated:

**Recommendations 11, 12 and 13 (as modified by PAT)**

*Changes to the arrangements for officers serving away from their normal place of duty (including on ‘mutual aid’ in another force area):*

- These changes apply to those officers who are deployed away from their normal place of duty whether in or out of force

- The existing arrangements set out in PNB circulars 86/15, 88/9 and 95/8 (often known as the ‘Hertfordshire agreement’) shall cease

- Officers will be paid for the hours they work, including where applicable overtime and the unsocial hours allowance, plus travelling time

- A new ‘Away from home overnight’ allowance of £50 will be introduced and will be payable for every night on which an officer is ‘held in reserve’

- An officer is ‘held in reserve’ if he or she is serving away from his or her normal place of duty and is required to stay in a particular, specified place rather than being allowed to return home

- Payment of a new hardship allowance of £30 per night if ‘proper accommodation’ is not provided

- The definition of ‘proper accommodation’ is a single occupancy room with use of en suite bathroom facilities
The rationale and purpose of the allowance (The case for the allowance)

6.5.10 For at least the last 30 years police officers have been compensated for those occasions when they are required to stay in a specified place and are unable to return home. This requirement places great demands on officers and the new Away from Home Overnight Allowance provides some form of compensation for being unable to return home, for the difficulties that may arise in relation to childcare arrangements or care of dependents and any additional costs which may be incurred, or services paid for but not utilised.

6.5.11 The Away from Home Overnight Allowance enables a balance to be struck between forces having resources available at short notice, to be moved around the country as necessary; and the price paid for the disruption and inconvenience caused to officers’ private lives.

6.5.12 In recent times the growing use of collaboration arrangements has only increased the demands placed on officers, and the requirement for them to travel around the country at short notice. Many officers who work in Counter Terrorism Units, Witness Protection, as detectives and football spotters now work in regional units and are required to travel vast distances, often with no notice and often for undefined periods of time.

6.5.13 PFEW believes it is essential to balance the flexibility of forces with flexibility for officers in order to create a family-friendly work environment which respects the rights of officers, alongside their responsibilities to the force and to the public.

6.5.14 The Home Secretary’s remit letter states that forces must be flexible, professional and able to deal with the changing face of crime over the coming years. The fact that police forces are able to direct officers anywhere, at any time is supported by the Away from Home Overnight Allowance. It is essential that officers are prepared to travel around the country in order to tackle these new and growing challenges. Officers must be adequately compensated for this.

6.5.15 Recent moves have been made to link pay with skills and competence and also with contribution. The contribution of officers held away from home should be recognised. It is important that roles are filled by those officers best suited and with the most skills. The allowance may go some way to assisting with this process.

Current difficulties with the implementation of the allowance

6.5.16 Following the Home Secretary’s decision to ratify the 2011 PAT award, draft regulations and determinations were circulated for comment by 12 March 2012. The final determinations were published on 16 April, taking effect from 1 April 2012, under HOC 10/2012.
6.5.17 When the determination on the Away from Home Overnight Allowance was published it contained new elements that had not been part of the original PAT award reflecting ACPO's desire to limit the scope of the allowance. These changes have caused difficulties for the implementation of the determination.

6.5.18 The determination introduced a caveat that ‘A member is not held in reserve if the member is serving away from his normal place of duty only by reason of being on a training course or carrying out routine enquiries’.

6.5.19 This was not part of the PAT award. The determination did not contain a definition of ‘routine enquiries’ and this has led to inconsistencies across the country with regards to the circumstances in which the allowance is paid. These inconsistencies are often highlighted with the increasing use of collaborations, in addition to mutual aid. It has resulted in officers often working alongside other officers with some in receipt of the allowance, and others not. This has a negative impact on morale.

6.5.20 The matter was discussed on numerous occasions at the PNB. In 2014 the PNB attempted to formulate guidance to accompany the determination but unfortunately agreement could not be reached between the sides and it was never progressed.

6.5.21 A revised determination was published under HOC 4/2015, following acknowledgment by ACPO that the determination was causing problems at local level. However, the revisions have only exacerbated the problems.

6.5.22 The new version of Annex U has revised the definition of ‘held in reserve’ so that a member must be unable to return home “by reason of the need to be ready for immediate deployment”. This muddles concepts of held in reserve and mutual aid. The determination also provides for chief officers to determine whether or not an officer is on a routine enquiry.

6.5.23 These revisions did not provide the clarity sought by PFEW and have led to increasing inconsistencies across the country. ‘Routine enquiries’ is still undefined. The provision allowing for chief officers to determine whether or not an officer is on a routine enquiry has served to maintain inequitable treatment across the country.

6.5.24 A letter received from the Home Office on 24 February 2015, in response to PFEW’s comments on the proposed amendments to Annex U, stated that NPCC guidance on the determination would be issued. However, this is still awaited.
Swallow v West Yorkshire Police

6.5.25 In 2014 a judgement was issued on the case of Swallow vs West Yorkshire Police. The case was looking at non-payment of the Away from Home Overnight Allowance. The officer was working in the North East Counter Terrorism Unit, as a Sergeant Supervisor in the surveillance planning department and subsequently as an Operational Surveillance Team Leader. He was often deployed at short notice, out of region, and for urgent and pressing needs. He was only paid the Away from Home Overnight Allowance in line with his force’s interpretation of the determination.

6.5.26 The force asserted that the officer was involved in routine enquiries, even when out of region however, the judge found in the officer’s favour: that he was held in reserve on a number of occasions and was entitled to payment of the allowance.

6.5.27 The judge noted that the fact that the relevant duties were the sort of work for which the Claimant was trained and frequently undertook did not equate with that work being “routine enquiries”. He accepted that routine enquiries “are matters for which you could plan for and indeed would equate for example to going on a planned training course or going to take a statement as part of routine enquiries in another part of the country.

PFEW attempts to resolve the current difficulties

6.5.28 Since the determination was first published PFEW has consistently articulated its concerns with the drafting of the determination, through the PNB, directly to the Home Office and Home Secretary and now through the Police Consultative Forum.

Examples

6.5.29 In 2012 we began collating examples of when the allowance was not being paid, in order to demonstrate the difficulties and inconsistencies that had arisen with the implementation of the allowance. In 2013 Staff Side suggested that PNB try to agree guidance on the issue, in an attempt to circumvent any need for litigation. As detailed above, it did not prove possible to agree guidance. In addition, a referral back to the PAT did not take place.
**Police Consultative Forum**

6.5.30 PFEW has raised the issue of the allowance on numerous occasions at the Police Consultative Forum (PCF), since the Forum’s first minuted meeting in October 2014. We have attempted to discuss the inconsistencies that have arisen with a view to looking at how these can be resolved. We have also requested on a number of occasions that the NPCC guidance be forthcoming. However, we have been disappointed with the lack of progress made at the PCF. When the Forum was created it was envisaged that it would be a small group with the ability to progress matters more quickly than the Police Negotiating Board had ever been able to do. However, this has not happened in this case.

6.5.31 We do appreciate there has been a transition of responsibilities from the Home Office to the NPCC on a number of issues and that there may be some difficulties in terms of resourcing. However, we are concerned that the PCF is not yet operating to its fullest potential and we hope that in the future the Forum can be used more effectively, to resolve issues such as this.

**Request for Guidance**

6.5.32 As with the PNB before it, the PCF has a role in considering requests for guidance. A Request for Guidance (RfG) can be submitted to the PCF where there is a local dispute with regards to the interpretation of regulations and determinations or a PNB agreement.

6.5.33 The PCF is currently considering a RfG on the Away from Home Overnight Allowance from Suffolk JBB. The RfG is focused on officers who were deployed away from home in December 2012, and who were unable to return home due to a secondment to Operation Ramble.

6.5.34 It is our view that the deployment away from home was not a routine enquiry for the officers concerned as they are operational CID officers who would usually work in their local office dealing with district level crime. They were required to travel to Eastbourne and remain in place overnight in order to be available for early morning arrests and this clearly fits within the wording of the determination. In addition, it appears that Suffolk force took the decision to only pay the allowance for operations where officers are on mutual aid and this again, is not in line with the determination. We hope that the PCF will be able to provide agreed guidance in accordance with this and with a view to the judgement given in the Swallow case.
Conclusion

6.5.35 In our submission to the Review Body last year we noted that one of our core principles was for pay and conditions to be designed so as to ensure officers believe there to be organisational justice; such as fair pay, and that it be appropriately distributed. In addition we sought a pay system that reflects the responsibilities and workload carried, while facilitating the need for officers to be deployed across a broad spectrum of activities. We believe the Away from Home Overnight Allowance supports these aims.

6.5.36 We firmly believe that the Away from Home Overnight Allowance is an essential part of the remuneration package and that provides necessary compensation for those occasions required to stay away from home overnight, according to the needs of their, or another force. The PAT asserted that the allowance, as they saw it, would be broadly cost neutral given the removal of the Hertfordshire agreement.

6.5.37 However, the allowance has not been implemented well. It does not properly reflect the intention of the PAT and this has resulted in wide variations in payment.

6.5.38 PFEW remains concerned about the inconsistent application of the allowance and has made several attempts to resolve this. We are still doing so through the PCF.

6.5.39 The Home Secretary’s remit letter asks the Review Body to consider the broader context of the work currently being undertaken by the College of Policing with policing partners to take forward the recommendations of the Leadership Review. We believe it would be short-sighted to remove the Away from Home Overnight Allowance now. In particular, before this work has fully established how the pay system for the future will operate.
6.6 Recommendations

6.6.1 We believe that this relatively new allowance was introduced for sound reasons. The Police Arbitration Tribunal set out a judgement as to how this should be implemented. This was ratified by the Home Secretary in 2011. However, the two iterations of determinations on this matter have created confusion and differing interpretations over in what circumstances the allowance should be paid. The staff associations have consistently articulated our concern, both to the Home Office and to the NPCC. This has been in writing, and in raising Requests for Guidance at the Police Consultative Forum. The failure of forces to implement this allowance fairly has been demonstrated in successful legal cases against forces (e.g. Swallow).

6.6.2 We recommend that the allowance remains, and that the NPCC renews efforts to redraft the determination, so that it properly and clearly reflects the PAT decision.

6.6.3 In addition, given the PAT award was made four years ago, we believe the time is right to review the value of the hardship allowance, as recommended by the PAT.
7 Impact on Promotion of Taxation on Pensions

7.1 Introduction

7.1.1 We are raising this matter in the PRRB submission as it has a direct impact on officers’ remuneration. Unfortunately this year the staff associations were not asked whether there were matters we wished to see included in the remit letter, so we are conscious this matter will not necessarily be considered by other parties in their submissions. That said, we have raised this matter on a number of occasions with the Home Office, and in the absence of any resolution via that route, we are keen to engage in discussions with all stakeholders.

7.1.2 Although pensions do not come under the remit of the PPRB, its Terms of Reference state that it should be “mindful of developments in police officer pensions to ensure that there is a consistent, strategic and holistic approach to police pay and conditions.” To this end we would like to draw the Review Body’s attention to a pensions’ taxation issue, the Annual Allowance, which impacts disproportionately on members of the Police Pension Scheme (PPS) 1987. This, in turn, is having a negative impact on promotion to senior ranks.

7.2 The Annual Allowance – Background

7.2.1 On 6 April 2006 various changes were brought in to simplify the pensions’ taxation regime. One of these was the Annual Allowance (AA). The AA is the maximum amount of pension savings an individual can accrue each year that receives taxation relief. The effect of the AA charge is to remove taxation relief on any pension savings over the available AA. The AA was originally set at £215,000 in 2006 and had increased to £255,000 by 2010-11. However instead of remaining at £255,000 in 2011-12 it was reduced to £50,000. Since 6 April 2014 the AA has been set at £40,000.

7.3 Annual Allowance Impact on Pensions

7.3.1 In order to determine the value of pension savings for defined benefit schemes, such as the Police Pension Scheme (PPS) 1987, a member works out the value of their pension on 1 April (the first day of the Pensions Input Period - PIP). This is then multiplied by 16, which is the factor used to value defined benefit pensions. The whole amount is then increased by the 12 month increase in the CPI to the September before the start of the taxation year for which the AA is being calculated.
7.3.2 The member then calculates the closing value of the pension at the end of the PIP (31 March for PPS 1987 members). This is done by taking the amount of the pension on 31 March and multiplying it by the defined benefit factor of 16. The increase in the value of the pension is the value at the close of the PIP minus the value at the start of the PIP. It is this amount which is assessed against the AA. There is also a facility by which unused AA from the previous three years can be carried forward and used to offset a breach of the AA in the current year.

7.3.3 The AA disproportionately impacts upon police officers in the Police Pension Scheme 1987 because of its double accrual feature, which provides that in the last 10 years in the scheme the pension accrues at a rate of 2/60th instead of 1/60th. This means that PPS 1987 officers in the last 10 years of service accrue pension at a faster rate and are more likely to breach the AA. This particularly impacts on the Superintending (and Chief Officer) ranks but, due to the dramatic reduction in the AA, it can also affect officers in the Sergeant and Inspecting ranks.

7.3.4 Current AA rules therefore mean that officers promoted in their first twenty years of service are treated more favourably, and are less likely to incur an AA charge, than those promoted between twenty and thirty years’ service.

7.3.5 We thought it would be helpful to provide the PRRB with indicative calculations to show the potential impact of the AA on PPS 1987 scheme members who are promoted (or temporarily promoted) from Chief Inspector to Superintendent. These are in Annex A. We have also considered the position of a PPS 1987 Superintendent promoted to the rank of Commander (in the MPS). In Annex A we have provided calculations both for officers who are not prompted in their final years of service, and those who are. This allows the reader to see clearly the anomaly that occurs, with officers of the same rank, earning the same pay, incurring very different tax liabilities due to the timing of promotion.

7.4 Impact on Promotion

7.4.1 In order to avoid breaching the AA we are aware that officers are now choosing not to put themselves forward for promotion, including temporary promotion. Those seeking promotion to (and within) the Superintending and Chief Officer ranks will, for the most part, be longer in service and are consequently likely to be a double accruing members of the PPS 1987.
7.4.2 The results from the PSAEW Workforce Survey 2015 (to which 72% of PSAEW members responded) show that of those Superintendents who did not apply for promotion, 26% said this was because of the impact on their pensions of the AA taxation charge (and also the Lifetime Allowance taxation charge, against which pension benefits are measured at retirement). We also have concrete examples of officers who either did not take or did not apply for a temporary promotion because of the risk of incurring an AA taxation charge without receiving any increase in pensionable benefit from the promotion. This is because only pensionable pay in the last three years of service counts towards the final salary calculation in the PPS 1987. Therefore, officers who are temporarily promoted earlier than their last three years of service may consequently incur a tax charge but will receive no increase in their pension benefit (based on the higher salary) as a result of the promotion. An example of the impact this has had is a Superintendent in Wiltshire with 24 years’ service who deselected him/herself from applying for three regional roles as a Chief Superintendent due to the potential to incur an AA taxation charge but no additional pensionable benefit.

7.4.3 We are concerned that not only is this situation prohibiting officers’ career progression, it is also negatively impacting upon the operational ability of forces to promote the most competent person for the role.

7.5 Practical Solution

7.5.1 A practical solution to this problem would be to allow members of the three police pension schemes, to be able to treat as non-pensionable (in whole or in part), any pay increase that would cause them to breach the AA. The default position would be that the increase would remain as pensionable pay. A precedent for this type of provision has already been set as, under Police Regulations 2003 and determinations, Assistant Chief Constables (and equivalent ranks in London) receiving temporary salary can receive up to 90% of the higher rank’s basic pay or receive a non-pensionable honorarium of an amount determined by the chief officer or the local policing body (in respect of chief officers). Also, Superintending ranks who are temporarily promoted to, or who receive temporary salary in respect of performing at, the rank of Assistant Chief Constable/Commander can request to receive up to 100% of the increase in pay as a non-pensionable honorarium. This agreement is detailed in PNB Circular 2014/20, ratified by HO Circular 19/2014.
7.5.2 An advantage of this provision for the employer is that if an element of pay is non-pensionable, employer pension contributions will not need to be paid in respect of it. This will also reduce pension scheme liabilities.

7.5.3 Such a provision would require a change to the police pensions’ regulations and will consequently need to go through the Police Advisory Board for England & Wales. However, an endorsement by the Review Body that the negative impact of the pensions’ taxation regime on promotion needs to be addressed would be welcomed.

7.6 Recommendations

7.6.1 It is recommended that members of the three police pension schemes, are able to treat as non-pensionable (in whole or in part), any pay increase that would cause them to breach the Annual Allowance.
Annex A:
Promotion to Superintendent and Commander / Assistant Chief Constable: Indicative Calculations.

A.1. We thought it would be helpful to provide the Review Body with indicative calculations to show the potential impact of the AA on PPS 1987 scheme members who are promoted (or temporarily promoted) from Chief Inspector to Superintendent. According to the Home Office Annual Data Return *provisional* figures, in 2014/2015 (April-March) there were 71 promotions to the rank of Superintendent in the Metropolitan Police Service (MPS). (These figures exclude officers on temporary promotion and also exclude officers who are promoted on transfer from another force.) We have therefore looked at the position of Chief Inspectors in the MPS with 20, 25 and 28 years’ service who are promoted to Superintendent. We have chosen these lengths of pensionable service as from 20 years’ onwards a PPS 1987 scheme member will be double accruing (i.e. accruing $\frac{2}{60}$th of pension per year instead of $\frac{1}{60}$th) and it is because of the double accrual feature that PPS 1987 scheme members can be disproportionately affected by the AA. A scenario where the officer is not promoted is also included for comparison purposes.

A.2. We have also considered the position of a PPS 1987 Superintendent in the MPS who, after 25 years of service (eight years in the rank), is promoted to the rank of Commander (Assistant Chief Constable equivalent) as we are aware that there a number of Superintendents on this year’s Senior Command Course who will bypass the Chief Superintendent rank. Again we have included a scenario where the officer is not promoted for comparison purposes.

A.3. Please read the Points to Note at Annex A.1 before considering the calculations. These explain the pay parameters in force at the time for historic calculations (e.g. there was a two year pay freeze in 2011 and 2012) and the assumptions which have been used.

A.4. Any cases where the officer would breach the AA limit are shown in red. In addition, where this leads to a tax liability for the officer, these are shown in red and are underlined.

A.5. As mentioned in section 7.3, in order to determine the value of pension savings for defined benefit schemes, such as the PPS 1987, a member works out the value of their pension on 1 April (the first day of the Pensions Input Period - PIP). This is then multiplied by 16, which is the factor used to value defined benefit pensions. The whole amount is then increased by the 12 month increase in the CPI to the September before the start of the taxation year for which the AA is being calculated.

A.6. The member then calculates the closing value of the pension at the end of the PIP (31 March for PPS 1987 members). This is done by taking the amount of the pension on 31 March and multiplying it by the defined benefit factor of 16. The increase in the value of the pension is the value at the close of the PIP minus the value at the start of the PIP. It is this amount which is assessed against the AA. There is also a facility by which unused AA from the previous three years can be carried forward and used to offset a breach of the AA in the current year. The calculations relating to the carry forward provisions for the year 2015-16 (from which all the following examples start) can be found in the end notes.
A.7. Examples 1 and 2 relate to a Chief Inspector in the MPS with 20 years’ pensionable service in the PPS 1987. The officer is on the top of the Chief Inspectors’ pay scale. In Example 1 the officer remains in his/her current rank. In Example 2 the officer is promoted to Superintendent and the calculations then follow the officer through until s/he has achieved 25 years’ pensionable service.
EXAMPLE 1  CHIEF INSPECTOR IN THE MPS, PAY POINT 3 (TOP OF SCALE) WITH 20 YEARS’ PENSIONABLE SERVICE (NO PROMOTION)

At the start of the Pension Input Period the opening value is calculated as follows:

**Opening value –**

Salary at 1 April 2015 - Chief Inspector (pay point 3, top of scale) - £57,105
Plus London Weighting of £2,325 (wef 01/07/14) = £59,430
Plus £600 Competence Related Threshold Payment (CRTP) = £60,030

20 years’ pensionable service = 20/60ths accrued for pension
Pension of £60,030 x 20/60 = £20,010

x16 (defined benefit factor) = £320,160

Allow for inflation: x1.2% = opening value of £324,002

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer remaining on the Chief Inspectors’ pay point 3 (top of scale) and now having 21 years’ pensionable service.

**Closing value**

Salary at 31 March 2016 (Chief Inspector pay point 3, top of scale with pay increase) - £57,675
Plus London Weighting of £2,349 (wef 01/07/15) = £60,024
Plus £300 Competence Related Threshold Payment = £60,324

21 years’ pensionable service = 22/60
Pension = £60,324 x 22/60 = £22,119

x16 (defined benefit factor) = closing value of £353,904

*Increase in value of the pension*

Closing value minus opening value = increase in value of the pension

£353,904 - £324,002 = £29,902
This is below the AA of £40,000.

For Year 2015-16 there is £10,098 (£40,000 - £29,902) unused AA to carry forward to the following year.

**CARRY FORWARD ENTITLEMENT**

Previous 3 years:
2013-14: £36,193 to carry forward
2014-15: £26,160 to carry forward
2015-16: £10,098 to carry forward

= £72,451 available to carry forward
+ £40,000 AA for 2016-17

Total =£112,451 available to offset the AA charge in 2016-17
EXAMPLE 2  CHIEF INSPECTOR IN THE MPS, PAY POINT 3 (TOP OF SCALE) WITH 20 YEARS’ PENSIONABLE SERVICE (WITH PROMOTION TO SUPERINTENDENT)

At the start of the Pension Input Period the opening value is calculated as follows:

Opening value
Salary at 1 April 2015 - Chief Inspector (pay point 3, top of scale) = £57,105
Plus London Weighting of £2,325 (wef 01/07/14) = £59,430
Plus £600 Competence-Related Threshold Payment = £60,030

20 years’ pensionable service = 20/60ths accrued for pension
Pension of £60,030 x 20/60 = £20,010

x16 (defined benefit factor) = £320,160

Allow for inflation: x1.2% = opening value of £342,002

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer having been promoted to Superintendent and now having 21 years’ pensionable service.

Closing value
Salary at 31 March 2016 - Superintendent (pay point 1) = £64,188
Plus London Weighting of £2,349 (wef 01/07/15) = £66,537

21 years’ pensionable service = 22/60
Pension = £66,537 x 22/60 = £24,397

x16 defined benefit factor = closing value of £390,352

Increase in value of the pension
Closing value minus opening value = increase in value of the pension

£390,352 - £342,002 = £48,350
This is above the AA of £40,000 and could result in £8,350 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

**CARRY FORWARD ENTITLEMENT** [see endnote i]

2015-16: the available AA has been used

Previous 3 years:
2012-13: £37,379 to carry forward
2013-14: £36,193 to carry forward
2014-15: £26,160 to carry forward

In this instance the officer can utilise £8,350 of his/her remaining AA from 2012-13 and so will not have to pay a tax charge.
EXAMPLE 2a  SUPERINTENDENT IN THE MPS, PAY POINT 1 WITH 21 YEARS’ PENSIONABLE SERVICE

Following on from example 2, the officer is now a Superintendent on pay point 1, with 21 years’ pensionable service.

The next PIP will start on 1 April 2016 and the opening value of the officer’s pension will be similar to the closing value in the previous example.

Opening value
Salary at 1 April 2016 - Superintendent (pay point 1) = £64,188
Plus London Weighting of £2,349 (wef 01/07/15) = £66,537

21 years’ pensionable service = 22/60
Pension = £66,537 x 22/60 = £24,397

x16 defined benefit factor = £390,352

Allow for inflation: x1.2% = opening value of £395,036

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer progressing to pay point 2 of the Superintendents’ pay scale and now having 22 years’ pensionable service.

Closing value
Salary at 31 March 2017 - pay point 2 = £67,542
Plus London Weighting of £2,349 = £69,891

22 years’ pensionable service = 24/60
Pension = £69,891 x 24/60 = £27,956

x16 defined benefit factor = closing value of £447,296

Increase in value of the pension
Closing value minus opening value = increase in value of the pension
£447,296 – £395,036 = £52,260

This is above the AA of £40,000 and could result in £12,260 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

2016-17: the available AA has been used

CARRY FORWARD ENTITLEMENT – see endnote i

Previous 3 years:
2013-14: £36,193 to carry forward
2014-15: £26,160 to carry forward
2015-16: the available AA has been used

In this instance the officer can utilise £12,260 of his/her remaining AA from 2013-14 and so will not have to pay a tax charge.
EXAMPLE 2b  SUPERINTENDENT IN THE MPS, PAY POINT 2 WITH 22 YEARS’ PENSIONABLE SERVICE

Following on from example 2a, the officer is now a Superintendent on pay point 2, with 22 years’ pensionable service.

The next PIP will start on 1 April 2017 and the opening value of the officer’s pension will be similar to the closing value in the previous example.

Opening value
Salary at 1 April 2017 - Superintendent (pay point 2) = £67,542
Plus London Weighting of £2,349 = £69,891

22 years’ pensionable service = 24/60
Pension = £69,891 x 24/60 = £27,956

x16 defined benefit factor = £447,296

Allow for inflation: x1.2% = opening value of £452,664

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer progressing to pay point 3 of the Superintendents’ pay scale and now having 23 years’ pensionable service.

Closing value
Salary at 31 March 2018 - Superintendent (pay point 3) = £71,070
Plus London Weighting of £2,349 = £73,419

23 years’ pensionable service = 26/60
Pension = £73,419 x 26/60 = £31,815

x16 defined benefit factor = closing value of £509,040

Increase in value of the pension
Closing value minus opening value = increase in value of the pension
£509,040 - £452,664 = £56,376

This is above the AA of £40,000 and could result in £16,376 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

2017-18: the available AA has been used

**CARRY FORWARD ENTITLEMENT – see endnote i**

Previous 3 years:
2014-15: £26,160 to carry forward
2015-16: the available AA has been used
2016-17: the available AA has been used

In this instance the officer can utilise £16,376 of his/her remaining AA from 2014-15 and so will not have to pay a tax charge.
EXAMPLE 2c  SUPERINTENDENT IN THE MPS, PAY POINT 3 WITH 23 YEARS’ PENSIONABLE SERVICE

Following on from example 2b, the officer is now a Superintendent on pay point 3, with 23 years’ pensionable service.

The next PIP will start on 1 April 2018 and the opening value of the officer’s pension will be similar to the closing value in the previous example.

Opening value
Salary at 1 April 2018 - Superintendent (pay point 3) = £71,070
Plus London Weighting of £2,349 = £73,419

23 years’ pensionable service = 26/60
Pension = £73,419 x 26/60 = £31,815

x16 defined benefit factor = £509,040

Allow for inflation: x1.2% = opening value of £515,148

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer progressing to pay point 4 (top of scale) of the Superintendents’ pay scale and now having 24 years’ pensionable service.

Closing value
Salary at 31 March 2019 - Superintendent (pay point 4, top of scale) = £75,816
Plus London Weighting of £2,349 = £78,165

24 years’ pensionable service = 28/60
Pension = £78,165 x 28/60 = £36,477

x16 defined benefit factor = closing value of £583,632

Increase in value of the pension
Closing value minus opening value = increase in value of the pension
£583,632 - £515,148 = **£68,484**

This is above the AA of £40,000 and could result in £28,484 being taxed at the officer’s marginal rate. However, any unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

2018-19: the available AA has been used.

**CARRY FORWARD ENTITLEMENT**

Previous 3 years:
2015-16: the available AA has been used
2016-17: the available AA has been used
2017-18: the available AA has been used

Unfortunately in this instance the officer has no unused AA from the previous 3 years and will therefore be taxed on the excess of £28,484 at his/her marginal rate (i.e. £11,394 at a 40% tax rate).
EXAMPLE 2d SUPERINTENDENT IN THE MPS, PAY POINT 4 (TOP OF SCALE) WITH 24 YEARS’ PENSIONABLE SERVICE

Following on from example 2c, the officer is now a Superintendent on pay point 4 (top of scale), with 24 years’ pensionable service.

The next PIP will start on 1 April 2019 and the opening value of the officer’s pension will be similar to the closing value in the previous example.

Opening value
Salary at 1 April 2019 - Superintendent (pay point 4, top of scale) = £75,816
Plus London Weighting of £2,349 = £78,165

24 years’ pensionable service = 28/60
Pension = £78,165 x 28/60 = £36,477

x16 defined benefit factor = £583,632

Allow for inflation: x1.2% = opening value of £590,636

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer remaining on pay point 4 (top of scale) of the Superintendents’ pay scale and now having 25 years’ pensionable service.

Closing value
Salary at 31 March 2020 - Superintendent (pay point 4, top of scale) = £75,816
Plus London Weighting of £2,349 = £78,165

25 years’ pensionable service = 30/60
Pension = £78,165 x 30/60 = £39,083

x16 defined benefit factor = closing value of £625,328

Increase in value of the pension
Closing value minus opening value = increase in value of the pension
£625,328 - £590,636 = £34,692

This is below the AA of £40,000. However, this is a result of the member already being at the top of his/her pay scale and no allowance being made within these calculations for future pay and London Weighting increases.

7.6.2 Examples 3 and 4 relate to a Chief Inspector in the MPS with 25 years’ pensionable service in the PPS 1987. The officer is on the top of the Chief Inspectors’ pay scale. In Example 3 the officer remains in his/her current rank. In Example 4 the officer is promoted to Superintendent and the calculations then follow the officer through until s/he has achieved 30 years’ pensionable service, as this is the point at which s/he can retire with full pensionable service.
EXAMPLE 3  CHIEF INSPECTOR IN THE MPS, PAY POINT 3 (TOP OF SCALE) WITH 25 YEARS’ PENSIONABLE SERVICE (NO PROMOTION)

At the start of the Pension Input Period the opening value is calculated as follows:

**Opening value**
- Salary at 1 April 2015 - Chief Inspector (pay point 3) £57,105
- Plus London Weighting of £2,325 (wef 01/07/14) = £59,430
- Plus £600 Competence Related Threshold Payment = £60,030

25 years’ pensionable service = 30/60
Pension = £60,030 x 30/60 = £30,015

x16 (defined benefit factor) = £480,240

Allow for inflation: x1.2% = opening value of £486,003

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer remaining on the Chief Inspectors’ pay point 3 (top of scale) and now having 26 years’ pensionable service.

**Closing value**
- Salary at 31 March 2016 - Chief Inspector (pay point 3) £57,675
- Plus London Weighting of £2,349 (wef 01/07/15) = £60,024
- Plus £300 Competence Related Threshold Payment = £60,324

26 years’ pensionable service = 32/60
Pension = £60,324 x 32/60 = £32,173

x16 defined benefit factor = closing value of £514,768

*Increase in value of the pension*
Closing value minus opening value = increase in value of the pension

£514,768 - £486,003 = **£28,765**

This is below the AA of £40,000

2015-16: £40,000 - £28,765 = £11,235 to carry forward
EXAMPLE 4  CHIEF INSPECTOR IN THE MPS, PAY POINT 3 (TOP OF SCALE) WITH 25 YEARS’ PENSIONABLE SERVICE (WITH PROMOTION TO SUPERINTENDENT)

At the start of the Pension Input Period the opening value is calculated as follows:

**Opening value**

Salary at 1 April 2015 - Chief Inspector (pay point 3) £57,105

Plus London Weighting of £2,325 (wef 01/07/14) = £59,430

Plus £600 Competence Related Threshold Payment = £60,030

25 years’ pensionable service = 30/60

Pension = £60,030 x 30/60 = £30,015

x16 (defined benefit factor) = £480,240

Allow for inflation: x1.2% = opening value of £486,003

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer being promoted to Superintendent (pay point 1) and now having 26 years’ pensionable service.

**Closing value**

Salary at 31 March 2016 – Superintendent (pay point 1) = £64,188

Plus London Weighting of £2,349 (wef 01/07/15) = £66,537

26 years’ pensionable service = 32/60

Pension = £66,537 x 32/60 = £35,486

x16 defined benefit factor = closing value of £567,776

**Increase in value of the pension**

Closing value minus opening value = increase in value of the pension

£567,776 - £486,003 = £81,773
This is above the AA of £40,000 and could result in £41,773 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

2015-16: the available AA has been used

**CARRY FORWARD ENTITLEMENT**

Previous 3 years:
- 2012-13: £22,855 to carry forward
- 2013-14: £21,188 to carry forward
- 2014-15: £11,193 to carry forward

In this instance the officer can utilise all £22,855 of his/her remaining AA from 2012-13 and £18,918 of his/her 2013-14 AA (leaving £2,270). So the officer will **not** have to pay a tax charge.
EXAMPLE 4a SUPERINTENDENT IN THE MPS, PAY POINT 1 WITH 26 YEARS’ PENSIONABLE SERVICE

Following on from example 4, the officer is now a Superintendent on pay point 1, with 26 years’ pensionable service.

The next PIP will start on 1 April 2016 and the opening value of the officer’s pension will be similar to the closing value in the previous example.

Opening value
Salary at 1 April 2016 – Superintendent (pay point 1) = £64,188
Plus London Weighting of £2,349 (wef 01/07/15) = £66,537

26 years’ pensionable service = 32/60
Pension = £66,537 x 32/60 = £35,486

x16 defined benefit factor = £567,776

Allow for inflation: x1.2% = opening value of £574,589

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer progressing to pay point 2 of the Superintendents’ pay scale and now having 27 years’ pensionable service.

Closing value
Salary at 31 March 2017 - Superintendent (pay point 2) = £67,542
Plus London Weighting of £2,349 = £69,891

27 years’ pensionable service = 34/60
Pension = £69,891 x 34/60 = £39,605

x16 defined benefit factor = closing value of £633,680

Increase in value of the pension
Closing value minus opening value = increase in value of the pension
£633,680 - £574,589 = \textbf{£59,091}

This is above the AA of £40,000 and could result in £19,091 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

2016-17: the available AA has been used

\textit{CARRY FORWARD ENTITLEMENT – link to endnote 2}

Previous 3 years:
2013-14: £2,270 left to carry forward
2014-15: £11,193 to carry forward
2015-16: the AA has already been used

In this instance the officer can utilise all £2,270 of his/her remaining AA from 2013-14 and all £11,193 of his/her remaining AA from 2014-15. However, this still leaves £5,628 outstanding.

\textbf{Unfortunately the member will have to pay a tax charge on £5,628 at his/her marginal rate (i.e. £2,251 at a 40% tax rate).}
**EXAMPLE 4b  SUPERINTENDENT IN THE MPS, PAY POINT 2 WITH 27 YEARS’ PENSIONABLE SERVICE**

Following on from example 4a, the officer is now a Superintendent on pay point 2, with 27 years’ pensionable service.

The next PIP will start on 1 April 2017 and the opening value of the officer’s pension will be similar to the closing value in the previous example.

**Opening value**

Salary at 1 April 2017 - Superintendent (pay point 2) = £67,542

Plus London Weighting of £2,349 = £69,891

27 years’ pensionable service = 34/60

Pension = £69,891 x 34/60 = £39,605

x16 defined benefit factor = £633,680

Allow for inflation: x1.2% = opening value of **£641,284**

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer progressing to pay point 3 of the Superintendents’ pay scale and now having 28 years’ pensionable service.

**Closing value**

Salary at 31 March 2018 - Superintendent (pay point 3) = £71,070

Plus London Weighting of £2,349 = £73,419

28 years’ pensionable service = 36/60

Pension = £73,419 x 36/60 = £44,051

x16 defined benefit factor = closing value of **£704,816**

**Increase in value of the pension**
Closing value minus opening value = increase in value of the pension

£704,816 - £641,284 = **£63,532**

This is above the AA of £40,000 and could result in £23,532 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

2017-18: the available AA has been used

*CARRY FORWARD ENTITLEMENT – link to endnote ii*

Previous 3 years:
2014-15: the AA has already been used
2015-16: the AA has already been used
2016-17: the AA has already been used

**Unfortunately in this instance the officer has no unused AA from the previous 3 years and will therefore be taxed on the excess of £23,532 at his/her marginal rate (i.e. £9,413 at a 40% tax rate).**
EXAMPLE 4c  SUPERINTENDENT IN THE MPS, PAY POINT 3 WITH 28 YEARS’ PENSIONABLE SERVICE

Following on from example 4b, the officer is now a Superintendent on pay point 3, with 28 years’ pensionable service.

The next PIP will start on 1 April 2018 and the opening value of the officer’s pension will be similar to the closing value in the previous example.

**Opening value**

Salary at 1 April 2018 - Superintendent (pay point 3) = £71,070

Plus London Weighting of £2,349 = £73,419

28 years’ pensionable service = 36/60

Pension = £73,419 x 36/60 = £44,051

x16 defined benefit factor = £704,816

Allow for inflation: x1.2% = opening value of £713,274

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer progressing to pay point 4 (top of scale) of the Superintendents’ pay scale and now having 29 years’ pensionable service.

**Closing value**

Salary at 31 March 2019 - Superintendent (pay point 4, top of scale) = £75,816

Plus London Weighting of £2,349 = £78,165

29 years’ pensionable service = 38/60

Pension = £78,165 x 38/60 = £49,504

x16 defined benefit factor = closing value of £792,064

**Increase in value of the pension**

Closing value minus opening value = increase in value of the pension
£792,064 - £713,274 = £78,790

This is above the AA of £40,000 and could result in £38,790 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

2018-19: the available AA has been used

**CARRY FORWARD ENTITLEMENT**

Previous 3 years:
2015-16: the AA has already been used
2016-17: the AA has already been used
2017-18: the AA has already been used

Unfortunately in this instance the officer has no unused AA from the previous 3 years and will therefore be taxed on the excess of £38,790 at his/her marginal rate (i.e. £15,516 at a 40% tax rate).
EXAMPLE 4d SUPERINTENDENT IN THE MPS, PAY POINT 4 (TOP OF SCALE) WITH 29 YEARS’ PENSIONABLE SERVICE

Following on from example 4c, the officer is now a Superintendent on pay point 4, with 29 years’ pensionable service.

The next PIP will start on 1 April 2019 and the opening value of the officer’s pension will be similar to the closing value in the previous example.

**Opening value**

Salary at 1 April 2019 - Superintendent (pay point 4, top of scale) = £75,816

Plus London Weighting of £2,349 = £78,165

29 years’ pensionable service = 38/60

Pension = £78,165 x 38/60 = £49,504

x16 defined benefit factor = £792,064

Allow for inflation: x1.2% = opening value of £801,569

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer remaining on pay point 4 (top of scale) of the Superintendents’ pay scale and now having 30 years’ pensionable service.

**Closing value**

Salary at 31 March 2020 - Superintendent (pay point 4, top of scale) = £75,816

Plus London Weighting of £2,349 = £78,165

30 years’ pensionable service = 40/60

Pension = £78,165 x 40/60 = £52,110

x16 defined benefit factor = closing value of £833,760

*Increase in value of the pension*

Closing value minus opening value = increase in value of the pension
£833,760 - £801,569 = £32,191

This is below the AA of £40,000. However, this is a result of the member already being at the top of his/her pay scale and no allowance being made within these calculations for future pay and London Weighting increases.

At this point the officer will have reached full pensionable service under the PPS 1987 and may choose to retire.

- **Examples 5 and 6** relate to a Chief Inspector in the MPS with 28 years’ pensionable service in the PPS 1987. The officer is on the top of the Chief Inspectors’ pay scale. In Example 5 the officer remains in his/her current rank. In Example 6 the officer is promoted to Superintendent and the calculations then follow the officer through until s/he has achieved 30 years’ pensionable service, as this is the point at which s/he can retire with full pensionable service.
EXAMPLE 5   CHIEF INSPECTOR IN THE MPS, PAY POINT 3 (TOP OF SCALE) WITH 28 YEARS’ PENSIONABLE SERVICE (NO PROMOTION)

At the start of the Pension Input Period the opening value is calculated as follows:

**Opening value**

Salary at 1 April 2015 - Chief Inspector (pay point 3) = £57,105

Plus London Weighting of £2,325 (wef 01/07/14) = £59,430

Plus £600 Competence Related Threshold Payment = £60,030

28 years’ pensionable service = 36/60

Pension = £60,030 x 36/60 = £36,018

x16 (defined benefit factor) = £576,288

Allow for inflation: x1.2% = opening value of £583,203

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer remaining on the Chief Inspectors’ pay point 3 (top of scale) and now having 29 years’ pensionable service.

**Closing value**

Salary at 31 March 2016 - Chief Inspector (pay point 3 with pay increase) = £57,675

Plus London Weighting of £2,349 (wef 01/07/15) = £60,024

Plus £300 Competence Related Threshold Payment = £60,324

29 years’ pensionable service = 38/60

Pension = £60,324 x 38/60 = £38,205

x16 defined benefit factor = closing value of £611,280

**Increase in value of the pension**
Closing value minus opening value = increase in value of the pension

£611,280 - £583,203 = **£28,077**

This is below the AA of £40,000

Year 2015-16: £40,000 - £28,077 = £11,923 to carry forward
**EXAMPLE 6  CHIEF INSPECTOR IN THE MPS, PAY POINT 3 (TOP OF SCALE) WITH 28 YEARS’ PENSIONABLE SERVICE (WITH PROMOTION TO SUPERINTENDENT)**

At the start of the Pension Input Period the opening value is calculated as follows:

**Opening value**
Salary at 1 April 2015 = Chief Inspector (pay point 3, top of scale) = £57,105
Plus London Weighting of £2,325 (wef 01/07/14) = £59,430
Plus £600 Competence Related Threshold Payment = £60,030

28 years’ pensionable service = 36/60
Pension = £60,030 x 36/60 = £36,018

x16 (defined benefit factor) = £576,288

Allow for inflation: x1.2% = opening value of £583,203

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer being promoted to Superintendent (pay point 1) and now having 29 years’ pensionable service.

**Closing value**
Salary at 31 March 2016 – Superintendent (pay point 1) = £64,188
Plus London Weighting of £2,349 (wef 01/07/15) = £66,537

29 years’ pensionable service = 38/60
Pension = £66,537 x 38/60 = £42,140

x16 defined benefit factor = closing value of £674,240

**Increase in value of the pension**
Closing value minus opening value = increase in value of the pension

£674,240 - £583,203 = £91,037
This is above the AA of £40,000 and could result in £51,037 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

2015-16: the available AA has been used

**CARRY FORWARD ENTITLEMENT**

Previous 3 years:
2012-13: £26,669 to carry forward
2013-14: £21,898 to carry forward
2014-15: £11,876 to carry forward

In this instance the officer can utilise all £26,669 of his/her remaining AA from 2012-13 and all £21,898 of his/her remaining AA from 2013-14 and £2,470 of his/her remaining AA from 2014-15 (leaving £9,406 for 2014-15). So the officer will **not** have to pay a tax charge.
EXAMPLE 6a  SUPERINTENDENT IN THE MPS, PAY POINT 1 WITH 29 YEARS’ PENSIONABLE SERVICE

Following on from example 6, the officer is now a Superintendent on pay point 1, with 29 years’ pensionable service.

The next PIP will start on 1 April 2016 and the opening value of the officer’s pension will be similar to the closing value in the previous example.

**Opening value**

Salary at 1 April 2016 – Superintendent (pay point 1) = £64,188
Plus London Weighting of £2,349 (wef 01/07/15) = £66,537

29 years’ pensionable service = 38/60
Pension = £66,537 x 38/60 = £42,140

x16 defined benefit factor = £674,240

Allow for inflation: x1.2% = opening value of £682,331

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer progressing to pay point 2 of the Superintendents’ pay scale and now having 30 years’ pensionable service.

**Closing value**

Salary at 31 March 2017 – Superintendent (pay point 2) = £67,542
Plus London Weighting of £2,349 = £69,891

30 years’ pensionable service = 40/60
Pension = £69,891 x 40/60 = £46,594

x16 defined benefit factor = closing value of £745,504

**Increase in value of the pension**

Closing value minus opening value = increase in value of the pension
£745,504 - £682,331 = **£63,173**

This is above the AA of £40,000 and could result in £23,173 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

2016-17: the available AA has been used

**CARRY FORWARD ENTITLEMENT** – see endnote iii

Previous 3 years:
2013-14: the AA has been used
2014-15: £9,406 of the AA remains unused
2015-16: the AA has been used

In this instance the officer can utilise all £9,406 of his/her remaining AA from 2014-15. However, that still leaves £13,767 outstanding.

**Unfortunately in this instance the officer will be taxed on the excess of £13,767 at his/her marginal rate (£5,507 at a 40% tax rate).**

At this point the officer has reached full pensionable service under the PPS 1987 and may choose to retire.

7.6.3 **Examples 7 and 8** relate to a Superintendent in the MPS with 25 years’ pensionable service in the PPS 1987. The officer is on the top of the Superintendents’ pay scale. In Example 7 the officer remains in his/her current rank. In Example 8 the officer is promoted to Commander (Assistant Chief Constable equivalent). The calculation then follows the officer through until s/he has achieved 30 years’ pensionable service.
EXAMPLE 7  SUPERINTENDENT IN THE MPS, PAY POINT 4 WITH 25 YEARS’ PENSIONABLE SERVICE (NO PROMOTION)

At the start of the Pension Input Period the opening value is calculated as follows:

Opening Value
Salary at 1 April 2015 – Superintendent (pay point 4) = £75,066

Plus London Weighting of £2,325 (wef 01/07/14) = £77,391

25 years’ pensionable service = 30/60
£77,391 x 30/60 = £38,696

x16 (defined benefit factor) = £619,136

Allow for inflation: x1.2% = opening value of **£626,566**

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer remaining on pay point 4 of the Superintendents’ pay scale and now having 26 years’ pensionable service.

Closing value
Salary at 31 March 2016 – Superintendent (pay point 4 with pay increase) = £75,816

Plus London Weighting of £2,349 (wef 01/07/15) = £78,165

26 years’ pensionable service = 32/60
Pension = £78,165 x 32/60 = £41,688

x16 (defined benefit factor) = closing value of **£667,008**

Increase in value of the pension
Closing value minus opening value = increase in value of the pension

£667,008 - £626,566 = **£40,442**
This is above the AA of £40,000 and could result in £442 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

2015-16: the available AA has been used.

**CARRY FORWARD ENTITLEMENT**

Previous 3 years:
- 2012-13: £7,811 to carry forward
- 2013-14: £14,206 to carry forward
- 2014-15: No unused allowance to carry forward

In this instance the officer can utilise £445 of his/her remaining AA from 2012-13 and so will not have to pay a tax charge.
EXAMPLE 8 SUPERINTENDENT IN THE MPS, PAY POINT 4 WITH 25 YEARS’ PENSIONABLE SERVICE (WITH PROMOTION TO COMMANDER)

At the start of the Pension Input Period the opening value is calculated as follows:

**Opening Value**

Salary at 1 April 2015 - Superintendent (pay point 4) = £75,066

- Plus London Weighting of £2,325 (wef 01/07/14) = £77,391

- 25 years’ pensionable service = 30/60
  - £77,391 x 30/60 = £38,696

- x16 (defined benefit factor) = £619,136

- Allow for inflation: x1.2% = opening value of £626,566

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer being promoted to Commander (Assistant Chief Constable equivalent) in the MPS and now having 26 years’ pensionable service.

**Closing value**

Salary at 31 March 2016 – Commander (pay point 1) = £96,597

- Plus London Weighting of £2,349 (wef 01/07/15) = £98,946

- 26 years’ pensionable service = 32/60
  - Pension = £98,946 x 32/60 = £52,771

- x16 (defined benefit factor) = closing value of £844,336

**Increase in value of the pension**

Closing value minus the opening value = increase in value of the pension

£844,336 - £626,566 = £217,770
This is above the AA of £40,000 and could result in £177,770 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest year first.

2015-16: the available AA has been used.

**CARRY FORWARD ENTITLEMENT** see end note iv

Previous 3 years:
- 2012-13: £7,811 to carry forward
- 2013-14: £14,206 to carry forward
- 2014-15: No unused allowance to carry forward

*Total = £22,017*

In this instance the officer can utilise all of his/her remaining AA from 2012-13 and 2013-14. However, this still leaves £155,753 (£177,770 - £22,017) outstanding.

**Unfortunately in this instance the officer will be taxed on the excess of £155,753 at his/her marginal rate of tax (i.e. £62,301 at a 40% tax rate).**
EXAMPLE 8a COMMANDER IN THE MPS, PAY POINT 1 WITH 26 YEARS’ PENSIONABLE SERVICE

Following on from Example 8, the officer is now a Commander on pay point 1, with 26 years’ pensionable service.

The next PIP will start on 1 April 2016 and the opening value will be similar to the closing value in the previous example.

Opening value
Salary at 1 April 2016 – Commander (pay point 1) = £96,597
Plus London Weighting of £2,349 (wef 01/07/15) = £98,946

26 years’ pensionable service = 32/60
Pension = £98,946 x 32/60 = £52,771

x16 (defined benefit factor) = £844,336

Allow for inflation: x1.2% = opening value of £854,468

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer progressing to pay point 2 of the Commander/ACC pay scale and now having 27 years’ pensionable service.

Closing value
Salary at 31 March 2017 - Commander (pay point 2) = £102,822
Plus London Weighting of £2,349 = £105,171

27 years’ pensionable service = 34/60
Pension = £105,171 x 34/60 = £59,597

x16 (defined benefit factor) = closing value of £953,552

Increase in value of the pension
Closing value minus opening value = increase in value of pension
£953,552 - £854,468 = **£99,084**

This is above the AA of £40,000 and could result in £49,084 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest year first.

2016-17: the available AA has been used.

**CARRY FORWARD ENTITLEMENT** – link to endnote iv

Previous 3 years:
2013-14: the available AA has been used
2014-15: the available AA has been used
2015-16: the available AA has been used

Unfortunately in this instance the officer has no unused AA from the previous 3 years and will therefore be taxed on the excess of £49,084 at his/her marginal rate (i.e. £19,634 at a rate of 40% tax).
EXAMPLE 8b COMMANDER IN THE MPS, PAY POINT 2 WITH 27 YEARS’ PENSIONABLE SERVICE

Following on from example 8a, the officer is now a Commander on pay point 2 with 27 years’ pensionable service.

The next PIP will start on 1 April 2017 and the opening value of the officer’s pension will be similar to the closing value in the previous example.

**Opening value**

Salary at 1 April 2017 - Commander (pay point 2) = £102,822

Plus London Weighting of £2,349 = £105,171

27 years’ pensionable service = 34/60

Pension = £105,171 x 34/60 = £59,597

x16 (defined benefit factor) = £953,552

Allow for inflation: x1.2% = opening value of £964,995

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer progressing to pay point 3 of the Commander/ACC pay scale and now having 28 years’ pensionable service.

**Closing value**

Salary at 31 March 2018 - Commander (pay point 3, top of scale) = £109,056

Plus London Weighting of £2,349 = £111,405

28 years’ pensionable service = 36/60

Pension = £111,405 x 36/60 = closing value of £66,843

x16 (defined benefit factor) = closing value of £1,069,488

**Increase in value of the pension**

Closing value minus opening value = increase in value of the pension

£1,069,488 - £964,995 = £104,493
This is above the AA of £40,000 and could result in £64,493 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

2017-18: the available AA has been used.

*CARRY FORWARD ENTITLEMENT – link to endnote iv*

Previous 3 years:
2014-15: the AA has already been used
2015-16: the AA has already been used
2016-17: the AA has already been used

Unfortunately in this instance the officer has no unused AA from the previous 3 years and will therefore be taxed on the excess of £64,493 at his/her marginal rate (i.e. £25,797 at a rate of 40% tax).
EXAMPLE 8c COMMANDER IN THE MPS, PAY POINT 3 (TOP OF SCALE) WITH 28 YEARS’ PENSIONABLE SERVICE

Following on from example 8b, the officer is now a Commander on pay point 3 (top of scale) with 28 years’ pensionable service.

The next PIP will start on 1 April 2018 and the opening value of the officer’s pension will be similar to the closing value in the previous example.

**Opening value**

Salary at 1 April 2018 – Commander (pay point 3, top of scale) = £109,056

Plus London Weighting of £2,349 = £111,405

28 years’ pensionable service = 36/60

Pension = £111,405 x 36/60 = £66,843

x16 (defined benefit factor) = £1,069,488

Allow for inflation: x1.2% = opening value of £1,082,322

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer remaining on pay point 3 (top of scale) of the Commander/ACC pay scale and now having 29 years’ pensionable service.

**Closing value**

Salary at 31 March 2019 – Commander (pay point 3, top of scale) = £109,056

Plus London Weighting of £2,349 = £111,405

29 years’ pensionable service = 38/60

Pension = £111,405 x 38/60 = £70,557

x16 (defined benefit factor) = closing value of £1,128,912

**Increase in value of the pension**

Closing value minus opening value – increase in value of the pension
£1,128,912 – £1,082,322 = £46,590

This is above the AA of £40,000 and could result in £6,590 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be ‘carried forward’ and used to offset the tax charge, using the earliest tax year first.

2018-19: the available AA has been used

**CARRY FORWARD ENTITLEMENT**

Previous 3 years:
2015-16: the AA has already been used
2016-17: the AA has already been used
2017-18: the AA has already been used

Unfortunately in this instance the officer has no unused AA from the previous 3 years and will therefore be taxed on the excess of £6,590 at his/her marginal rate (i.e. £2,636 at a rate of 40% tax).
**EXAMPLE 8d COMMANDER IN THE MPS, PAY POINT 3 (TOP OF SCALE) WITH 29 YEARS’ PENSIONABLE SERVICE**

Following on from example 8c, the officer is now a Commander on pay point 3 (top of scale) with 29 years’ pensionable service.

The next PIP will start on 1 April 2019 and the opening value of the officer’s pension will be similar to the closing value in the previous example.

**Opening value**

Salary at 1 April 2019 – Commander (pay point 3, top of scale) = £109,056

Plus London Weighting of £2,349 = £111,405

29 years’ pensionable service = 38/60

Pension = £111,405 x 38/60 = £70,557

x16 (defined benefit factor) = £1,128,912

Allow for inflation: x1.2% = opening value of £1,142,459

At the end of the Pension Input Period the closing value is calculated as shown below. This is based on the officer remaining on pay point 3 (top of scale) of the Commander/ACC pay scale and now having 30 years’ pensionable service.

**Closing value**

Salary at 31 March 2020 – Commander (pay point 3, top of scale) = £109,056

Plus London Weighting of £2,349 = £111,405

30 years’ pensionable service = 40/60

Pension = £111,405 x 40/60 = £74,270

x16 (defined benefit factor) = closing value of £1,188,320
**Increase in value of the pension**

Closing value minus opening value – increase in value of the pension

£1,188,320 – £1,142,459 = **£45,861**

This is above the AA of £40,000 and could result in £5,861 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be carried forward” and used to offset the tax charge, using the earliest tax year first.

2019-20: the available AA has been used

**CARRY FORWARD ENTITLEMENT**

Previous 3 years:
2016-17: the AA has already been used
2017-18: the AA has already been used
2018-19: the AA has already been used

Unfortunately in this instance the officer has no unused AA from the previous 3 years and will therefore be taxed on the excess of £5,861 at his/her marginal rate (i.e. £2,344 at a rate of 40% tax)

At this point the officer has reached full pensionable service under PPS 1987.

We would be happy to provide the Review Body with any further indicative calculations it requires.
ANNEX A.1

INDICATIVE CALCULATIONS: POINTS TO NOTE

- There was a two year pay freeze in 2011 and 2012 for all ranks, so basic pay, London Weighting and CRTP were not increased.

- There was a two year incremental progression freeze from 1 April 2012 to 31 March 2014. This only impacts on Example 7.

- Constables, Sergeants, Inspectors and Chief Inspectors can apply for the Competence Related Threshold Payment (CRTP) once they have been at the top of their pay scale for one year. The CRTP is to be discontinued wef 1 April 2016.

- CPI has been assumed to be 1.2% throughout.

- No allowance has been made for future increases to basic pay or London Weighting.

- The pay scale used for Superintendents’ pay in Examples 1-7 is the new pay scale which came into effect on 1 April 2014. However, the carry-forward examples at end note iv (for Example 7 only), which go back to 1 April 2012, also show the officer on the old Superintendents’ pay scale. Once the officer had spent 12 months on the old pay point 5 (subject to the incremental progression freeze, see second bullet point above) his/her next move would be to pay point 4 of the new pay scale.

- Assistant Chief Constables (ACC)/Commanders in the MPS are in the process of shortening their pay scale. The pay points quoted in Example 8 refer to the pay point number in operation at that time e.g. in Example 8 there is a reference to ACC/Commander pay point 1 (£96,597) on 31 March 2016. In 2013 this was known as pay point 2 but, with the removal of the previous pay point 1 in June 2014, pay point 2 has since become pay point 1.
• For ease of calculation it has been assumed that pay at the start of the PIP is based on the salary wef the previous September as if it had been in payment for a year. Likewise, pay at the end of the PIP is also based on the salary wef the previous September as if it had been in payment for a year. In reality the pay would have to be pro-rated between pre- and post-uprated salary to provide the actual salary received over the previous 12 months to either 1 April (for the start of the PIP) or 31 March (for the end of the PIP), as appropriate. The same approach has been used for London Weighting, which is usually uprated on 1 July each year.

• The AA used for these purposes, for simplicity, is £40,000 from 1 April 2014. However, we are aware that a different provision exists for 2015/16 as going forward PIPs are required to be aligned with the tax year. The PIP which started on 1 April 2015 ended on 8 July 2015. A new PIP started on 9 July 2015 and runs up until 5 April 2016. Pension savings accrued in both of these PIPs will be assessed against the AA for the 2015/16 tax year only. All subsequent PIPs will be aligned with the tax year. During the alignment of PIPs there is a transitional AA for savings made during the 2015/26 tax year of £80,000 (with “carry forward” provisions applying as usual), with a maximum allowance of £40,000 for the period between 9 July 2015 and 5 April 2016.

• An AA taper was introduced with effect from April 2016, reducing the AA for those with an adjusted income over £150,000. The AA is reduced down, incrementally depending on income, to a minimum of £10,000. For every £2 of someone’s adjusted income over £150,000 their AA will reduce by £1 to a minimum of £10,000. An officer with an adjusted income of £210,000 or more will have an AA of £10,000. However, this does not affect officers with a net income of £110,000 or less and so is not applicable to our calculations.

• The AA is expected to increase in line with CPI from April 2018. This has not been factored into the calculations.

• These calculations do not take into account any other pension savings the member may have.
CALCULATIONS FOR THE PREVIOUS THREE YEARS’ CARRY FORWARD OF THE AA FOR EXAMPLES 1 AND 2

a) Chief Inspector in the MPS – Pay Point 3 (Top of Scale) with 17 years’ pensionable service

Opening value
Salary at 1 April 2012 (pay point 3) = £55,980
Plus London Weighting of £2,277 (wef 01/07/10) = £58,257
Plus £1,121 Competence Related Threshold Payment = £59,469

17 years’ pensionable service = 17/60ths accrued for pension
Pension of £59,469 x 17/60 = £16,850
x16 (defined benefit factor) = £269,600

Allow for inflation: x1.2% = opening value of £272,835

Closing value (18 years’ pensionable service)
Salary at 31 March 2013 (pay point 3) = £55,980
Plus London Weighting of £2,277 (wef 01/07/10) = £58,257
Plus £1,121 Competence Related Threshold Payment = £59,469

18 years’ pensionable service = 18/60
Pension = £59,469 x 18/60 = £17,841
x16 (defined benefit factor) = closing value of £285,456

Increase in value of the pension
Closing value minus opening value = increase in value of the pension

£285,456 - £272,835 = £12,621

This is below the AA of £50,000.

Year 2012-13: £50,000 - £12,621 = £37,379 to carry forward

b) Chief Inspector in the MPS – Pay Point 3 (Top of Scale) with 18 years’ pensionable service

Opening value
Salary at 1 April 2013 (pay point 3) = £55,980
Plus London Weighting of £2,277 (wef 01/07/10) = £58,257
Plus £1,121 Competence Related Threshold Payment = £59,469

18 years’ pensionable service = 18/60
Pension = £59,469 x 18/60 = £17,841
x16 (defined benefit factor) = £285,456

Allow for inflation: x1.2% = opening value of £288,881

Closing value (19 years’ pensionable service)
Salary at 31 March 2014 (pay point 3 with pay increase) = £56,541
Plus London Weighting of £2,301 (wef 01/07/13) = £58,842
Plus £900 Competence Related Threshold Payment = £59,742
19 years’ pensionable service = 19/60
Pension = £59,742 x 19/60 = £18,918

x16 (defined benefit factor) = closing value of £302,688

*Increase in value of the pension*
Closing value minus opening value = increase in value of the pension

£302,688 - £288,881 = £13,807

This is below the AA of £50,000.

Year 2013-14: £50,000 - £13,807 = **£36,193 to carry forward**

**c) Chief Inspector in the MPS – Pay Point 3 (Top of Scale) with 19 years’ pensionable service**

*Opening value*
Salary at 1 April 2014 (pay point 3) = £56,541
Plus London Weighting of £2,301 (wef 01/07/13) = £58,842
Plus £900 Competence Related Threshold Payment = £59,742

19 years’ pensionable service = 19/60
Pension = £59,742 x 19/60 = £18,918

x16 (defined benefit factor) = £302,688

Allow for inflation: x1.2% = opening value of **£306,320**

*Closing value (20 years’ pensionable service)*
Salary at 31 March 2015 (pay point 3 with pay increase) = £57,105
Plus London Weighting of £2,325 (wef 01/07/14) = £59,430
Plus £600 Competence Related Threshold Payment = £60,030

20 years’ pensionable service = 20/60
Pension = £60,030 x 20/60 = £20,010

x16 (defined benefit factor) = closing value of **£320,160**

*Increase in value of the pension*
Closing value minus opening value = increase in value of the pension

£320,160 - £306,320 = **£13,840**

This is below the AA of £40,000.

Year 2014-15: £40,000 - £13,840 = **£26,160 to carry forward**

**Summary of Carry Forward Entitlement for 2015-16**
2012-13: £37,379 to carry forward
2013-14: £36,193 to carry forward
2014-15: £26,160 to carry forward

= £99,732 carry forward entitlement
+ £40,000 AA for 2015-16
**CALCULATIONS FOR THE PREVIOUS THREE YEARS’ CARRY FORWARD OF THE AA FOR EXAMPLES 3 AND 4**

a) Chief Inspector in the MPS – Pay Point 3 (Top of Scale) with 22 years’ pensionable service

**Opening value**
Salary at 1 April 2012 (pay point 3) = £55,980
Plus London Weighting of £2,277 (wef 01/07/10) = £58,257
Plus £1,212 Competence Related Threshold Payment = £59,469

22 years’ pensionable service = 24/60ths accrued for pension
Pension of £59,469 x 24/60 = £23,788
x16 (defined benefit factor) = £380,608

Allow for inflation: x1.2% = opening value of **£385,175**

**Closing value (23 years’ pensionable service)**
Salary at 31 March 2013 (pay point 3) = £55,980
Plus London Weighting of £2,277 (wef 01/07/10) = £58,257
Plus £1,212 Competence Related Threshold Payment = £59,469

23 years’ pensionable service = 26/60
Pension = £59,469 x 26/60 = £25,770
x16 (defined benefit factor) = closing value of **£412,320**

**Increase in value of the pension**
Closing value minus opening value = increase in value of the pension

£412,320 - £385,175 = **£27,145**

This is below the AA of £50,000

Year 2012-13: £50,000 - £27,145 = **£22,855 to carry forward**

b) Chief Inspector in the MPS – Pay Point 3 (Top of Scale) with 23 years’ pensionable service

**Opening value**
Salary at 1 April 2013 (pay point 3) = £55,980
Plus London Weighting of £2,277 (wef 01/07/10) = £58,257
Plus £1,212 Competence Related Threshold Payment = £59,469

23 years’ pensionable service = 26/60
Pension = £59,469 x 26/60 = £25,770
x16 (defined benefit factor) = £412,320

Allow for inflation: x1.2% = opening value of **£417,268**

**Closing value (24 years’ pensionable service)**
Salary at 31 March 2014 (pay point 3 with pay increase) = £56,541
Plus London Weighting of £2,301 (wef 01/07/13) = £58,842
Plus £900 Competence Related Threshold Payment = £59,742

24 years’ pensionable service = 28/60
Pension = £59,742 x 28/60 = £27,880

x16 (defined benefit factor) = closing value of £446,080

*Increase in value of the pension*
Closing value minus opening value = increase in value of the pension

£446,080 - £417,268 = **£28,812**

This is below the AA of £50,000

Year 2013-14: £50,000 - £28,812 = **£21,188 to carry forward**

c) Chief Inspector in the MPS – Pay Point 3 (Top of Scale) with 24 years’ pensionable service

*Opening value*
Salary at 1 April 2014 (pay point 3) = £56,541
Plus London Weighting of £2,301 (wef 01/07/13) = £58,842
Plus £900 Competence Related Threshold Payment = £59,742

24 years’ pensionable service = 28/60
Pension = £59,742 x 28/60 = £27,880

x16 (defined benefit factor) = £446,080

Allow for inflation: x1.2% = opening value of **£451,433**

*Closing value (25 years’ pensionable service)*
Salary at 31 March 2015 (pay point 3 with pay increase) = £57,105
Plus London Weighting of £2,325 (wef 01/07/14) = £59,430
Plus £600 Competence Related Threshold Payment = £60,030

25 years’ pensionable service = 30/60
Pension = £60,030 x 30/60 = £31,015

x16 (defined benefit factor) = closing value of **£480,240**

*Increase in value of the pension*
Closing value minus opening value = increase in value of the pension

£480,240 - £451,433 = **£28,807**

This is below the AA of £40,000

Year 2014-15: £40,000 - £28,807 = **£11,193 to carry forward**

**Summary of Carry Forward Entitlement for 2015-16**
2012-13: £22,855 to carry forward
2013-14: £21,188 to carry forward
2014-15: £11,193 to carry forward

= £55,236 available to carry forward
+ £40,000 AA for 2015-16

Total = £95,236 available to offset the AA charge in 2015-16

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iii) CALCULATIONS FOR THE PREVIOUS THREE YEARS’ CARRY FORWARD OF THE AA FOR EXAMPLES 5 AND 6

a) Chief Inspector in the MPS – Pay Point 3 (Top of Scale) with 25 years’ pensionable service

**Opening value**

Salary at 1 April 2012 (pay point 3) = £55,980

Plus London Weighting of £2,277 (wef 01/07/10) = £58,257

Plus £1,212 Competence Related Threshold Payment = £59,469

25 years’ pensionable service = 30/60ths accrued for pension

Pension of £59,469 x 30/60 = £29,735

x16 (defined benefit factor) = £475,760

Allow for inflation: x1.2% = opening value of £481,469

**Closing value (26 years’ pensionable service)**

Salary at 31 March 2013 (pay point 3) = £55,980

Plus London Weighting of £2,277 (wef 01/07/10) = £58,257

Plus £900 Competence Related Threshold Payment = £59,157

26 years’ pensionable service = 32/60

Pension = £59,157 x 32/60 = £31,550

x16 (defined benefit factor) = closing value of £504,800

**Increase in value of the pension**

Closing value minus opening value = increase in value of the pension

£504,800 - £481,469 = **£23,331**

This is below the AA of £50,000

Year 2012-13: £50,000 - £23,331 = **£26,669 to carry forward**

b) Chief Inspector in the MPS – Pay Point 3 (Top of Scale) with 26 years’ pensionable service

**Opening value**

Salary at 1 April 2013 (pay point 3) = £55,980

Plus London Weighting of £2,277 (wef 01/07/10) = £58,257

Plus £1,212 Competence Related Threshold Payment = £59,469

26 years’ pensionable service = 32/60

Pension = £59,469 x 32/60 = £31,717
x16 (defined benefit factor) = £507,472

Allow for inflation: x1.2% = opening value of £513,562

**Closing value (27 years’ pensionable service)**
Salary at 31 March 2014 (pay point 3 with pay increase) = £56,541
Plus London Weighting of £2,301 (wef 01/07/13) = £58,842
Plus £900 Competence Related Threshold Payment = £59,742

27 years’ pensionable service = 34/60
Pension = £59,742 x 34/60 = £33,854

x16 (defined benefit factor) = closing value of £541,664

**Increase in value of the pension**
Closing value minus opening value = increase in value of the pension

£541,664 - £513,562 = **£28,102**

This is below the AA of £50,000

Year 2013-14: £50,000 - £28,102 = **£21,898 to carry forward**

c) **Chief Inspector in the MPS – Pay Point 3 (Top of Scale) with 27 years’ pensionable service**

**Opening value**
Salary at 1 April 2014 = £56,541
Plus London Weighting of £2,301 (wef 01/07/13) = £58,842
Plus £900 Competence Related Threshold Payments = £59,742

27 years’ pensionable service = 34/60
Pension = £59,742 x 34/60 = £33,854

x16 (defined benefit factor) = £541,664

Allow for inflation: x1.2% = opening value of £548,164

**Closing value (28 years’ pensionable service)**
Salary at 31 March 2015 (pay point 3 with pay increase) = £57,105
Plus London Weighting of £2,325 (wef 01/07/14) = £59,430
Plus £600 Competence Related Threshold Payment = £60,030

28 years’ pensionable service = 36/60
Pension = £60,030 x 36/60 = £36,018

x16 (defined benefit factor) = closing value of £576,288

**Increase in value of the pension**
Closing value minus opening value = increase in value of the pension

£576,288 - £548,164 = **£28,124**

This is below the AA of £40,000
Year 2014-15: £40,000 - £28,124 = £11,876 to carry forward

**Summary of Carry Forward Entitlement for 2015-16**
- 2012-13: £26,699 to carry forward
- 2013-14: £21,898 to carry forward
- 2014-15: £11,876 to carry forward

= £60,443 available to carry forward
+ £40,000 AA for 2015-16

Total = £100,443 available to offset the AA charge in 2015-16

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**iv) Calculations for the previous three years’ carry forward of the AA for Examples 7 and 8**

NB. For the purposes of these calculations we have only gone back as far as 2010-11.

**a) Superintendent in the MPS – old Pay Point 3 with 20 years’ pensionable service**

**Opening value**
Salary at 1 April 2010 (old pay point 3) = £65,760
Plus London Weighting of £2,220 (wef 01/07/09) = £67,980

20 years’ pensionable service = 20/60ths accrued for pension
Pension of £67,980 x 20/60 = £22,660

x16 (defined benefit factor) = £362,560

Allow for inflation: x1.2% = opening value of £366,911

**Closing value** (21 years’ pensionable service)
Salary at 31 March 2011 (old pay point 4) = £70,014
Plus London Weighting of £2,777 (wef 01/07/10) = £72,791

21 years’ pensionable service = 22/60
Pension of £72,791 x 22/60 = £26,690

x16 (defined benefit factor) = closing value of £427,040

**Increase in value of the pension**
Closing value minus opening value = increase in value of the pension

£427,040 - £366,911 = £60,129

This is under the AA of £255,000.

For the purposes of the carry forward rule, there is deemed to be an AA of £50,000 in years 2008-9, 2009-10 and 2010-11. However, as £60,129 exceeds this amount there is nothing to carry forward.

**b) Superintendent in the MPS – old Pay Point 4 with 21 years’ pensionable service**

**Opening value**
Salary at 1 April 2011 (old pay point 4) = £70,014
Plus London Weighting of £2,777 (wef 01/07/10) = £72,791
21 years’ pensionable service = 22/60ths accrued for pension
Pension of £72,791 x 22/60 = £26,690

x16 (defined benefit factor) = £427,040

Allow for inflation: x1.2% = opening value of £432,165

**Closing value (22 years’ pensionable service)**
Salary at 31 March 2012 (old pay point 5) = £72,585
Plus London Weighting of £2,777 (wef 01/07/10) = £75,362

22 years’ pensionable service = 24/60
Pension of £75,362 x 24/60 = £30,145

x16 (defined benefit factor) = closing vale of £482,320

**Increase in value of the pension**
Closing value minus opening value = increase in value of the pension

£482,320 - £432,165 = £50,151

This is above the AA of £50,000 and could result in £151 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge.

**CARRY FORWARD ENTITLEMENT**

Previous 3 years
2008-09: n/a (for the purposes of these indicative calculations)
2009-10: n/a (for the purposes of these indicative calculations)
2010-11: No unused allowance to carry forward

*Unfortunately in this instance the officer has no unused AA from the previous 3 years and will therefore be taxed on the excess of £151 at his/her marginal rate (i.e. £60 at a rate of 40% tax).*

There is no carry forward from 2011-12

c) Superintendent in the MPS – old Pay Point 5 with 22 years’ pensionable service

**Opening value**
Salary at 1 April 2012 (old pay point 5) = £72,585
Plus London Weighting of £2,777 (wef 01/07/10) = £75,362

22 years’ pensionable service = 24/60ths accrued for pension
Pension of £75,362 x 24/60 = £30,145

x16 (defined benefit factor) = £482,320

Allow for inflation: x1.2% = opening value of £488,108

**Closing value (23 years’ pensionable service)**
Salary at 31 March 2013 (old pay point 5) = £72,585
Plus London Weighting of £2,777 (wef 01/07/10) = £75,362

23 years’ pensionable service = 26/60
Pension of £75,362 x 26/60 = £32,657
x16 (defined benefit factor) = closing value of £522,512

**Increase in value of the pension**
Closing value minus opening value = increase in value of the pension

£522,512 - £488,108 = **£34,404**

This is below the AA of £50,000

Year 2012-13: £50,000 - £34,404 = **£15,596 to carry forward**

d) Superintendent in the MPS – old Pay Point 5 with 23 years’ pensionable service

**Opening value**
Salary at April 2013 (old pay point 5) = £72,585
Plus London Weighting of £2,777 (wef 01/07/10) = £75,362

23 years’ pensionable service 26/60
Pension = £75,362 x 26/60 = £32,657

x16 (defined benefit factor) = £522,512

Allow for inflation: x1.2% = opening value of £528,782

**Closing value (24 years’ pensionable service)**
Salary at 31 March 2014 (old pay point 5 with pay increase) = £73,311
Plus London Weighting of £2,301 (wef 01/07/13) = £75,612

24 years’ pensionable service = 28/60
Pension = £75,612 x 28/60 = £35,286

x16 (defined benefit factor) = closing value of **£564,576**

**Increase in value of pension**
Closing value minus opening value = increase in value of the pension

£564,576 - £528,782 = **£35,794**

This is below the AA of £50,000

Year 2013-14: £50,000 - £35,794 = **£14,206 to carry forward**

e) Superintendent in the MPS – old Pay Point 5 with 24 years’ pensionable service

**Opening value**
Salary at 1 April 2014 (pay point 5) = £73,311
Plus London Weighting of £2,301 (wef 01/07/13) = £75,612

24 years’ pensionable service = 28/60
Pension = £75,612 x 28/60 = £35,286

x16 (defined benefit factor) = £564,576

Allow for inflation – x1.2 = opening value of **£571,351**
**Closing value (25 years’ pensionable service)**
Salary at 31 March 2015 (new pay point 4; the officer has moved across to the new pay scale) = £75,066
Plus London Weighting of £2,325 (wef 01/07/14) = £77,391

25 years’ pensionable service = 30/60
Pension = £77,391 x 30/60 = £38,696

x16 (defined benefit factor) = closing value of **£619,136**

**Increase in value of the pension**
Closing value minus opening value = increase in value of the pension

£619,136 - £571,351 = **£47,785**

This is above the AA of £40,000 and could result in £7,785 being taxed at the officer’s marginal rate. However, unused AA from the previous 3 years can be “carried forward” and used to offset the tax charge, using the earliest tax year first.

Year 2014-15: the available AA has been used.

**CARRY FORWARD ENTITLEMENT**
Previous 3 years:
2011-12: no unused allowance to carry forward
2012-13: £15,596 unused allowance
2013-14: £14,206 unused allowance

In this instance the officer can use £7,785 of his/her remaining AA from 2012-13 and so will not have to pay a tax charge.

**SUMMARY OF CARRY FORWARD ENTITLEMENT FOR 2015-16**
2012-13: (£15,596 - £7,785) = £7,811 to carry forward
2013-14: £14,206 to carry forward
2014-15: no unused allowance to carry forward

= £22,017
+£40,000 AA for 2015-16

Total = £62,017 available to offset the AA charge in 2015-16