

REPORT AUTHOR: CHIEF FIRE OFFICER**SUBJECT: LOCALISM ACT 2011 – PAY STATEMENT FOR 2018**

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Background Papers:

- Hutton Review of Fair Pay in the Public Sector March 2011 (available on request)
- DCLG Openness and accountability in local pay: Draft guidance under Section 40 of the Localism Act November 2011 (available on request)
- Localism Act 2011 Chapter 20 Part 1 Local Government, Chapter 8 Pay Accountability (available on request)
- Localism Act Pay Policy Statements guidance for Local Authority Chief Executives November 2011 (available on request)
- Policy on Principal Officer Salary reviews – March 2009 (available on request)
- 2017 Pay Policy Statement (available on request)
- Localism Act 2011 – Pay Policy Statement FRA paper February 2017 (available on request)
- Local Government Association Pay Policy and Practice in local authorities 2013 (available on request)
- Principal Officer Salary Review – March 2015 (available on request)
- Principal Officer Salary Review – June 2015 (available on request)
- Local Government Transparency Code 2015
- National Joint Council Pay Awards Paper – October 2017 (available on request)

Implications (tick ✓):

LEGAL	✓	FINANCIAL	✓
HUMAN RESOURCES	✓	EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	✓
CORPORATE RISK	Known	OTHER (please specify)	
	New	CORE BRIEF	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To advise the Fire Authority of the requirement to agree and publish an annual pay policy statement and its constituent parts for the financial year 2018/19.

RECOMMENDATION:

That the submitted proposed pay policy statement for 2018/19 be approved.

1. Introduction

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for 2012/13 and for each financial year thereafter. This is Bedfordshire Fire and Rescue Service's seventh annual Pay Policy Statement.
- 1.2 The Department for Communities and Local Government (DCLG) Guidance on Section 40 of the Localism Act clarified that each local authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances. The provisions in the Act do not seek to change this, determine what decisions on pay should be taken, or what policies individual authorities should have in place. Rather, they require that authorities are more open about their local policies and how decisions are made.
- 1.3 Bedfordshire Fire and Rescue Authority's proposed pay policy statement is derived from the 'model' pay policy statement contained in the Local Government Association Document 'Pay Policy and Practice in Local Authorities' which was recommended to Fire and Rescue Authorities by the Head of Workforce at the Local Government Association via the principal negotiating officer of the National Joint Council for Fire and Rescue Authorities in November 2013.

2. Pay Policy Statement Content

- 2.1 Matters that must be included in the statutory pay policy statement are:
 - Information on the approach to Chief Officer remuneration at recruitment, salary, bonus/performance related pay, charges, fees allowances, benefits in kind, enhancement to pension at termination. The definition of chief officer is not limited to heads of paid service or statutory chief officers; it includes those who report directly to them;
 - Local authority's policy on the level and elements of remuneration for each chief officer;
 - Local authority's policy on the remuneration of its lowest-paid employees (together with its definition of 'lowest-paid employees' and its reasons for adopting that definition); and
 - A local authority's policy on the relationship between the remuneration of its chief officers and other officers.

- 2.2 The Act does not require the pay policy statement to include numerical data on pay; the statement is about policy and not the actual pay of individuals.
- 2.3 Information that has changed since the last Annual Pay Policy Statement is highlighted in bold.
3. Process for Annual Adoption of a Pay Policy Statement
- 3.1 The Localism Act also prescribes that the pay policy statement must be approved formally by a meeting of Members. In the case of a Fire and Rescue Authority, it cannot be delegated to any sub committee and must be approved by the end of March each year, and can be amended in-year. It must also be published on the Authority's website (and in any other way the Authority chooses) and must be complied with when the Authority sets the terms and conditions for a Chief Officer.
4. Information
- 4.1 Nationally negotiated pay increases for employees covered by the Green Book (National Joint Council for Local Government Services National Agreement on Pay and Conditions), are applied as advised by the National Joint Council. **In May 2016 the NJC announced a 1% pay award for financial years 2016 and 2017.**
- 4.2 Nationally negotiated pay increases for employees covered by the Grey Book (National Joint Council for Local Authority Fire and Rescue Services) are applied as advised by the National Joint Council. A 1% pay award was made in July 2016. **The Fire and Rescue Authority will be aware that negotiations on the annual pay settlement continued during 2017 and that as at November 2017 no offer had been agreed. However the Employers side of the NJC advised Fire and Rescue Authorities on 7 December 2017 to apply 1% backdated to July 2017 whilst negotiations continue.**
- 4.3 In accordance with nationally negotiated pay awards advised by the National Joint Council (NJC) for Brigade Managers of Local Authority Fire and Rescue Services. **A 1% pay award was made to Gold Book employees (the Chief Fire Officer, Deputy Chief Fire Officer, and Assistant Chief Officer) in October 2017, backdated to January 2017.**
- 4.4 The Fire Authority is asked to consider and approve the proposed pay policy statement at Appendix 1.

**PAUL M FULLER CBE QFSM DL
CHIEF FIRE OFFICER**

**ANNUAL PAY STATEMENT OF
BEDFORDSHIRE FIRE AND RESCUE SERVICE**

1. Introduction and Purpose

This is the Pay Statement of Bedfordshire Fire and Rescue Service covering the period April 2018 to March 2019.

This Pay Statement (the 'statement') sets out Bedfordshire Fire and Rescue Service's (the Service) approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.

This pay statement has been approved by Bedfordshire Fire and Rescue Authority and is effective from 1 April 2018. It will be reviewed annually and in accordance with new or proposed legislation to ensure that it remains relevant and effective.

2. Accountability and Decision Making

Decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Service is determined by the Fire Authority and Human Resources Policy and Challenge Group.

3. Responsibility and Scale

The Service is directly responsible for a budget of **£30.108m** and for the employment of **561** staff.

4. The Service Pay Strategy

In determining the pay and remuneration of its employees the Service will comply with all relevant employment legislation this includes the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000 and The Agency Workers Regulations 2010.

The Service takes the following approach to determining overall pay levels.

4.1 Firefighting Roles - Salary and Remuneration

This relates to the following roles within Bedfordshire Fire and Rescue Service:

Firefighter, Crew Manager, Watch Manager, Station Manager, Group Manager and Area Manager, regardless of duty system (eg wholetime, day duty, retained or flexible duty) and Control specific roles. The pay structure for employees conditioned to the Scheme of Conditions of Service for Local Authority Fire and Rescue Services (Grey Book) provides a three point pay structure at Firefighter level and a two point pay structure for all other roles. Rates of pay are based on defined stages of development such as training, development and competent pay levels. After all the applicable functions have been assessed as having been achieved, and a quality assured process is in place, competence is deemed to have been demonstrated and competent salary rate applied.

Pay awards applied to the salary scales are as agreed through the national joint council and notified to Authorities.

4.2 Support Roles - Salary and Remuneration

Salary and remuneration levels for support staff roles are determined in accordance with the National Joint Council for Local Government Services (NJC) National Agreement on Pay and Conditions of Service (Green Book).

The pay structure is aligned to the National spinal column point system. In 2005 Bedfordshire Fire and Rescue Service applied the Hay analytical job evaluation process that systematically ranked each job objectively and fairly. The Hay Group evaluation system is a recognised best practice non-discriminatory method of ranking jobs against a pre-determined scale. The system is used in over ninety countries and within the public and private sector.

Spinal column points are configured into groups to provide incremental pay points. The incremental rises occur on 1 April, subject to National pay bargaining. Starting salary may be uplifted along the incremental structure if experience and knowledge warrant this approach.

4.3 Chief Fire Officer and Principal Officer - Salary and Remuneration

The National Joint Council (NJC) for Brigade Managers of Local Authority Fire and Rescue Authorities will publish annually recommended minimum levels of salary applicable to Chief Fire Officers/Chief Executives employed by local authority fire and rescue authorities. The Fire Authority recognises that there is a two-track approach for determining levels of pay for Chief Fire Officer/Chief Executives and Director roles.

- i. At national level, the NJC shall review annually the level of pay increase applicable to all those covered by the Gold Book. Any increase agreed by the NJC will be communicated to fire authorities by circular.
- ii. Pay increases will be considered for local negotiation on an annual basis. All decisions about the level of pay and remuneration to be awarded to individual Chief Fire Officer and Principal Officer roles will be taken by the Fire Authority paying due regard to the information circulated by the NJC.

Data on senior salaries is published in the annual statement of accounts and the most recently produced are available on the internet at <https://www.bedsfire.com/CorporateGovernance/FinBudget/Documents/Accounts%202016%202017%20FINAL%20signed%20version.pdf>

5. All Roles - Allowances, Expenses, Bonuses and Performance Related Pay

The Chief Fire Officer and Principal Officers are employees of Bedfordshire Fire and Rescue Service and are not self-employed. The Fire Authority (the Authority) will not award bonuses or Performance Related Pay (PRP) additional to base salary, as the Authority expects excellent performance of its Principal Officers at all times in line with the Authorities objectives. Individual performance will be reviewed via the performance management framework.

When legitimately incurred in the performance of their duties all employees are able to claim a restricted range of legitimate expenses. These are reimbursed in accordance with the relevant terms and conditions specified in the Gold, Grey or Green Book. All expenses have the usual audit requirements with the requirement to produce receipts, authorisation of all expenditure and the requirement to retain records. Eligible employees have access to the car leasing scheme. Operational officers can utilise pool cars to undertake their operational duties and responsibilities. Use of a pool car for non-official purposes will require reimbursement to the Service.

A range of allowances are payable subject to employees meeting relevant criteria. These include:

- Shift allowances for support staff working unsocial hours.
- Flexible Duty System supplement for fire officers conditioned to the flexible duty system.
- Overtime allowances for employees required to work additional hours.
- Continuous Professional Development (CPD) payments for Grey Book employees who meet the qualifying length of service criteria and are able to demonstrate and provide evidence of continuous professional development in four key areas prescribed by the NJC.
- Essential user car allowance or access to a lease car scheme for employees required to use their own vehicle on official business.

- Honoraria payments to recognise employees acting up to a higher role, special projects involving work outside the job role and outstanding contribution.
- Additional Responsibility Allowance to reward additional skills and responsibilities outside of the requirements of Grey Book job roles.
- Acting up and temporary promotion allowances for employees performing the duties of a higher role.

Area Managers (Strategic Operational Commanders) are paid an Additional Responsibility Allowance. This is to reflect the additional responsibility they undertake in the performance of Service operational command cover and for working a locally agreed rota that provides the Service with additional managerial hours.

6. Severance Arrangements

Provision for severance arrangements exist in the Local Government Pension Scheme applicable to Green Book and Control employees. The Fire Authority has previously agreed policy in relation to The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. Regulation 7 states that employing authorities must formulate, publish and keep under review discretionary powers that they apply in the exercise of their discretionary powers under regulations 5 and 6. They provide the discretions that local authorities can use in awarding compensation to employees whose employment is terminated early as the result of redundancy, early retirement on the grounds of efficiency.

There is currently no provision for enhanced redundancy payments in the Firefighters Pension Scheme 1992, New Firefighter Pension Scheme 2006, or the Firefighters Pension Scheme 2015 for Grey Book/operational employees.

7. Pension Schemes

The Service operates five pension schemes, the Firefighters Pension Scheme 1992, the New Firefighters Pension Scheme 2006, the Firefighters Pension Scheme 2015, the Retained Modified Pension Scheme 2015 and the Local Government Pension Scheme 2014. New employees are automatically enrolled to the relevant occupational pension scheme as defined by their terms and conditions of employment on appointment and qualifying employees are automatically re-enrolled during their employment.

Employer contribution rates for each scheme are set by Actuaries and subject to regular review. As at 1 April 2017 the employer contribution rates are 21.7% for 1992 Fire Fighters Pension Scheme, 11.9% for the 2006 New Fire Fighters Pension Scheme, 14.3 % for the Firefighters Pension Scheme 2015, 21.7% for the Retained Modified Pension Scheme and 14% for the Local Government Pension Scheme. Employee contribution rates are defined by statute and vary across the different pension schemes. Current employee contribution rates as at 1 April 2017 for the 1992 Firefighters pension scheme range from 11% –17%, contribution rates for the 2006 New Firefighter Pension Scheme are 8.5% - 12.5%, Firefighters Pension Scheme 2015 contribution rates range from 10% - 14.5%, contribution rates for the Retained Modified Pension Scheme are between 11% - 17%. The employee contribution rates for the Local Government Pension Scheme are presently 5.5% to 12.5%.

8. Abatement and Re-engagement

The Service will consider re-employment of retired employees in accordance with the relevant pension scheme orders and governance arrangements. There is no automatic right to be re-employed; the decision will be strictly based on organisational needs and will usually follow an advertising and selection process. Bedfordshire Fire and Rescue Service apply re-engagement and abatement rules for Grey Book employees in line with the requirements of the relevant pension scheme.

Abatement and re-engagement is a provision within the Firefighters' Pension Schemes that enables a retired member of the pension scheme to be re-employed. This means that the pensioner receives their commutation (lump sum) upon retirement. Pensioners who are re-engaged following their retirement are subject to the Abatement Rules under the terms of the relevant pension scheme. This requires that the current pension plus current pay cannot be more than pay on retirement, so any excess is abated (reduced). The Chief Fire Officer was re-employed under the abatement and re-engagement rules of the 1992 Fire Fighters Pension Scheme in February 2010 under these rules.

9. Low Pay Definition

The lowest paid employees of the Service are employed on full time (37 hours) equivalent salaries in accordance with the minimum scale point in use within the Service grading structure. As at 1 January 2018, this is Grade 6, spinal column point 16 £8.89 per hour, £17,169 per annum. The Service believe that this is the most easily understood definition of low pay as it is the lowest pay point routinely used for substantive roles.

10. Pay Multiples

The Service uses an established process to determine job size and salary levels. This process determines the relationship between the rate of pay for the lowest paid employee and the highest paid Chief Officer, described as a pay multiple.

The current pay multiple between the lowest paid employee and the highest paid Chief Officer is 8.48:1. This ratio can be measured as being **at the lower end of the range** of the public sector averages of 8:1 to 12:1 identified by Lord Hutton in March 2011.

BFRS pay multiple for the lowest earner has been calculated using all taxable earnings for the given year, including base salary, allowances, overtime and the cash value of any benefits-in-kind; pro rated to a full time equivalent, **compared to the unabated Chief Fire Officer full time equivalent** .

11. Part-Time Employees

The salary and remuneration of part-time employees is the same as those of full-time employees (pro-rata where appropriate) unless otherwise stated.

12. Code of Recommended Practice for Local Authorities on Data Transparency

Bedfordshire Fire and Rescue Service is committed to the three principles enshrined in the Code:

- Responding to public demand;
- Releasing data in open formats available for re-use; and
- Releasing data in a timely way.

Data on senior salaries and the structure of the workforce are available on the internet as published in the annual statement of accounts and the most recently produced are available on the internet at:

<https://www.bedsfire.com/CorporateGovernance/FinBudget/Documents/Accounts%202016%202017%20FINAL%20signed%20version.pdf>

The approved Pay Policy Statement will also be available from www.bedsfire.com as well as the intranet site. In addition a range of information relating to Bedfordshire Fire and Rescue Services responsibilities under the local Government Transparency Code can be found on <http://www.bedsfire.com/CombinedFireAuthority/Transparency/Pages/default.aspx>

13. Risk Management Implications

The Fire Authority needs to attract, retain and motivate staff to support excellent performance. Extensive research shows that individuals are attracted, retained and engaged by a range of both financial and non-financial rewards so a coherent link between reward, people management and attraction is essential.

14. Financial Implications

The financial implications are set out in the paper and contained within the Service's Medium-Term Financial Plan.

15. Legal Implications

The legal implications are set out in the paper.

16. Environmental Implications

The Pay Policy Statement will be published on the Service website.

17. Equality Implications

The requirements of the Equality Act are considered as part of the recruitment, selection and pay structure processes.