



Benchmarking police pay

This paper outlines issues involved in benchmarking police pay and makes recommendations about how it should be done.

1. Policy context

In most organisations and sectors, benchmarking has two phases:

- Broad analysis of multiple markets and comparators, to inform decisions about policy.
- Use of a narrower range of comparisons and market indicators, once policy discussion and decisions have clarified which are the most appropriate and which the least relevant, practicable or justifiable.

For example, the first phase might include a total remuneration comparison of Assistant Chief Constables with the private sector, which would show their package value on average across the UK to be around 60% of the market median. Policy-makers might conclude that closing such a wide gap would be impossible and/or that the comparison would be hard to justify given how police recruitment and careers operate. They might move in the second phase to a different market, or a different level in the private sector market (such as lower quartile) or to a comparison which excludes private sector incentive payments.

Typically, a policy will state among other things:

- Which markets, organisations, professions and roles should be regarded as part of the comparator group.
- What is the intended level against the comparator group.
- What is the basis for the comparison – rank or grade, job title, skill group etc.
- What should be included in the comparison – salary, total cash, total remuneration or some other intermediate measure.
- How regional variations should be treated – how many regions and how subdivided.
- Whether all jobs are to be benchmarked in the same way or there are variations for specific groups – for example, because some functions are more expensive than others.

It will also normally give an indication of the role of benchmarking in the pay review process. For example, 'the middle of our pay ranges will be median in the public sector market' suggests benchmarking is central; 'we will take account of the following indicators and ensure we are competitive' suggests there will be a judgement, informed but not dictated by comparisons.



2. What and how to benchmark

In the absence of a policy – except a commitment to look at total remuneration as well as salary and a wish to include a P factor in interpreting the information – benchmarking for the police is bound to be relatively broad. Here are some of the main points to consider.

a. Comparisons

Initial possibilities include:

Comparator	Nature of comparison	Reason
Public sector	Base, total cash, total remuneration	■ The most obvious public service link – accepting that the P factor has to be added ■ People might leave for public sector jobs ■ Source of some direct entrants
Private sector	Base, total cash, total remuneration	■ Alternative career for initial recruits ■ People might leave for private sector jobs ■ Source of some direct entrants
Other professions	Salary structure, level and progression in teaching, nursing etc	■ Alternative career for initial recruits ■ Provides ideas about reward and workforce management which might inform changes for police
Other roles	Local government, army, fire service	■ Army and fire are command structures which bear some comparison to policing ■ Police work in partnership with local authorities

Most organisations would narrow down to a lead comparator, with checks on some others, but national review body studies tend to look at multiple markets (and set benchmarking data alongside other indicators, such as recruitment and retention).

b. Level

It is not necessary to target a specific level in the market and it can cause problems to be too specific. For example, tying pay to median in a specific comparator might prove unaffordable, or conversely might not produce salaries high enough to recruit and retain.

However, it is important to have some idea about what a realistic comparison would be. For example, if the analysis shows both salaries and total remuneration are upper quartile in the public sector for a particular rank or role but below median in the private sector, what conclusion can be drawn?

c. Basis of comparison

Most organisations and sectors do whole pay system comparisons on the basis of grade or rank, which can be translated through job evaluation into benchmarking against jobs of similar size in the chosen market.

Any comparison with other professions or specific services (as in the table above) could be done in a slightly different way, looking for example at stage in career or comparable management responsibilities – though grade and job weight would still be a good guide.

When looking at a whole pay system, it would be normal to benchmark both salary practice and the pay structure – analysing how the average or median actual compares to the chosen market and also how the pay ranges sit in that market.

d. What is included

The normal categories for benchmarking are: basic salary; total cash (base plus annual bonuses); and total remuneration (total cash plus the value of allowances and non-statutory benefits). All are relevant here, including total remuneration. It would not be credible, for example, to compare constable pay with the private sector without acknowledging that the pension is worth more than twice as much as a percentage of salary.

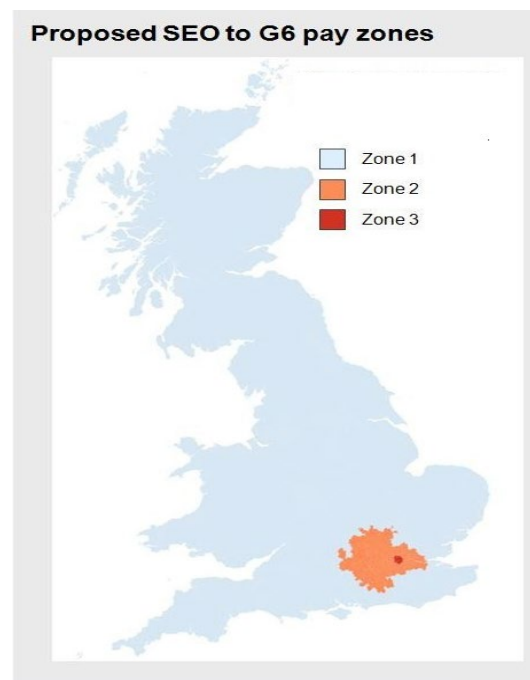
Comparison is normally made with particular levels in the market: median, upper and lower quartile, and sometimes the market mean or average.

There may be specific areas to benchmark occasionally to refresh the policy, such as shift, on call or overtime payments.

e. Regional factors

Local and regional variations in pay are a bigger feature of the market up to professional level that they are at experienced professional and above. In addition, most organisations and sectors do not want to overcomplicate their pay systems, so tend to opt for relatively straightforward regional variations – at its simplest, London and everywhere else.

Our work on options for local pay for the civil service concluded that, for professionals and managers, only three pay zones were needed (see map below). Critically, though, they had to be described at postcode level and were not captured by simple regional boundaries, as parts of the South East were effectively the same price as Outer London.





Analysis of multiple markets in the first phase of benchmarking (see Section 1 above) should make it possible to agree on a small number of regional analyses for officers. It may be necessary to have more subdivision if the aim is also to benchmark front line police staff.

f. Specific groups

Among officers, some specialisms might require further investigation and the range increases if police staff are included.

It is helpful to have a competitive general pay structure, as this reduces the requirement for additional payment for specific skills. Among police staff, this might mean that only legal and IT roles need additional market testing and payments. Among police officers it might also be useful to know by how much, for example, cyber security or fraud investigation roles exceed the general market. There would presumably still need to be a business case for any payment, taking account of the cost and also of the potential for workforce segmentation which pay supplements bring).

3. Making sense of the data

We would expect the move from broad to more targeted benchmarking (see section 1 above) to use simple tests: is it relevant, plausible, defensible, affordable etc. Even when the range of benchmarks has been reduced, however, there will probably still be multiple markets and sectors to examine and conclusions will have to be drawn based on judgement.

This is most difficult when policy guidelines are first developed and applied. Often through a combination of benchmarking, assessment of workforce changes and recruitment and retention data, decisions have to be made about what has to change (for example, 'we are at level x against the market for this rank, and we need to be at level y'). As the police service offers a strong career route, internal relativities – the pay steps people get on promotion – might also influence the choice of investment priorities.

It may be that some ranks or roles sit higher in the market than others, either by policy design or because it is unaffordable to bring them all to the same level and the need is greater in some than in others.

In subsequent years, some decisions are easier because they are based on trends and change through time (for example, 'we were at level y and are now falling behind').

4. Recommendations

We therefore recommend that the NPCC should:

- a. Benchmark police pay with all the comparators in the table in 2a above. This should be done by rank or job level, looking at base salary, total cash and total remuneration and at how police pay compares to median, upper and lower quartile in those markets (where the information allows). The main national analysis should be supplemented by a comparison for Inner London and one for Outer London and the London fringe.



- b. Carry out this benchmarking annually and monitor any change in position over time.
- c. Identify each year additional investigations of specific roles, functions or skill groups where there are pressures or concerns.
- d. Set the benchmarking data alongside relevant data on the workforce – particularly on recruitment and retention and on applications for promotion – to create an assessment of police pay in the market.
- e. Be prepared to adjust the type and range of benchmarking over time as the information becomes more familiar and the debate on the appropriate policy position evolves.
- f. Acknowledge that there is no single perfect comparison which fits the situation. Judgement will be required, taking account of multiple data sources.
- g. Acknowledge also that it may not be right or possible to treat all ranks and roles the same in their relationship to the benchmarks.

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