

Review Body on Senior Salaries

REPORT No. 78

Report on the pay of Police and Crime Commissioners 2011

October 2011

Chairman: Bill Cockburn, CBE TD

Foreword

Review Body on Senior Salaries

The Review Body on Top Salaries (TSRB) was appointed in May 1971 and renamed the Review Body on Senior Salaries (SSRB) in July 1993, with revised terms of reference. The terms of reference were revised again in 1998 as a consequence of the Government's Comprehensive Spending Review, in 2001 to allow the devolved bodies direct access to the Review Body's advice and in 2007 to add certain NHS managers to the remit.

The Review Body exists to advise the United Kingdom and devolved Governments on the pay of senior public servants. It conducts annual reviews of the pay of the salaried judiciary, senior civil servants, senior military officers and certain NHS managers. From time to time Government Ministers have also asked it to carry out reviews of many other groups' remuneration, such as members of Parliament and devolved assemblies, the Greater London Mayor and Assembly, tribunals judiciary and senior public servants in Northern Ireland.

Value of our independent process

The SSRB consists of nine individuals from varying walks of life, including business, human resources and economics, and including both public, third and private sector experience. It has independent status and as such is required to be politically impartial. Each member of the SSRB is recruited through an open process based on advertisement in the national press and overseen by the independent Office of the Commissioner for Public Appointments. The SSRB is supported by a secretariat based in the Office of Manpower Economics (OME), an independent body which is staffed by civil servants but does not report to Ministers.

In discharging our remit we insist on an open and transparent process to which stakeholders are invited to contribute. This combination of independent support, a range of professional experience and well-tried process allows us to study the evidence, receive views from all parties and consider all sides of any particular argument. As a result we can make balanced, evidence-based recommendations

underpinned by sound rationale and taking into account all relevant factors and information.

The terms of reference are:

The Review Body on Senior Salaries provides independent advice to the Prime Minister, the Lord Chancellor, the Secretary of State for Defence and the Secretary of State for Health on the remuneration of holders of judicial office; senior civil servants; senior officers of the armed forces; very senior managers in the NHS¹; and other such public appointments as may from time to time be specified.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances²; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975. If asked to do so by the Presiding Officer and the First Minister of the Scottish Parliament jointly; or by the Speaker of the Northern Ireland Assembly; or by the Presiding Officer of the National Assembly for Wales; or by the Mayor of London and the Chair of the Greater London Assembly jointly; the Review Body also from time to time advises those bodies on the pay, pensions and allowances of their members and office holders.

In reaching its recommendations, the Review Body is to have regard to the following considerations:

¹ NHS Very Senior Managers in England are chief executives, executive directors (except medical directors), and other senior managers with board level responsibility who report directly to the chief executive, in: Strategic Health Authorities, Special Health Authorities, Primary Care Trusts and Ambulance Trusts. The Health and Social Care Bill 2011 contains provisions on the abolition of the Strategic Health Authorities and Primary Care Trusts.

² Under the Parliamentary Standards Act 2009 (as amended) responsibility for setting MPs' pay, allowances and pensions has now passed to the Independent Parliamentary Standards Authority which has a duty to consult SSRB (among others) on some matters.

the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;

regional/local variations in labour markets and their effects on the recruitment and retention of staff;

Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;

the funds available to departments as set out in the Government's departmental expenditure limits;

the Government's inflation target.

In making recommendations, the Review Body shall consider any factors that the Government and other witnesses may draw to its attention. In particular it shall have regard to:

differences in terms and conditions of employment between the public and private sector and between the remit groups, taking account of relative job security and the value of benefits in kind;

changes in national pay systems, including flexibility and the reward of success; and job weight in differentiating the remuneration of particular posts;

the need to maintain broad linkage between the remuneration of the three main remit groups, while allowing sufficient flexibility to take account of the circumstances of each group; and

the relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.

The Review Body may make other recommendations as it sees fit:

to ensure that, as appropriate, the remuneration of the remit groups relates coherently to that of their subordinates, encourages efficiency and effectiveness, and takes account of the different management and organisational structures that may be in place from time to time;

to relate reward to performance where appropriate;

to maintain the confidence of those covered by the Review Body's remit that its recommendations have been properly and fairly determined; and

to ensure that the remuneration of those covered by the remit is consistent with the Government's equal opportunities policy.

The Review Body will take account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Members of the Review Body are:

Bill Cockburn CBE TD *Chairman*³
Professor Richard Disney
Martin Fish³
Mike Langley³
Professor David Metcalf CBE³
Sir Peter North CBE QC
Professor Alasdair Smith³
Bruce Warman
Paul Williams

The Secretariat is provided by the Office of Manpower Economics.

This report was submitted to the Government on 31 October 2011.

³ Member of the Police and Crime Commissioners Sub-committee, chaired by Bill Cockburn

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Summary of recommendations

Police and Crime Commissioners

1. The Police Reform and Social Responsibility Act 2011 provides for there to be 41 directly elected Police and Crime Commissioners (PCCs), one for each of the geographical forces in England and Wales outside London. PCCs will replace police authorities. The first election of PCCs will be in November 2012, with subsequent elections in May 2016 and at four-yearly intervals thereafter.
2. PCCs will be responsible for holding the chief constables of their respective police forces to account for the full range of their responsibilities. The chief constables will retain responsibility for the direction and control of their police forces. (See Chapters 1 and 2 for a fuller description of the existing machinery and the new structure under the 2011 Act.)

Our remit

3. The Home Secretary asked us to recommend pay arrangements for PCCs that “are adequate to encourage, retain and motivate candidates of sufficient quality, bearing in mind the proposed duties, management responsibilities and budgets of PCCs”. The terms of reference are discussed in paragraphs 1.2 – 1.3 and set out in full in Appendix A.

Evidence

4. We published a call for evidence in April 2011 (see paragraph 1.12) and also employed consultants to estimate the job weight of prospective PCCs (see paragraphs 3.7 – 3.10).

Recommendations

5. We think that the force weighting which governs chief constables’ pay (see paragraphs 3.5 – 3.6) provides a suitable mechanism to calibrate a pay structure for PCCs. There are 12 distinct levels of pay for chief constables but we do not think so

many levels are necessary for PCCs and recommend instead that there should be five groups.

Recommendation 1: We recommend that the pay structure for PCCs should comprise five groups, each with a range of two points of force weighting or less. These groups should cover force weighting ranges 1.5, 2 - 2.5, 3 - 3.5, 4.5 - 6.5 and 8 - 10.

6. In Chapter 3 we consider the nature of PCCs' responsibilities and their implications for pay. We conclude that PCCs will be unusual among elected officers in that they will individually exercise significant executive functions. Most other elected officers, apart from directly elected mayors, take decisions collectively. We have therefore chosen to position our recommended PCC salaries between the ranges identified by our consultants for the elected roles and those for appointed posts in the public sector (shown in Table 3.1).

Recommendation 2: We recommend that the salaries for Police and Crime Commissioners on election in 2012 be as set out in the table below.

Recommended PCC groupings and salaries

Force Weighting	Forces	PCC groupings by weighting band	Proposed PCC salary
10	West Midlands Greater Manchester	8 – 10	£100,000
8	West Yorkshire		
6.5	Thames Valley	4.5 - 6.5	£85,000
6	Merseyside Northumbria		
5.5	Hampshire		
5	Kent Lancashire Devon & Cornwall		
4.5	South Yorkshire Essex Avon & Somerset Sussex South Wales		
3.5	Nottinghamshire		
3	Hertfordshire West Mercia Cheshire Humberside Staffordshire Leicestershire Derbyshire	3 - 3.5	£75,000
2.5	Surrey Norfolk	2 - 2.5	£70,000
2	Cleveland Durham Cambridgeshire North Wales North Yorkshire Gwent Northamptonshire Suffolk Dorset Wiltshire Bedfordshire		
1.5	Gloucestershire Lincolnshire Cumbria Warwickshire Dyfed-Powys	1.5	£65,000

7. We invited views on whether PCCs should be eligible for performance-related pay. Almost all of those who presented evidence to us said this would not be appropriate. We discuss the arguments in paragraph 3.17 and conclude that performance pay would not be appropriate for PCCs.

Recommendation 3: We recommend that PCCs should not receive performance-related pay.

8. The remuneration we have recommended for PCCs is on the basis that the office is held full-time and we think pay should be adjusted if someone fills a PCC role on a part-time basis.

Recommendation 4: We recommend that remuneration should be reduced pro-rata for any PCCs who do not carry out the role on a full-time basis.

9. We are asked to recommend an approach for future PCC pay reviews. We discuss the options and reasons for our recommendation in paragraphs 3.20 – 3.23.

Recommendation 5: We recommend that PCCs be added to our annual remit so that we can consider each year whether the evidence justifies a recommendation to increase their pay, and if so, by how much.

10. Finally, we think that it would be sensible to carry out a full review of PCCs' pay in 2015, before the second set of elections, to take stock of experience and how the roles have evolved.

Recommendation 6: We recommend that we be asked to fully review the PCC roles and their remuneration in the third year of office in order to make pay recommendations to take effect from the second round of elections in 2016.

Chapter 1

Introduction

Structure of this report

1.1 In this chapter we outline the subject matter of this report, namely the request to us from the Home Secretary to make recommendations on the pay of Police and Crime Commissioners (PCCs) and describe the process we have followed during the review. Chapter 2 provides more detail on the proposed responsibilities of PCCs and how they will differ from the current police authorities which they are intended to replace. In Chapter 3 we summarise and discuss the evidence we have received, set out some of the options we have considered and give our recommendations and the reasoning behind them.

Remit for the review

1.2 The Home Secretary, the Rt. Hon. Theresa May MP, wrote to the Chairman of the Review Body on Senior Salaries (SSRB) on 20 January 2011 formally requesting the Review Body to conduct a review which would set the initial pay and subsequent annual pay review process for PCCs. Her letter and the terms of reference for the review are reproduced at Annex A.

1.3 The Home Secretary asked us to recommend pay arrangements that:

- *“are adequate to encourage, retain and motivate candidates of sufficient quality, bearing in mind the proposed duties, management responsibilities and budgets of PCCs;*
- *recognise the extremely challenging fiscal climate and wider constraints of public funding;*
- *meet the demands and expectations of the public in terms of getting value for money and ensuring that public funds are used appropriately and with due diligence;*

- *reflect the essence of the role as an elected public figurehead and ambassador; SSRB should consider the policy intentions of the role in making any recommendation;*
- *provide transparency and robustness in determining PCC pay levels, having due regard to the reward and remuneration arrangements elsewhere in the public and private sectors;*
- *recommend an approach to establishing PCC pay levels that is simple to administer and is based on a range of single salary points (does not include incremental pay spines) which appropriately differentiate between force size and weighting of force responsibilities (having due regard for the pay structures in place for Chief Constables);*
- *take account of, where applicable, the salary levels and responsibilities of other similar roles in the wider public sector including elected executive mayors, MPs and MEPs;*
- *reflect the broad policy assumptions relating to PCC pay levels set out by officials in estimating the cost of the introduction of PCC policy¹;*
- *include a recommended approach to future PCC pay reviews.”*

Background

Police and Crime Commissioners

1.4 The Police Reform and Social Responsibility Act 2011 provides for there to be 41 directly elected PCCs, one for each of the geographical forces in England and Wales apart from the Metropolitan Police Service and the City of London police, which have separate arrangements, as do the non-geographical police forces (the British Transport Police, the Civil Nuclear Constabulary and the Ministry of Defence Police). PCCs will be elected for a fixed term and the first election of PCCs is planned for November 2012, with subsequent elections in May 2016 and at four-yearly intervals thereafter. The legislation creating PCCs does not extend to Scotland and Northern Ireland.

¹ The Home Office *Impact Assessment on Police and Crime Commissioners* of 30 November 2010 estimated a total cost of £5 million for the 41 proposed PCCs. This equates to an average cost of £122,000. That figure includes salary, employer's pension and National Insurance contributions. Available at: <http://www.homeoffice.gov.uk/publications/legislation/police-reform-bill/ia-police-crime-commissioners?view=Binary> (accessed on 15 September 2011).

The current governance structure: police authorities, chief constables and the Home Secretary

- 1.5 Responsibility for policing in England and Wales is currently based on a tripartite relationship between police authorities, chief constables and the Home Secretary. The Home Secretary is responsible to Parliament for the overarching efficiency and effectiveness of the police service in England and Wales, as well as for the maintenance of minimum service standards. Chief constables are responsible for the day-to-day operational effectiveness of police forces.
- 1.6 Police authorities are responsible for setting the strategic direction for each force and holding the chief constable to account on behalf of the local community. Most police authorities have 17 members, nine of whom are local councillors drawn from councils that lie wholly or partly within the police authority's geographical boundaries. A further eight are independent members, one of whom must be a magistrate.² When discharging its functions every police authority is under a statutory duty to take into account the views of the local community and to make arrangements for obtaining the views of local people on policing matters.
- 1.7 Police authorities employ staff to support them in carrying out their duties. The smallest police authority, Warwickshire, employs the full-time equivalent (FTE) of 4.8 staff. The largest (apart from the Metropolitan Police Authority) is Greater Manchester which employs 50 FTE staff. The median number of staff employed by police authorities, not including the Metropolitan Police Authority, is nine. Most police authorities employ a chief executive and a director of finance, although not always on a full-time basis. Chief executive salaries range from £60,000 to £180,000. Director of finance/resources salaries range from £74,768 to £113,325. Some police authorities have a treasurer instead of a director of finance and some combine the role of chief executive with that of treasurer or finance officer. The chairs of police authorities receive

² Devon and Cornwall, Greater Manchester, Thames Valley, Dyfed Powys and South Wales police authorities all have 19 members: 10 councillors and nine independents. The Metropolitan Police Authority has 23 members: 12 members of the London Assembly and 11 independents.

allowances for undertaking their duties. Those allowances range from £14,000 to £33,993.

White Paper – Policing in the 21st Century: Reconnecting police and the people

1.8 In July 2010 the Government published the White Paper, *Policing in the 21st Century*.³ The ministerial foreword to the White Paper explained that the creation of PCCs was intended to replace bureaucratic accountability with democratic, local accountability, transferring power back to the people. The White Paper launched the consultation which preceded the introduction of the Police Reform and Social Responsibility Bill.

Police Reform and Social Responsibility Act

1.9 The Police Reform and Social Responsibility Bill was introduced in the House of Commons on 30 November 2010 and received Royal Assent on 15 September 2011. Part 1 of the Act abolishes police authorities, replacing them with directly elected PCCs. The PCCs themselves will be monitored by Police and Crime Panels formed of local councillors and two co-opted independent members. The intention of these changes is to improve police accountability and give the public a greater say in local policing. We set out our more detailed understanding of what PCCs will do and how their role differs from that of police authorities in Chapter 2.

The review process

1.10 A significant part of the work of the SSRB is carried out through sub-committees. For this review we formed a sub-committee consisting of the Chairman and four members – those on the sub-committee are identified at the end of the Foreword. The review began in March 2011 and concluded with the submission of our report to the Home Secretary in October 2011. During that time the sub-committee met on four occasions to identify evidence requirements, consider the evidence, decide on recommendations and

³ Home Office, *Policing in the 21st Century: Reconnecting police and the people*, Cm 7925, July 2010. Available at: <http://www.homeoffice.gov.uk/publications/consultations/policing-21st-century/policing-21st-full-pdf?view=Binary> (accessed on 15 September 2011).

prepare this report. The report was then reviewed and approved by the whole SSRB.

Commissioned research

1.11 We employed consultants, PricewaterhouseCoopers (PwC), to assess the job weight of three different PCC roles – those with responsibility for, respectively, a large, medium and small police force - based on the force weightings that are used to set chief constable pay. Further details are given in Chapter 3.

Call for evidence

1.12 We published a call for evidence on 20 April 2011 and our secretariat sent it to organisations that we thought would be likely to have a particular interest in PCCs, including the main political parties in England and Wales and organisations representing police officers and police authorities.⁴

1.13 Our call for evidence invited respondents to answer four questions:

- What factors should the SSRB take into account when recommending pay levels for PCCs?
- Which are the most relevant comparable public sector roles that might provide a benchmark for PCC pay?
- Would it be appropriate for PCCs, as elected officers, to be eligible for performance-related payments or bonuses? If so, how should performance be assessed and payments decided?
- Should PCCs' pay be fixed for their four-year term of office? If not, how should it be reviewed or updated and at what intervals?

1.14 We received eight substantive written responses to our call for evidence. We were disappointed with the number of responses we received, despite our willingness to extend deadlines and otherwise encourage interested parties to provide information. Some organisations told us they believed it was inappropriate for them to provide evidence or views because of their expected

⁴ Office of Manpower Economics, *Call for evidence on pay for Police and Crime Commissioners*, April 2011. Available at: <http://www.ome.uk.com/Article/Detail.aspx?ArticleUid=d5345cf8-ecd6-45e4-995a-1f37b2abc576> (accessed on 15 September 2011).

future relationship with PCCs, while the Police Federation said it did not wish to comment because it had opposed the introduction of PCCs in the first place. Several organisations did not want to respond because the Police Reform and Social Responsibility Bill was still going through Parliament while we were taking evidence and the role of PCCs could still change or even disappear as the Bill progressed. Some of the organisations that did respond commented that the evidence they submitted was tentative because the Bill might be amended. However, as noted above, the Bill received Royal Assent on 15 September 2011 and this report reflects the provisions as enacted.

- 1.15 The organisations that did respond provided answers to all the questions we asked. The Minister for Policing and Criminal Justice met our Chairman to provide helpful clarification of the Government's intentions for PCCs. We also heard from the Deputy Mayor for Policing and Chair of the Metropolitan Police Authority (MPA) whose current role is similar to that proposed for PCCs, and from the Home Office's Police Reform Unit.
- 1.16 Additionally, in order to supplement our understanding of policing and its governance, the sub-committee visited Hampshire Police Authority and met the Authority's Chair and Chief Executive. A list of those who gave evidence is at Appendix C. We thank all those who took the time and trouble to write or speak to us.

Chapter 2

Police and Crime Commissioners

The role of the Police and Crime Commissioner

2.1 The White Paper *Policing in the 21st Century: Reconnecting Police and the People*⁵ says that PCCs “will hold the Chief Constable to account for the full range of his or her current responsibilities”. In particular it states that:

“Police and Crime Commissioners will have five key roles as part of their mission to fight crime and anti-social behaviour:

- *Representing and engaging with all those who live and work in the communities in their force area and identifying their policing needs;*
- *Setting priorities that meet those needs by agreeing a local strategic plan for the force;*
- *Holding the Chief Constable to account for achieving these priorities as efficiently and effectively as possible, and playing a role in wider questions of community safety;*
- *Setting the force budget and setting the precept;*
- *Appointing – and, where necessary, removing – the Chief Constable.”*

2.2 PCCs will replace the current system of police authorities which will be abolished by the Police Reform and Social Responsibility Act. A PCC will be a single, directly elected individual, able to take decisions on his or her own authority, whereas a police authority is largely indirectly elected and takes decisions by a majority of its members (typically 17 – see paragraph

⁵ Home Office, *Policing in the 21st Century: Reconnecting police and the people*, Cm 7925, July 2010. Available at: <http://www.homeoffice.gov.uk/publications/consultations/policing-21st-century/policing-21st-full-pdf?view=Binary> (accessed on 15 September 2011)

1.6 above). PCCs' powers will be similar to those of the current police authorities, including a strengthened power to call on the chief constable to resign or retire without the approval of the Home Secretary (subject to consulting the Police and Crime Panel – see paragraph 2.16 below).⁶

2.3 The White Paper also states that:

“Commissioners will hold their police force to account for the money it spends and ensure that it delivers value for money for the public. ... [Key responsibilities] of the Commissioner will be to:

- *Report to the public in a transparent and open way how funding is being used;*
- *Hold forces to account for their local use of resources, including the use of any national arrangements for buying goods and services and making good use of nationally provided services; and*
- *Hold forces to account for their contribution to and use of collaboratively provided services within their region.”*

At the time of the White Paper consultation, Her Majesty's Inspectorate of Constabulary (HMIC) and the Audit Commission were carrying out a joint inspection of police authorities. They had published initial, key findings in March 2010⁷, one of which was: “Most of the police authorities inspected are not doing enough to ensure a clear and sustained focus on value for money and collaboration”. HMIC confirmed the initial findings in its final report *Police Governance in Austerity*⁸. That report describes the challenges for police

⁶ The Police Act 1996 states that “Every police authority ... shall secure the maintenance of an efficient and effective police force for its area” and “the police authority, acting with the approval of the Secretary of State, may call upon the chief constable to retire in the interests of efficiency or effectiveness”. Available at: <http://www.legislation.gov.uk/ukpga/1996/16> (accessed on 15 September 2011).

⁷ Her Majesty's Inspectorate of Constabulary, *Learning Lessons – An overview of the first ten joint inspections of police authorities by HMIC and the Audit Commission March 2010*. Available at: <http://www.hmic.gov.uk/media/learning-lessons-20100314.pdf> (accessed on 15 September 2011).

⁸ Her Majesty's Inspectorate of Constabulary, *Police Governance in Austerity - HMIC thematic report into the effectiveness of police governance*, October 2010. Available at: <http://www.hmic.gov.uk/media/police-governance-in-austerity-20101025.pdf> (accessed on 15 September 2011).

governance at a time of reduced funding. These are the challenges PCCs will face as they take over from police authorities and we consider them further in Chapter 3 because we believe they are relevant to the overall weight and difficulty of the PCC role.

- 2.4 The Police Reform and Social Responsibility Act 2011 states that each PCC will be a “corporation sole”, meaning that the office will have its own legal personality separate from the person holding it at any given time. This will enable a PCC to own property, employ staff, make contracts and take part in legal proceedings in the same way as a police authority.
- 2.5 The Act gives PCCs the power to appoint, suspend and remove the chief constable. The chief constable will appoint, suspend and remove other senior officers after consultation with the PCC. The Home Secretary will no longer have the power to direct that a chief constable outside London be suspended or required to resign or retire. However the Home Secretary will retain powers, in defined and extreme circumstances, to direct PCCs and chief constables to take action if they are failing to carry out their functions. There will be a protocol drawn up by the Home Secretary which will govern in more detail relations between the Home Secretary, PCCs and chief constables. We have seen a draft of the protocol which the Government provided to Parliament during the passage of the Bill and it has informed our understanding of the PCC’s role and responsibilities as set out in this report.
- 2.6 At present, it is the duty of the chief constable to prepare the first draft of the police and crime plan for the force area and then consult the police authority on it. Under the Act it will be for the PCC to prepare and issue the police and crime plan with due regard to any strategic policing requirement issued by the Home Secretary. Before issuing the plan, the PCC must consult the chief constable on a draft plan and send it to the Police and Crime Panel (PCP). The PCC must give the PCP a reasonable amount of time to consider the draft plan and give due regard to the PCP’s views.

- 2.7 The PCC can also amend the police and crime plan but before doing so must consult the chief constable on the draft variation and send it to the PCP. Once again the PCC must give the PCP a reasonable amount of the time to consider the draft variation and give due regard to the PCP's views.
- 2.8 The Home Secretary will retain the power to set a minimum budget requirement for each force, with the new proviso that this power may be exercised only if the PCC has set the budget at such a low level that the safety of the public would be at risk if it were implemented. The Act gives PCCs the power to raise funds for policing through setting the council tax precept. Police authorities currently receive between 12 per cent and 47 per cent of their total funding from the precept (with an average of 27 per cent). The balance is provided by direct Government funding. The PCC will be the recipient of all funding, including the government grant and precept, related to policing and crime reduction. The PCC will decide the budget and its allocation in consultation with the chief constable.
- 2.9 We asked the Home Office for a job description for PCCs. In response the Home Office provided a note on PCCs' role and responsibilities (attached at Appendix B). The main responsibilities of the PCC will be to:
- Secure the maintenance, efficiency and effectiveness of the police force in their area;
 - Hire, and if necessary dismiss, the chief constable;
 - Hold the chief constable to account;
 - Set the police and crime objectives for the police area;
 - Work with partners (including commissioning services) to tackle crime and disorder;
 - Be responsible for the police force budget and for setting the precept – as an example, a medium size force has a budget of over £130m;
 - Contribute to national and international policing capabilities as described by the Secretary of State in the Strategic Policing Requirement;

- Contribute to an efficient and effective criminal justice system in the police area.

The posts are all assumed to be full-time and, as explained in Chapter 3, our recommendations are made on that basis. In the event that a PCC did not work full-time, we would expect the salary to be reduced pro rata.

2.10 In terms of wider responsibilities, PCCs will have:

- responsibility for the delivery of community safety and the ability to bring together Community Safety Partnerships at force level;
- the ability to make crime and disorder reduction grants within their force area;
- the ability to enter into collaboration agreements between other PCCs and forces that benefit their force area and deliver better value for money and enhanced policing capabilities;
- responsibility for the enhancement of the delivery of criminal justice in their area.

2.11 The PCC will hold the chief constable to account for the performance of the force's officers and staff and will be consulted by the chief constable on the appointment of senior officers and staff. The PCC will also hold the chief constable to account for the exercise of the functions under the office of chief constable and the functions of the persons under the direction and control of the chief constable. The PCC will keep abreast of any complaints made against senior officers and staff and will replace the police authority as the entity with sole responsibility for dealing with complaints against the chief constable. The PCC will continue the practice of referring complaints of a serious nature against a chief constable to the Independent Police Complaints Commission (IPCC).

Elections

2.12 PCCs will be directly elected by the public in each of the 41 England and Wales police force areas outside London every four years, on the same date

as local authority elections. However, the first PCC elections are due to take place in November 2012.

2.13 In order to be eligible to stand candidates must:

- be British, Commonwealth or EU citizens,
- be 18 or over,
- be resident in the police force area,
- provide a £5,000 deposit (recoverable if they receive 5 per cent or more of the vote), and
- have signatures of 100 people who are registered to vote in the police force area.

For comparison, candidates for election as MPs need a deposit of £500 and signatures of ten registered parliamentary electors.

2.14 Certain categories of people will not be eligible to stand as PCC candidates: anyone who has been convicted of an imprisonable offence; any serving civil servant, judge, police officer, member of the regular armed forces, employee of a council within the force area, employee of a police-related agency, employee of another government agency, politically restricted post-holder, member of police staff (including Police Community Support Officers (PCSOs)) or member of one of the remaining police authorities.

2.15 In addition, a member or member of staff of one of the police authorities to be abolished will need to stand down before being able to stand as a PCC. Elected representatives, such as members of the European Parliament (MEP), Scottish Parliament (MSP), National Assembly for Wales and UK Parliament (MP) will be able to stand as PCCs, but, if elected, will need to stand down from their existing posts before accepting the office of PCC. PCCs may serve as local councillors.

The role of the Police and Crime Panel

2.16 PCCs will be held publicly to account by local Police and Crime Panels (PCPs). In particular, the PCC's power to appoint, suspend and remove the chief constable will be subject to scrutiny and approval by the PCP. Panels will be formed from representatives of local authorities and independent members. All the local authorities in the force area will be represented on the PCP. In practice this means PCPs will comprise between ten and 19 councillors who will co-opt two additional independent members. If the force area encompasses a directly-elected city mayor, the mayor will be the representative for that local authority.

2.17 A job description, provided by the Home Office, and the draft protocol, which sets out the division of responsibilities between the PCC, PCP, chief constable and the Home Secretary, state that PCPs will have the following powers:

- to ask HMIC for a view when a PCC intends to dismiss a chief constable;
- to veto the precept, budget and appointment of the chief constable by a two-thirds majority;
- to review a PCC's Plan and Annual Report and make reports and recommendations to which the PCC must have regard;
- to obtain any information in the possession of a PCC (except operationally sensitive material);
- to require a PCC to attend a public hearing to respond to concerns raised by the Panel;
- to deal with all complaints about a PCC – although serious complaints must be passed to the IPCC;
- in cases of misconduct, to require a PCC's resignation and trigger a recall election if a PCC is convicted of an imprisonable offence;
- to appoint an acting PCC from the PCC's staff if a PCC is incapacitated or resigns.

Support for PCCs

- 2.18 The Police Reform and Social Responsibility Act requires each PCC to appoint a chief executive and a chief finance officer. The chief executive will automatically be designated as the “monitoring officer”, with a duty to report any unlawful conduct or maladministration by the PCC. The PCC can choose to make these roles part-time, although they must be carried out by different people as the monitoring officer cannot also be the Chief Finance Officer.
- 2.19 In addition to the mandatory chief executive and chief finance officer, each PCC will be able to appoint other staff as he or she thinks necessary. The Government does not intend to prescribe these support arrangements in detail and it will be for individual PCCs to decide how to ensure that they have an effective support team with the right expertise and knowledge of the area. However, PCCs will need to demonstrate to the electorate that expenditure on overheads rather than frontline policing represents value for money: there will be full transparency with PCCs having to divulge to the public the costs and functions of their support teams.
- 2.20 The PCC will have the option of appointing a deputy, delegating functions to that deputy (with the exception of some key functions) and defining the scope of the deputy’s role. The post of deputy will not be politically restricted which means that the Deputy PCC can be a party political office holder or active party member. However, through an amendment to the Local Government and Housing Act 1989, the other members of staff in a PCC’s office will be politically restricted.

Transitional arrangements

- 2.21 We understand that the Government has taken the view that the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) Regulations will not apply to the transfer of staff from Police Authority employment to that of the respective Office of Police and Crime Commissioner. This is because the replacement of Police Authorities with Police and Crime Commissioners can be regarded as an administrative reorganisation of public authorities and is therefore

outside the scope of the Regulations. However, we expect the Cabinet Office Statement of Practice on Staff Transfers in the Public Sector to be applied.

London

- 2.22 Although the arrangements for London are outside our remit, it is worth outlining them here for completeness as there are close similarities to the PCC role. We were therefore pleased to receive evidence from the current Deputy Mayor for Policing and Chair of the Metropolitan Police Authority (MPA). In London the public already directly elects an individual - the Mayor of London - to be responsible for the policing budget, setting the policing plan and holding the Commissioner of the Metropolitan Police Service to account for delivering policing to the people of London. Under the Police Reform and Social Responsibility Act the MPA will be abolished and replaced by a Mayor's Office for Policing and Crime. Whoever is Mayor will automatically become its head. This office will also be a "corporation sole" and have the same core functions as other PCCs. The Mayor may nominate a Deputy Mayor for Policing to take on the role on a day-to-day basis.
- 2.23 The Mayor of London's office will not hold powers over the appointment or removal of the Metropolitan Police Commissioner. Instead, the Queen will continue to appoint the Metropolitan Police Commissioner on the recommendation of the Home Secretary, with advice from the Mayor. The London Assembly will form a committee that will act as the PCP for the Mayor.

City of London

- 2.24 The arrangements for the City of London are also outside our remit. The City of London's police authority equivalent is the Court of Common Council of the Corporation of London. The Court of Common Council delegates its functions to a Policing Committee, which, like most police authorities, has 17 members (two of whom are independent). Police governance arrangements for the City of London are tailored both to the unique role of the Corporation of London in providing a national lead on fraud and to the particular institutions and

traditions of the City of London. The Government does not intend to change these governance arrangements.

The importance of the PCC role

2.25 It is clear from the description given of the role of PCCs that they will hold substantial executive powers and independent decision-making responsibilities. We have taken these factors fully into account in making our pay recommendations in Chapter 3.

Chapter 3

Pay

Approach to the pay review

3.1 In drawing up a pay system for the new Police and Crime Commissioner (PCC) roles we have followed the framework provided by the terms of reference from the Home Secretary (Appendix A). The Home Secretary asked us to consider the weight and importance of the roles, to look at salaries for comparable roles and to take account of the budget constraints and the current fiscal climate, while ensuring that our recommendations were adequate to encourage, retain and motivate candidates of sufficient quality. As explained above, we commissioned research to evaluate the relative size of the PCC roles and determine which other elected and wider public sector posts were comparable. We also considered carefully all the written and oral evidence we received.

Police Governance in Austerity

3.2 In order to understand the budget constraints and the fiscal climate in which PCCs will operate, we have considered the conclusions of the *Police Governance in Austerity*⁹ report. This was produced by Her Majesty's Inspectorate of Constabulary (HMIC) in October 2010 following inspections of 22 police authorities. At that time plans for PCCs were still being formed, but the report noted that the issues it had identified were "likely to remain pertinent in considering future governance arrangements".

3.3 The report drew attention to the 2010 Comprehensive Spending Review¹⁰ which indicates an overall reduction in police spending, including the precept,

⁹ Her Majesty's Inspectorate of Constabulary, *Police Governance in Austerity - HMIC thematic report into the effectiveness of police governance*, October 2010. Available at: <http://www.hmic.gov.uk/media/police-governance-in-austerity-20101025.pdf> (accessed on 15 September 2011).

¹⁰ HM Treasury, *Spending Review 2010*, Cm 7942, October 2010. Available at: http://cdn.hm-treasury.gov.uk/sr2010_completereport.pdf (accessed on 15 September 2011).

of 14 per cent over the Spending Review period.¹¹ Having listed the results of the inspections, the report stated the immediate response required of police authorities was “setting an affordable direction for policing ... and probing costs and alternatives that offer better value for money”. It listed the characteristics demonstrated by police authorities that perform well:

- *Role clarity* – authorities that perform well are clear on their role; they act as a pilot as well as a watchdog where necessary and switch as circumstances demand.
- *Clear division of responsibility with the chief constable* – authorities that performed well can demonstrate a clear division between oversight and independence of operations, meaning that the respective roles of chair and chief constable are understood and respected.
- *Distinctive value for money challenge* – this starts with police authorities making full use of benchmarking information on costs and outcomes. However, it also goes further, with better performing authorities focusing clearly on what the police are doing with the money across the full spectrum of policing activity.
- *Balanced performance* – stronger performing police authorities demonstrate a willingness to balance responsibility for both local and national duties, i.e. local policing balanced with high risk and collaborative issues, such as tackling terrorism, serious crime and other major challenges to public safety (protective services).

The report concluded by stating that addressing the issues it identified might “help make high levels of efficiency the norm, not the exception, for police governance in the future”.

- 3.4 It will be for the existing police authorities to deal initially with the reduced budgets resulting from the Comprehensive Spending Review since PCCs will not now be elected until November 2012 and two thirds of the savings need to be found in the first two years of the period covered by the Review. (The

¹¹ *ibid*, Table 1, page 10

Review covers the four financial years from 2011-12 to 2014-15.) Nevertheless, ensuring that police forces provide good value for money will continue to be a very high priority when police authorities are replaced by PCCs. PCCs are likely to have a higher public profile than police authorities. They will face continuing demands on resources which conflict with constraints on budgets, and their expenditure on their own staff and assets is likely to come under close public scrutiny.

Force weighting

3.5 Our terms of reference include a requirement to have due regard for the specific pay structures in place for chief constables when recommending an approach to establishing the range of PCC pay levels. Chief constables in England and Wales¹² are placed in twelve salary groups.¹³ These groups are each allocated a spot salary which ranges from £130,044 to £181,455.

3.6 Force weightings were agreed by the Police Negotiating Board in 2004. They reflect measures relating to:

- call management,
- crime management,
- traffic management,
- public order management/public reassurance,
- community policing management,
- patrol management,
- security-related expenditure, and
- population sparsity.

Force weightings in England and Wales vary from 1.5 for the lowest weighted areas (Gloucestershire, Lincolnshire, Cumbria, Warwickshire and Dyfed-Powys) to 10 for the highest weighted areas (West Midlands and Greater Manchester). The median force weight is 3.

¹² The Metropolitan Police Service, City of London Police, British Transport Police, Civil Nuclear Police and the Ministry of Defence Police are not included in these salary groups.

¹³ There is currently a review of the basic pay of officers and staff. This is part two of the Independent Review of Police Officer and Staff Remuneration and Conditions which is due to report in January 2012. Further information is available at: <http://review.police.uk/> (accessed on 15 September 2011).

Job evaluation and pay and pension comparisons

3.7 PricewaterhouseCoopers (PwC) carried out a job evaluation and pay comparison with other elected roles and selected appointed posts in the public sector. The full PwC report is published on the Office of Manpower Economics website.¹⁴ PwC used the force weightings which govern chief constables' pay to identify three PCC roles for comparisons – the highest, median and lowest weighted of the 41 England and Wales posts.

Pay

3.8 Table 3.1 below shows the salary ranges which PwC identified for similarly weighted roles of full-time elected office holders and selected appointed posts in the public sector. There is a large gap between the salary ranges for elected roles and those for similarly weighted appointed posts elsewhere in the public sector.

Table 3.1: **Salary ranges of elected and other public sector roles in the same job evaluation grouping as the highest, median and lowest weighted PCC roles**

PCC role weight (Force weighting)	Range for full-time elected office holders of equivalent job weight^{1,2}	Range for selected appointed public sector roles of equivalent job weight³
Highest weight (10)	£70,000 - £89,500	£133,000 - £155,000
Median weight (3)	£57,500 - £66,000	£84,000 - £107,500
Lowest weight (1.5)	£53,500 - £54,000	£73,500 - £92,500

Source: PricewaterhouseCoopers

All salaries rounded to nearest £500.

¹ These are from the Westminster Parliament, devolved Assemblies, Greater London Assembly roles and elected mayors.

² Excludes elected member roles which are not always full-time, such as councillors (further information on these is in the PwC report).

³ These are from local government, NHS Foundation Trusts and the Senior Civil Service.

Pension contribution

3.9 According to our Terms of Reference (see Appendix A), PCCs will have access to the Local Government Pension Schemes. The local government

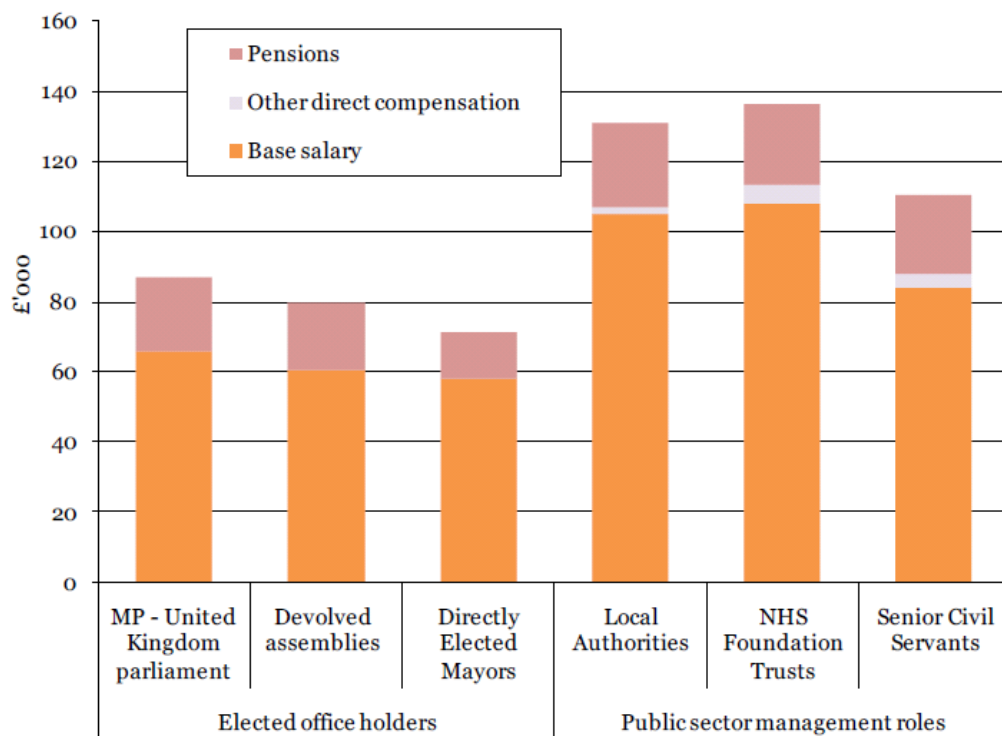
¹⁴ PricewaterhouseCoopers, *Police and Crime Commissioners – Job evaluation and pay comparisons*, 13 July 2011. Available at: http://www.ome.uk.com/Police_and_Crime_Commissioners.aspx

schemes are currently funded, defined benefit, final salary schemes with a normal retirement age of 65. The rate of accrual is currently 1/60th of salary for each year of service. Member contributions are tiered based on earnings: at the higher end scheme members paid between £43,301 and £81,100 contribute 7.2 per cent of salary and those paid over £81,100 contribute 7.5 per cent at present. Discussions between employers and trade unions are taking place about possible increases in employee contributions from April 2012 and, in the longer term, further increases in contributions and changes to the accrual rate to achieve savings of £900 million by 2014-15, in line with recommendations in Lord Hutton's report on public sector pensions¹⁵. Data in the PwC report and in previous research reports produced for us that have covered the Local Government Pension Scheme indicate that the present pension is worth roughly between 20 and 25 per cent of salary net of member contributions.

- 3.10 The PwC report made remuneration comparisons which included pension and other direct compensation. Figure 3.1 gives comparisons for a median PCC role. This shows that the inclusion of other elements makes little difference to the ranking of the roles and the remuneration gap between the elected roles and the other public sector roles remains.

¹⁵ *Independent Public Service Pensions Commission: Final Report, 10 March 2011*. Available at http://cdn.hm-treasury.gov.uk/hutton_final_100311.pdf (accessed on 19 October 2011).

Figure 3.1: Remuneration comparisons for a PCC post representing a medium sized police force



Source: PricewaterhouseCoopers

3.11 It is possible that some of those elected as PCCs will already have adequate pension provision and may not wish to join a pension scheme. Such people should be offered a cash supplement equal to the amount the employer would otherwise contribute to the pension scheme, currently typically 14 per cent.

Reasons for the pay gap

3.12 Evidence¹⁶ from many countries suggests that remuneration for democratically elected posts is generally lower than that for similarly weighted appointed posts. We believe there are two main reasons for this gap:

- senior appointed posts are part of a career path which has requirements for qualifications and experience and it is necessary to pay salaries which are competitive in labour market terms to attract

¹⁶ See for example Appendices C and D to our report No. 64, *Review of parliamentary pay, pensions and allowances 2007*, Cm 7270, January 2008. Available at: <http://www.ome.uk.com/Document/Default.aspx?DocumentUid=E6FEA678-A16B-44C5-9ABC-20EE89FC57C9> (accessed on 15 September 2011).

suitable candidates, while salaried democratically elected posts usually have no formal requirements for qualification and experience;

- the level of pay for elected office holders is also influenced both by market forces, in that there is generally no shortage of people willing to stand for elected offices, and by politicians' concerns about public perceptions of their pay.

Our conclusions and recommendations

Base pay

3.13 Respondents to our call for evidence generally agreed that base pay levels should reflect the importance and the full-time, demanding nature of the PCCs' role. The majority said that the size of police force, value of annual budget, total population and geographical area were factors we should take into account when recommending pay levels for PCCs. Other factors mentioned included:

- additional complex responsibilities, for example, with regional counter-terrorist units or national crime prevention bodies,
- consideration for inner city and socio-economically diverse areas,
- potential for PCCs to undertake a national lead for a particular portfolio, and
- responsibility for social problem solving and public redress.

We think that the force weighting which governs chief constables' pay provides a suitable mechanism to calibrate a pay structure for PCCs.

3.14 The Home Secretary asked us to recommend a pay structure that, among other things, is simple to administer and which appropriately differentiates for force size and weighting of force responsibilities. We do not believe that the 12 distinct chief constable groupings are required for PCCs and recommend instead that there should be five groups, each representing a range of 2 points of force weighting or less. These groups should cover force weighting ranges 1.5, 2 - 2.5, 3 - 3.5, 4.5 - 6.5 and 8 - 10.

Recommendation 1: We recommend that the pay structure for PCCs should comprise five groups, each with a range of two points of force weighting or less. These groups should cover force weighting ranges 1.5, 2 - 2.5, 3 - 3.5, 4.5 - 6.5 and 8 - 10.

Salaries for PCCs

- 3.15 Most of those who responded to our call for evidence suggested that the most relevant comparable public sector roles that might provide a benchmark for PCC pay were other elected roles. Some also suggested chief constable pay as a comparator, perhaps by setting PCC pay as a fixed percentage of it. Other suggestions for comparators included local council leaders, health and education sector chairs, the Mayor of London and chairman of the Metropolitan Police Authority, and senior military officers. The PwC report covered pay comparisons for elected roles and many of the others suggested. Therefore we are content to use the PwC comparisons as our starting point.
- 3.16 We considered where the top and bottom of the PCC weighting structures should be placed. There is a balance to be struck. These are important new posts and need to attract sufficient competent candidates. However, police budgets are constrained and the salaries for PCCs should not be disproportionate to those for other elected posts. Nevertheless, we consider that PCCs will be unusual among elected officers in that they will individually exercise significant executive functions. Most other elected officers, apart from directly elected mayors, take decisions collectively, through a parliament or assembly. Moreover, PCCs will be visible and accountable to the electorate for their individual decisions. This individual responsibility means their posts will be similar in some ways to those of senior managers, although they will be supported by experienced and qualified officials. We have therefore chosen to position our recommended PCC salaries between the ranges identified by PwC for the elected roles and those for appointed posts in the public sector. We recommend that the PCC salaries should be as shown in Table 3.2. We estimate that the annual paybill for PCCs if these

recommendations are accepted will be £4.0 million¹⁷. This figure is compatible with the Government's view that the new system of PCCs should not cost more than existing police authorities.

Recommendation 2: We recommend that the salaries for Police and Crime Commissioners on election in 2012 be as set out in the table below.

¹⁷ This paybill figures includes estimated Earnings Related National Insurance Contribution (ERNIC) and Accruing Superannuation Liability Charges (ASLC). We assumed that PCCs would have the same employer contribution rate as Greater London Authority (GLA) members in the absence of any other information. (GLA members also belong to the Local Government Pensions Scheme.)

Table 3.2: Recommended PCC groupings and salaries

Force Weighting	Forces	PCC groupings by weighting band	Proposed PCC salary
10	West Midlands Greater Manchester	8 - 10	£100,000
8	West Yorkshire		
6.5	Thames Valley	4.5 - 6.5	£85,000
6	Merseyside Northumbria		
5.5	Hampshire		
5	Kent Lancashire Devon & Cornwall		
4.5	South Yorkshire Essex Avon & Somerset Sussex South Wales		
	3.5		
3	Hertfordshire West Mercia Cheshire Humberside Staffordshire Leicestershire Derbyshire	3 - 3.5	£75,000
	2.5		
2	Cleveland Durham Cambridgeshire North Wales North Yorkshire Gwent Northamptonshire Suffolk Dorset Wiltshire Bedfordshire	2 - 2.5	£70,000
	1.5		

Performance-related pay

3.17 Almost all of those who presented evidence to us said it would not be appropriate for PCCs, as elected officers, to be eligible for performance-related payments or bonuses. The report¹⁸ of part 1 of the Winsor review recommended that the chief officer bonus scheme should be suspended for a two-year period commencing September 2011. This was proposed as an interim measure pending part 2 of the review, which will consider performance-related pay (among other matters) and is due to be published in January 2012.¹⁹ We were told that it would be difficult to measure the performance of PCCs separately from that of the police force, and that performance-related pay would undermine the PCCs' accountability to the electorate and interfere with the electorate's ability to judge performance. Having considered the issue, we do not believe that performance-related pay is appropriate for these roles. We think the performance of PCCs should be judged only by the electorate.

Recommendation 3: We recommend that PCCs should not receive performance-related pay.

Time commitment

3.18 The remuneration we have recommended for Police and Crime Commissioners is on the basis that the office is held full-time. The evidence suggests strongly that it will be a full-time job to fulfil the responsibilities of a PCC. However, while there are a number of restrictions upon candidates standing for a PCC election, these do not prevent the elected PCC from holding other private or public sector appointments, such as being a company director or councillor. It is not for us to determine the political acceptability of individuals holding other roles. However, we would expect a PCC to have to seek approval from an appropriate body before taking on any additional role.

¹⁸ Thomas P Winsor, *Independent Review of Police Officer and Staff Remuneration and Conditions: Part 1 Report*, Cm 8024, March 2011. Available at: <http://review.police.uk/documents/police-remuneration-and-conditions/first-report> (accessed on 15 September 2011).

¹⁹ Further information is available at: <http://review.police.uk/> (accessed on 15 September 2011).

3.19 We make our salary recommendations for PCCs on the understanding that these posts are full-time and, if this does not prove to be the case for an individual, we recommend the pay of that individual to be reduced pro-rata. The Home Secretary has powers under the Police Reform and Social Responsibility Act to make regulations governing the conduct of PCCs and we expect such regulations to include requirements on transparency and disclosure of PCCs' interests so that it will be apparent whether PCCs have other appointments or activities which could conflict with carrying out PCC duties on a full-time basis.

Recommendation 4: We recommend that remuneration should be reduced pro-rata for any PCCs who do not carry out the role on a full-time basis.

Uprating mechanism and future reviews

3.20 Our terms of reference included a requirement for us to recommend an approach to future pay reviews. There are two separate aspects to this. First, whether PCCs' pay should be reviewed or uprated during the initial four-year term of office and, secondly, how it should be set for those holding office after future elections from 2016 onwards.

3.21 Most respondents to our call for evidence thought that PCC pay should be increased annually during the four-year term. They had a range of views about what the mechanism should be, from linking it to other workers' pay increases to having an annual review. We have considered the options. There is a case for saying that the initial salary should remain unchanged for the four-year term. This would be simple and transparent. However, if salaries were uprated only every four years, then it could transpire that a large increase was indicated in 2016, for example if inflation had been above the target level for much of the period. This would be difficult to justify if it appeared out of line with Government pay policy or other groups' (annual) increases at that time. We therefore reject this option.

3.22 We have also looked at possible linkages or forms of indexation to determine PCCs' pay between elections. One option would be to link PCCs' pay increases to those of chief constables but police pay is currently the subject of the Winsor review which is likely to lead to some restructuring, so this may not be a good time to create a mechanical link between the pay of chief constables and PCCs. Moreover, experience with pay linkages shows that sooner or later they all break down. For example, MPs this year abandoned the pay indexation formula they had adopted for themselves in 2008.

3.23 We therefore conclude that the best way of dealing with PCC pay would be an independent, annual review. The simplest way of achieving this would be for the Government to add PCCs to the SSRB's annual remit so that we can consider each year whether the evidence justifies a recommendation to increase their pay, and if so, by how much, in the same way as we do for the senior civil service, the judiciary, senior officers in the armed forces and very senior managers in the NHS.

Recommendation 5: We recommend that PCCs be added to our annual remit so that we can consider each year whether the evidence justifies a recommendation to increase their pay, and if so, by how much.

3.24 We think that it would be appropriate to carry out a full review of PCCs' pay in 2015, before the second set of elections, to take stock of experience and how the roles have evolved. Therefore we recommend that we be asked to fully review the PCC roles and their remuneration in the third year of office in order to make pay recommendations to take effect from the second round of elections in 2016.

Recommendation 6: We recommend that we be asked to fully review the PCC roles and their remuneration in the third year of office in order to make pay recommendations to take effect from the second round of elections in 2016.

Appendix A

Letter from the Home Secretary and Terms of Reference



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

Bill Cockburn CBE TD
SSRB
66-74 Kingsgate House
66-74 Victoria Street
London
SW1E 6SW

20 JAN 2011

Dear Mr Cockburn

You will be aware the Government has recently introduced the Police Reform and Social Responsibility Bill. One key aspect of the Government's reforms is the introduction of elected Police and Crime Commissioners in forty one police force areas. They will replace current Police Authorities.


These Commissioners will be at the core of local policing, working with the public and Chief Constables to ensure that forces are working to deliver best value for money, and are meeting local policing priorities.

As Police and Crime Commissioners will be newly elected representatives I am writing to you to formally request that the Senior Salaries Review Body (SSRB) lead on developing recommendations for the initial pay and subsequent annual pay review processes for Police and Crime Commissioners. I attach the terms of reference for this piece of work.

In carrying out this review I understand the SSRB panel will seek evidence from the Home Office to inform their recommendations and may work with other bodies or organisations in the course of their review.

I would be grateful for a report setting out SSRBs recommendations by September 2011.

I am copying this letter to Nick Herbert MP, Minister of State for Policing and Criminal Justice.

Yours sincerely

The Rt Hon. Theresa May MP

AN INITIAL REVIEW OF THE PAY FOR POLICE AND CRIME COMMISSIONERS IN ENGLAND AND WALES

Terms of Reference

Background

Policing reforms will bring about a complete revision of policing governance arrangements so that in 2012, the public can elect new Police and Crime Commissioners (PCCs) at the level of each force in England and Wales (except London). PCCs will entirely replace existing Police Authorities, and will have a remit to hold the Chief Constable of their force to account for the full range of their responsibilities. They will, in turn, have to demonstrate the outcome of their work to the public who elected them.

Forty-one new PCC posts will be established (one in each force area in England and Wales) except in London where the Mayor of London will become the PCC for the Metropolitan Police Service. PCCs will be elected by the public to represent their policing needs with the first elections expected to be held in May 2012, subject to successful passage of legislation through Parliament. PCCs will be elected to serve a four year term of office and will only be eligible to hold office for a maximum of two terms, if re-elected. These posts are new public office roles.

In carrying out their functions PCCs will be held publicly to account by Police and Crime Panels within each force area. The Panel is intended to provide public challenge and scrutiny to the PCC. This includes referral to the Independent Police Complaints Commission if the Panel concludes that there is a case to answer with regard to misconduct.

Review

The Home Secretary would like the SSRB to consider the levels of pay appropriate for the forty-one Police and Crime Commissioner posts to be established through the Police Reform and Social Responsibility Bill (excluding pension and expenses arrangements. PCCs will have access to the local government pension scheme, and expenses are expected to be reimbursed using the HMRC standard rates).

We expect these newly created posts to attract pay levels which reflect the greater scrutiny being applied to the pay of senior public sector workers and the essence of their role as a public ambassador. Police and Crime Commissioners will be elected by the public and will be held accountable by them particularly in relation to how they spend public money. PCCs will be required to publish details of expenditure as part of the Governments transparency agenda. This will include the PCCs own remuneration. PCCs will not be akin to 'Chief Executives' of large organisations – their key role is to serve the public, maximise value for money, and hold the Chief Constable to account. In considering the levels of pay for PCCs consideration should be given to the levels of pay and responsibility of MPs and MEPs.

Remuneration levels will play a vital role in the credibility of PCCs with staff and officers in their local force, as well as the electorate who will place great emphasis both on getting best value for money and improved levels of service.

Purpose of the review

The purpose of the review is to consider the pay for PCCs and make specific recommendations to the Home Secretary to inform decisions on future PCC pay arrangements so that they:

- are adequate to encourage, retain and motivate candidates of sufficient quality, bearing in mind the proposed duties, management responsibilities and budgets of PCCs;
- recognise the **extremely** challenging fiscal climate and wider constraints on public funding;
- meet the demands and expectations of the public in terms of getting value for money and ensuring that public funds are used appropriately and with due diligence;

- reflect the essence of the role as an elected public figurehead and ambassador; SSRB should consider the policy intentions of the role in making any recommendation;
- provide transparency and robustness in determining PCC pay levels, having due regard to the reward and remuneration arrangements elsewhere in the public and private sectors;
- recommend an approach to establishing PCC pay levels that is simple to administer and is based on a range of single salary points (does not include incremental pay spines) which appropriately differentiate between force size and weighting of force responsibilities (having due regard for the pay structures in place for Chief Constables);
- take account of, where applicable, the salary levels and responsibilities of other similar roles in the wider public sector including elected executive mayors, MPs and MEPs;
- reflect the broad policy assumptions relating to PCC pay levels set out by officials in estimating the cost of the introduction of PCC policy;
- include a recommended approach to future PCC pay reviews.

Appendix B

Police and Crime Commissioners: Role and Responsibilities

[The Home Office provided the following note on the role and responsibilities of Police and Crime Commissioners on 20 April 2011. It reflects the provisions of the Bill at that time, not the final Act.]

POLICE AND CRIME COMMISSIONERS ROLE AND RESPONSIBILITIES

Note by the Home Office

The Police Reform and Social Responsibility **Bill** introduces Police and Crime Commissioners (PCCs) in 41 Police Forces in England and Wales. The first election will take place in May 2012. The Bill is currently in the Lords and therefore the description below is provisional pending passage through the Lords.

OVERVIEW

This is a challenging new role and an exciting opportunity to serve the public and contribute to the reduction of crime and disorder in the community.

PCCs will be expected to ensure the provision of efficient and effective policing within a police force area, establishing a culture of achieving value for money and continuous improvement, keeping constantly in mind the ultimate goal of successfully tackling crime and disorder in their community.

Candidates will value public service. The role entails overseeing effective and efficient spend of millions of pounds of public money. They will need to demonstrate an ability to listen to and gain the trust of a wide range of constituents, to address difficult challenges and make tough decisions to effect change.

The PCC will be expected to build and foster collaborative partnerships with community groups to achieve common goals; to work cooperatively at local, regional and national level; to promote community order and overall security in the area; manage in an era of budget and personnel constraints; and meet the demands of changing demographics. This will include working with partnerships and the Criminal Justice agencies and services.

PCCs will need to find effective ways of engaging with the public and of creating a culture of innovation and creative problem-solving within the police area.

Candidates will need to be able to plan strategically, set clear goals, budget effectively, and have constructive public relations and communications.

ELECTIONS

A PCC will be elected for each police force area in May 2012 and in each subsequent fourth year.

In order to be eligible to stand candidates must:

- be British, Commonwealth or EU citizen
- be 18 or over
- be resident in the Police Force area
- have a £5000 deposit (recoverable if they receive 5% or more of the vote)
- have signatures of 100 people who are registered to vote in the police force area

Restrictions

- Anyone who has been convicted of an imprisonable offence
- Any serving civil servant, judge, police officer, member of the regular armed forces, employee of a council within the force area, employee of a police related agency, employee of another government agency, politically restricted post-holder, member of police staff (including PCSOs) or member of a police authority
- MEPs, MSPs, AMs and MPs will be able to stand as PCCs, but will need to stand down from their existing post before being able to accept the post of PCC
- A Police Authority member would need to stand down as member before being able to stand as a PCC
- Members of the House of Lords will not be able to sit or vote in the House whilst serving as a PCC

ROLE AND RESPONSIBILITIES

Main responsibilities:

1. Secure the maintenance, efficiency and effectiveness of the police force in their area
2. Hire, and if necessary dismiss, the chief constable
3. Hold the chief constable to account
4. Set the police and crime objectives for the police area
5. Work with partners (including commissioning services) to tackle crime and disorder
6. Responsible for the police force budget and for setting out the precept- as an example, a medium size force has a budget of over £130m
7. Contribute to national and international policing capabilities as described by the Secretary of State in the Strategic Policing Requirement.
8. Contribute to an efficient and effective criminal justice system in the police area

GOVERNANCE STRUCTURE

PCCs will be responsible for the police force in their area, although the operational responsibilities for the police force will remain with the Chief Constable.

PCCs are required to appoint a Chief of paid staff and a Chief Finance Officer in order to assist them to fulfil their functions. They will be able to appoint other staff, on merit, as appropriate. There will be full transparency with PCCs having to divulge to the public costs and functions of their support team.

PCCs will be required to issue and publish a Police and Crime Plan within the financial year in which each ordinary election is held setting out the strategic objectives for the police force, and an Annual Report on the progress made at the end of each financial year against the police and crime objectives set out in the Plan

PCCs will be advised and scrutinised by Police and Crime Panels which will be formed from all the local authorities in the force area (a minimum of ten Councillors who will co-opt two independent members). If the force area encompasses a city mayor, the mayor will be the representative for that local authority.

The Panels will have the following powers:

- The Panel will review the PCC's Plan and Annual Report and make reports/recommendations to which the PCC must have regard
- The Panel will be able to require any information in the possession of the PCC (except operationally sensitive material)
- The PCC must attend a public hearing to respond to concerns raised by the Panel
- Panels will have the right of veto for the Precept/budget and Chief Constable appointment by 3/4 majority
- Panels will have the power to ask HMIC for a view when the PCC intends to dismiss a Chief Constable
- The Panel will deal with all complaints about a PCC- serious ones must be passed to the IPCC
- In cases of misconduct the Panel will be able to require the PCC's resignation and trigger a recall election if the PCC is convicted of an imprisonable offence
- If a PCC is incapacitated or resigns the Panel will appoint an acting PCC from the PCC's staff

ACCOUNTABILITY

PCCs will be accountable to the electorate and the ballot box will be the ultimate judge of how effective they are at cutting crime and disorder in their communities.

The Police Reform and Social Responsibility **Bill** contains provisions to ensure that the public has access to the necessary information to make a decision on how effective their police force is.

- PCCs must provide information to enable the public to assess the performance of the PCC and of the police force
- PCCs must provide information to the Panel to enable them to carry their scrutiny and advisory functions
- PCCs must obtain, and have regard to, the views of the community, in particular those of the victims of crime, on policing
- PCCs may be called to a public hearing by the Police and Crime Panel to report and answer questions

The Home Secretary will maintain the following powers:

- to be able to receive crime data and information from a Chief Constable
- to issue a Strategic Policing Requirement, to which the PCC and Chief Constable must have regard. It will set out the policing capabilities required nationally, and critical standards of interoperability that police forces should follow
- to intervene where force budgets are set too low and put public safety at risk
- to be able to direct the PCC if the standards set out for national / international functions are not met – regardless of whether or not there is an agreement
- to be able to specify some functions that all forces must perform through collaboration with other forces or other bodies.

Appendix C

List of those who gave evidence to the SSRB

Oral evidence

Rt. Hon. Nick Herbert MP, Minister of State for Policing and Criminal Justice, Home Office

Kit Malthouse, Chairman of the Metropolitan Police Authority and Deputy Mayor for Policing

Home Office, Police Reform Unit

Written evidence

Staffordshire Police Authority

West Mercia Police Authority

Police Authorities of Wales

Greater Manchester Police Authority

West Yorkshire Police Authority

Durham Police Authority

Local Government Group

Association of Police Authorities

In addition the Sub-Committee visited Hampshire Police Authority for discussions with the Chair and Chief Executive.

Appendix D

Glossary of Abbreviations

Act	The Police Reform and Social Responsibility Act 2011
AM	Assembly Member (Wales)
FTE	Full-time equivalent
HMIC	Her Majesty's Inspectorate of Constabulary
MEP	Member of the European Parliament
MOPC	Mayor's Office for Policing and Crime
MP	Member of Parliament
MPA	Metropolitan Police Authority
MSP	Member of the Scottish Parliament
OME	Office of Manpower Economics
PCC	Police and Crime Commissioner
PCP	Police and Crime Panel
PCSO	Police Community Support Officer
PwC	PricewaterhouseCoopers
SSRB	Senior Salaries Review Body
TUPE	Transfer of Undertakings (Protection of Employment) Regulations