

Pay Policy Statement

Report of the Chief Fire Officer

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1 Purpose of Report

This report provides the proposed Pay Policy Statement for the consideration of the full Authority, as required under the Localism Act 2011.

2 Recommendations

The Fire Authority is asked to:

- a) Consider and decide upon the appended draft Pay Policy Statement;
- b) Agree a maximum pay differential, as set out at section 5 below;
- c) Consider whether further advice on the concept of 'at risk' pay be sought, and if so, task the Brigade Managers Employment Panel to consider this issue and to report back to the Fire Authority with its recommendations; and
- d) Agree that the finalised Pay Policy Statement be reviewed annually by officers and any proposed amendments be brought before the full Authority for consideration.

3 Background

Sections 38 to 43 of the Localism Act 2011 set out the requirement to prepare Pay Policy Statements, detailing the pay, including remuneration, performance-related pay, bonuses and any other allowances, of senior staff (or 'chief officers') and the lowest paid employees and the relationship between those.

Draft guidance issued in November 2011 (still in draft at the time of writing) states that this should be in place by April 2012 and reviewed each financial year. The guidance also states that Statements should be approved by Full Council, or a meeting of Members in the case of a Fire Authority.

The definition of chief officers under section 43(2) of the Act is not limited to Heads of Paid Service or statutory chief officers. It also includes those who report direct to them (non-statutory chief officers), to their direct reports (Deputy Chief Officers) and, in the case of a Fire and Rescue Authority, a Deputy Chief Fire Officer.

In addition, the guidance also suggests that Authorities consider whether, in the light of their own context and reward structure, it is appropriate to extend the scope of the Pay Policy Statement to include highly paid staff, who would not come within the definition of chief officers.

The Act also requires authorities to set their policies for the remuneration of their highest paid staff alongside their policies towards their lowest paid employees and to explain what they think the relationship should be between the remuneration of its chief officers and its employees, who are not chief officers.

4 Draft Pay Policy Statement – Items for Inclusion

The draft Pay Policy Statement for Shropshire and Wrekin Fire Authority is set out at the appendix for Members' consideration. We are required to publish the Statement at the beginning of the financial year 2012/13.

Under the Act the following must be included within the Statement:

- 1 Policies for the highest paid staff set alongside those for the lowest paid staff
- 2 The Authority's view on what it expects the relationship between the two to be
- 3 Consideration is given to Hutton's recommendation that policy for the attainment of the desired pay multiple, i.e. the ratio between the highest paid employees and the mean average earnings across the organisation, be included
- 4 Clarity on the approach to the award of any other elements of senior remuneration, e.g. bonuses, performance-related pay and severance payments
- 5 Consideration is given to an element of basic pay being 'at risk', to be earned back each year through meeting pre-arranged objectives
- 6 Specific reference to whether the Authority permits those in receipt of a pension to also receive a salary for the same job

- 7 Similar to 6 above, specific reference to the policy regarding the reward of chief officers, where they were previously employed by the authority and who, on ceasing to be employed by that authority, received a severance or redundancy payment from that authority, including any local policy toward those, who were later re-engaged as chief officers under a contract for services
- 8 Reward for a chief officer already in receipt of a pension under the relevant scheme
- 9 A definition of lowest paid that best reflects the local circumstances and an explanation of why that definition has been chosen

Some of the requirements set out in 1 to 9 above have already been met through the Authority's policies and decisions to date and those are explained in more detail in the draft Pay Policy Statement, which is appended to this report. Specifically items 1, 2, 4, 6, 8 and 9 are already subject to Authority decisions.

It is also important to note that the Communities and Local Government (CLG) draft guidance is clearly aimed at the broader public sector and so some of the requirements are not applicable to the Fire Authority, for example the pay for employees is set by national agreements, except in the case of Brigade Managers, where there is a two-track approach, for which the second element has been previously agreed by the Authority.

5 Maximum Pay Multiple Definition

One of the requirements of the Localism Act 2011 is that the Authority has a policy on pay multiples for senior staff. Detailed information on current pay multiples is given at pages 7 to 9 of the appended draft policy.

In summary, as a result of policy decisions made to date by the Fire Authority, the current pay multiples for the Chief Fire Officer (CFO) are as follows:

- Between the CFO and lowest paid operational employee (Trainee Firefighter) the multiple is **5.43**
- Between the CFO and the mean average earnings the multiple is **3.94**

Given that the pay review bodies and, therefore, the decisions are different for each group of staff (Gold, Grey and Green Book terms and conditions) and different awards may be made each year, a minimum multiple can be maintained reasonably easily through the subsequent work of the Brigade Managers Employment Panel but the maximum may be variable, unless defined by the Authority.

Based on the above figures, it is suggested that:

- a) The **maximum** multiple between the CFO and the **lowest paid operational employee be defined at 6**; and
- b) The **maximum multiple between the CFO and the mean average earnings be defined as 4.5**.

This would enable remuneration decisions, which would help to attract competitive applications for future vacancies, whilst providing reassurance that pay is set within reasonable parameters.

6 'At Risk' Element of Basic Pay

As stated above, the guidance states that consideration should be given to an element of basic pay being 'at risk', to be earned back each year through meeting pre-arranged objectives.

This is a relatively new concept in terms of the application to basic pay, for which there is currently no policy. Indeed, there is no form of performance-related pay within the Authority. Furthermore, legal problems could be encountered in relation to retrospective amendments to basic pay for current employees. It is, therefore, recommended that the Brigade Managers Employment Panel seek further advice on this element of the guidance to provide a better understanding, so that it can be considered for current / future appointments in light of proper legal advice. This can then be considered by the full Authority at a later date, if necessary.

7 Intended Process

Pending approval by the Authority, this policy would be integrated into the Brigade Order format and introduced as Human Resources 6 Part 4 - Pay Policy Statement. It would be reviewed annually, following notification of national pay decisions determined in respect of Gold, Grey and Green Book staff each year. Any amendments would be brought before the full Authority for consideration.

Where possible, before publication, linked documents will be electronically accessible via links within the document.

The Pay Policy Statement will then be published by 31 March 2012.

8 Financial Implications

There are no financial implications arising directly from this report. The financial impact of introducing an 'at risk' element of pay would be considered, if the Fire Authority decides to explore this course of action.

9 Legal Comment

The legal requirements of the Localism Act 2011 are set out in the body of this report. The proposed Pay Policy Statement is compliant with requirements.

10 Equality Impact Assessment

An initial equality impact assessment has been completed.

11 Appendix

Draft Brigade Order, Human Resources 6 Part 4
Shropshire and Wrekin Fire Authority Pay Policy Statement 2012/13

12 Background Papers

The Localism Act 2011

Draft Brigade Order

Human Resources 6 Part 4 Shropshire and Wrekin Fire and Rescue Authority Pay Policy Statement 2012/13

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1 Introduction

Shropshire and Wrekin Fire Authority publishes the pay details of all senior officers with a pro rata salary of more than £50,000 in its annual Statement of Accounts. This Pay Policy document brings the information on remuneration into a single document for public information and to meet the obligations of the Localism Act 2011. Links to other more detailed documents are provided.

Rather than be limited to legal requirements this document seeks to bring additional clarity to local people on what the senior officers do and the level of reward for their work.

2 Definitions

The strict definition of Chief Officers within the legislation is limited to:

- The Head of Paid Service
- The Monitoring Officer
- The statutory Chief Officer and non-statutory Chief Officer under section 2 of the Local Government and Housing Act 1989
- A Deputy Chief Officer mentioned in section 2 of that Act.

However, as the Fire Authority employs a wider range of senior staff to run the Fire and Rescue Service (known as Brigade Managers), this pay policy covers all staff that are considered to be the most senior decision makers within our Service, in addition to the officers listed above

We employ two tiers of senior management, the most senior being Brigade Managers, of which there are four. As well as performing organisational management functions three of these officers provide the most senior operational command for the Service. All four officers are employed on the terms defined by the National Joint Council for Brigade Managers of Local Authority Fire and Rescue Service (known as the Gold Book).

The second management tier undertakes the functional management of the Service and again includes a mixture of roles and associated terms and conditions and remuneration, with staff being conditioned to one of two types of terms and conditions of service. These are The National Joint Council for Local Government Services (known as the Green Book) and the National Joint Council for Local Authority Fire and Rescue Services (known as the Grey Book).

3 Statutory Management Functions

The Authority has, over a number of years, outsourced many of its support services and thus two of the statutory officer functions are bought in on a contractor basis through Service Level Agreements. The individuals, who fulfil these roles for the Fire Authority are not employed by the Authority and, therefore, their pay policy is not covered here but may be found in the policy of their employers. The roles concerned are:

- **The Authority Treasurer**
This post is filled by the Head of Finance and Commerce at Shropshire Council.
- **The Monitoring Officer**
This post is filled by the Head of Governance at Telford & Wrekin Borough Council.

4 Brigade Manager Roles

The following officers, known as Brigade Managers, are covered within this pay policy statement:

- **Chief Fire Officer** and **Deputy Chief Fire Officer** in accordance with the requirements of the Localism Act 2011
- **Assistant Chief Fire Officer (Operational)** and **Assistant Chief Fire Officer (Non-Operational)** in the interests of transparency for all Brigade Managers and as direct reports to the Chief Fire Officer

The job descriptions for each of the above roles are available on the Service website via the following link:

<https://www.shropshirefire.gov.uk/managing-the-service/organisation-and-management>

4.1 Brigade Manager Pay Determination

The pay process for Brigade Managers consists of a two-track approach, in accordance with the guidance issued under the National Joint Council (NJC) for Brigade Managers of Local Authority Fire and Rescue Service (Gold Book) fifth edition published in 2006, which stated:

The NJC will publish annually recommended minimum levels of salary applicable to chief fire officers/chief executives employed by local authority fire and rescue authorities.

There is a two-track approach for determining levels of pay for Brigade Manager roles. At national level, the NJC shall review annually the level of pay increase applicable to all those covered by this agreement. In doing so, the NJC will consider affordability, other relevant pay deals and the rate of inflation at the appropriate date. Any increase agreed by the NJC will be communicated to fire authorities by circular.

All other decisions about the level of pay and remuneration to be awarded to individual Brigade Manager roles will be taken by the local Fire and Rescue Authority, who will annually review these salary levels.

At its meeting on 14 February 2007, following the removal of the previous nationally determined pay differentials, the Fire Authority determined new minimum differentials for Brigade Managers in Shropshire Fire and Rescue Service as follows:

- CFO salary to be 25% more than DCFO
- DCFO salary to be 7.5% more than the ACFO (operational)
- ACFO (operational) salary to be 20% more than then ACFO (non-operational)
- ACFO (non-operational) salary to be 25.72% more than Area Manager (Competent B)

Area Manager (Competent B) is defined by the National Joint Council for Local Authority Fire and Rescue Services (known as the Grey Book).

4.2 Brigade Managers Employment Panel (the Panel)

The Panel has delegated authority to consider and decide upon all issues associated with pay and conditions of Brigade Managers. Any decision made by the Panel is reported to the full Fire Authority.

The Panel has a membership of 6, a quorum of 3 and its terms of reference are:

To meet as and when required to review the pay and conditions of service of Brigade Managers in accordance with the process agreed by the Fire Authority at its meeting on 3 July 2009, as may be amended by the Fire Authority from time to time, and, having carried out a review, to make decisions relating to the pay and conditions of service of Brigade Managers.

At its meeting on 3 July 2009 the Fire Authority agreed a process developed by ACAS for the second part of the 'two-track' approach to the review of Brigade Manager remuneration locally.

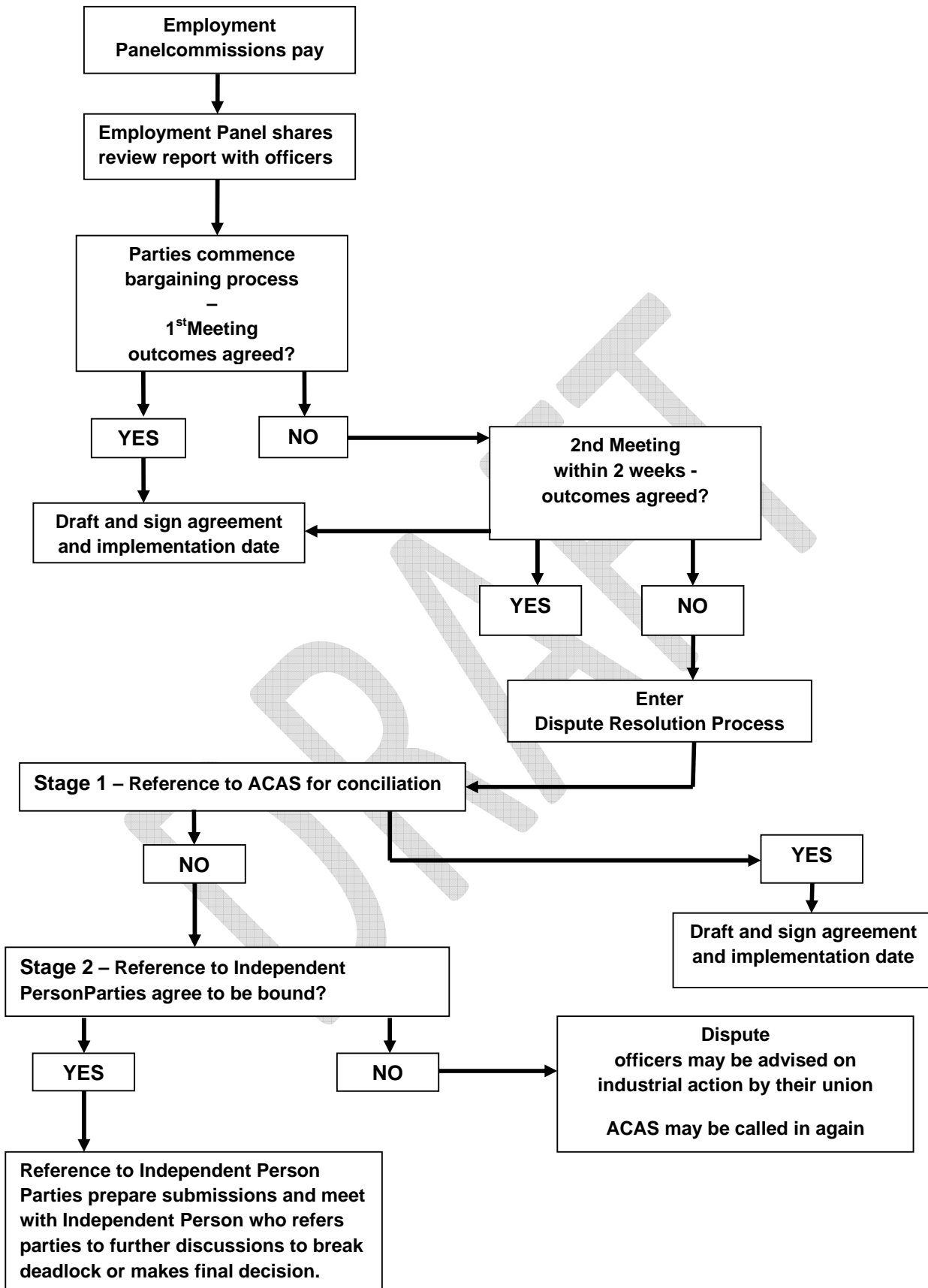
The objective of the pay review and pay research process is to provide information that enables the Authority to:

- Maintain a competitive pay and benefit position relative to the market in order to recruit and retain the right calibre of staff;
- Determine levels of pay for individual jobs, pay ranges or scales; and
- Provide information on adjustments required to general or individual pay levels.

A flow chart for the process agreed, full details of which can be accessed via the following link ([link to be inserted](#)) is set out below:

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Flowchart of Pay Panel Process



5 Recruitment and Remuneration of Brigade Managers

5.1 Recruitment of Brigade Managers

Brigade Managers are selected through open competition, with the full participation of the Brigade Managers Employment Panel and selection is based upon merit.

5.2 Salary Determination for New Posts

Under the requirements of the Localism Act 2011 new posts at Brigade Manager level and the respective remuneration, where it exceeds £100,000 per annum, will be subject to approval by the full Authority prior to advertisement.

5.3 Benefit in Kind

Brigade Managers are entitled to a vehicle allowance to enable full performance of required duties. This is subject to tax at the rate appropriate to the individual. The individual is able to contribute personally to the cost of a vehicle in excess of the level of the allowance.

5.4 Fees and Allowances

There are no fees or allowances payable to Brigade Managers.

5.5 Bonuses

There is no bonus scheme in operation for any role across the Service.

5.6 Expenses

Brigade Managers are able to reclaim a restricted range of legitimate and evidenced expenses. Wherever possible the Service will centrally procure travel and accommodation, e.g. rail tickets and hotels, to gain best value and reduce the level of individual claims by officers.

The Brigade Managers do not hold an expense account or corporate credit cards.

5.7 Subscriptions

The Fire Authority pays an annual membership fee for each Brigade Manager for the Chief Fire Officers Association (CFOA).

5.8 Performance Review

The Brigade Managers are expected to deliver their specified objectives and each has an annual performance review. The CFO's performance review is undertaken by the Chair and Vice Chair of the Authority.

5.9 Performance Related Pay

There is no performance related pay scheme in operation for any role across the Service.

5.10 Enhancement at Termination

In cases of redundancy, payment is calculated based on actual weeks pay in accordance with Brigade Order Human Resources 9 Part 2 Section 1 ([link to be inserted](#)). There are no other entitlements to any enhancements at termination.

5.11 Retirement and Re-Employment

This issue was considered by the Fire Authority's Human Resources Committee on 6 September 2007 and it was recommended to, and subsequently agreed by, the full Authority on 17 October 2007, that it adopt a policy of no re-employment of operational employees following retirement, except where such former employees participate in the Service's usual recruitment process. Should this scenario occur, then pension abatement rules would be applied, as appropriate, and the Authority would be consulted, where necessary.

6. Remuneration Details and Pay Multiples

Full remuneration details of all those senior officers employed by the Service with a pro rata salary of over £50,000 can be found in the annual Statement of Accounts ([link to be inserted](#)).

Pay multiples for Brigade Managers compared with the lowest paid staff in our Fire and Rescue Service are set out in Table 1 below.

7. Definition of Lowest Paid Staff

We have two definitions of lowest paid staff, depending upon whether there is an operational requirement as part of the role.

For operational staff conditioned to the Grey Book, the lowest applicable rate of pay is that of a Trainee Firefighter.

For non-operational staff conditioned to the Green Book, the lowest applicable pay is that of a Grade 3 employee.

These definitions are arrived at by virtue of the fact that they are the posts attracting the lowest salaries, as defined under the salary structure applicable to their terms and conditions of service.

8. Policy on Pay Multiples

The Localism Act 2011 requires that the Authority specifies its policy on maintaining or reaching a specific pay multiple within their broader policy. As set out above the Fire Authority agreed in 2007 that the minimum pay differentials be defined as:

- CFO salary to be 25% more than DCFO
- DCFO salary to be 7.5% more than the ACFO (operational)
- ACFO (operational) salary to be 20% more than then ACFO (non-operational)
- ACFO (non-operational) salary to be 25.72% more than Area Manager (Competent B)

Area Manager (Competent B) is defined by the National Joint Council for Local Authority Fire and Rescue Services (known as the Grey Book).

This, by default, leads to a **minimum pay multiple** between the CFO and lowest paid operational employee (Trainee Firefighter) of **5.43**.

Because the pay review bodies for each are different and different awards may be made each year, this minimum can be maintained but the maximum may be variable, unless defined by the Authority. **It is suggested that the maximum multiple between the CFO and the lowest paid operational employee be defined at 6** and that the **maximum multiple between the CFO and the mean average earnings be defined as 4.5**. This would enable remuneration decisions, which would help to attract competitive applications for future vacancies, whilst providing reassurance that pay is set within reasonable parameters.

9. Review

This statement will be reviewed annually by the full Fire Authority following the application of the national Gold, Green and Grey Book pay award decisions each year.

10. Publication

This statement will be published on the Service's website as Brigade Order Human Resources 6 Part 4 Section 1 - Pay Policy Statement to sit alongside the Brigade Managers Pay Review Process (HR 2 Part 4 Section 2) (link to be inserted by April 2012).