



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 11

MEETING	Shadow Policy & Resources Committee
DATE OF MEETING	12 February 2016
SUBJECT OF THE REPORT	Pay Policy Statement 2016/17
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For discussion
EXECUTIVE SUMMARY	The Localism Act 2011 places a requirement on authorities to produce, approve and publicise a pay policy statement each financial year. This statement is required to set out policies on the remuneration of their chief officers and lowest paid employees and the relationship between the remuneration of its chief officers and non-chief officers.
RISK ASSESSMENT	The approval and subsequent publication of an annual pay policy is a legal requirement under the Localism Act and failure to comply will result in reputational damage.
IMPACT ASSESSMENT	No separate impact assessment has been carried out in bringing forward this report.
BUDGET IMPLICATIONS	None identified other than stated within this report.
RECOMMENDATIONS	The Committee is asked to: <ol style="list-style-type: none"> 1. RECOMMEND the approval of the Pay Policy Statement 2016-17 as at Appendix A to the Dorset & Wiltshire Fire & Rescue Authority; and to 2. ASK officers to update the Pay Policy Statement once the Public Sector Exit Payment Regulations enactment date is known and to present the updated Statement to the next available Dorset & Wiltshire Fire & Rescue Authority meeting.
BACKGROUND PAPERS	None
APPENDICES	A: Draft Pay Policy Statement 2016/17
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1. Introduction

- 1.1 Sections 38 to 43 of the Localism Act 2011 place a requirement upon relevant authorities to prepare a pay policy statement for each financial year, beginning with 2012/13 and which set out the Authorities policies relating to:
- (a) the remuneration of its chief officers,
 - (b) the remuneration of its lowest-paid employees, and
 - (c) the relationship between -
 - (i) the remuneration of its chief officers, and
 - (ii) the remuneration of its employees who are not chief officers.
- 1.2 Both Dorset Fire Authority and Wiltshire & Swindon Fire Authority have approved and published their pay policy statements on an annual basis since April 2012.
- 1.3 The pay policy statement has been drafted for 2016/17 and has taken into account all guidance documents, such as 'the Guidance for Local Authorities on the Use of severance agreements and 'off payroll' arrangements' and 'Managing Public Money', and activity during the year and a number of changes have been made, which include:
- 1.3.1 Changing the definition of Chief Officers to exclude Area Managers - para 3.1.
 - 1.3.2 Reflecting the change to the terms and conditions of corporate Directors - para 5.1.1.
 - 1.3.3 Inclusion of the pay review for the designate appointments to the new Service - paras 5.4, 5.5. and 5.8.
 - 1.3.4 Introduction of a new corporate staff pay and grading structure - para 5.9.
 - 1.3.5 Inclusion of a statement regarding 'off-payroll' arrangements - para 8.3.
 - 1.3.6 Updated details on the Local Government Transparency Code 2016 - paras 8.6, 8.6.1 and 8.6.2.
 - 1.3.7 Delay to the publication of the pay multiple due to the timing of the Combination and the introduction of a new structure - para 8.7.

2. Draft Public Sector Exit Payments Regulations 2016

- 2.1 The draft Public Sector Exit Payment regulations 2016 have been published outlining the Government's intention to limit the amount a public sector worker could be paid for losing their job to £95,000.

- 2.2 The Regulations confirm that the £95,000 threshold applies to the total amount of pay received by an individual for loss of employment, and includes:
- 2.2.1 A payment on account of dismissal by redundancy;
 - 2.2.2 A payment made consequently upon a voluntary exit from employment;
 - 2.2.3 A payment to reduce or eliminate an actuarial reduction to a pension upon early retirement;
 - 2.2.4 A payment made to extinguish any liability to pay money under a fixed term contract; and
 - 2.2.5 Any other payment made as a consequence of, in relation to, or conditional upon, loss of employment whether under a contract of employment or otherwise.
- 2.3 Payments that are not included are those:
- 2.3.1 Made in respect of incapacity or death as a result of injury, accident or illness;
 - 2.3.2 Made under regulation 62 of the Firefighters' Pension Scheme (England) Regulations 2014 where the relevant Fire and Rescue Authority has determined that an individual should be retired with an authority initiated early retirement pension in accordance with the fitness provisions;
 - 2.3.3 Made in respect of leave due under a contract of employment, but not taken; or
 - 2.3.4 Made in compliance with an order of any court.
- 2.4 Under the draft Regulations, the Dorset & Wiltshire Fire and Rescue Authority may not make a payment to an individual that would exceed the threshold of £95,000, although this does not apply to an exit payment where an individual has an entitlement to that exit payment as a result of regulation 5 of the Transfer of Undertakings (Protection of Employment) Regulations 1981.
- 2.5 Under section 153C(1) of the Small Business, Employment and Enterprise Act 2015 the restriction on payment of exit payments can be relaxed by a meeting of the full Authority.
- 2.6 Where the power to relax the restrictions on payment of exit payments is exercised it is necessary to:
- 2.6.1 Keep a record of the exercise of that power and the reasons for it for at least 36 months; and
 - 2.6.2 Publish, as part of annual accounts, or in a list published at the start of the financial year, a list of all the times in the preceding twelve months that they have exercised that power and the reasons for it.
- 2.7 It is unclear when the Regulations will be enacted, and therefore paragraph 10.7 reflects the current legal position, which will need to be amended once the Regulations come into force.

Appendix A

**Dorset & Wiltshire Fire and Rescue Authority
Draft Pay Policy statement 2016/17**

1. Purpose

- 1.1 This pay policy statement covers the period 1 April 2016 to 31 March 2017, and is due to be approved by the meeting of the full Dorset & Wiltshire Fire and Rescue Authority on 12 February 2016. Future pay policies will continue to be produced on an annual basis, for each financial year, and will be brought to meetings of the Dorset & Wiltshire Fire and Rescue Authority for approval.
- 1.2 This pay policy statement details a number of position statements relating to pay, in particular regarding pay relationships between different staff groupings, and applies to all Dorset & Wiltshire Fire and Rescue Authority employees.

2. Context of Dorset & Wiltshire Fire and Rescue Authority

- 2.1 The Dorset & Wiltshire Fire and Rescue Authority is required to deliver statutory services under the Civil Contingencies Act 2004, Crime and Disorder Act 1998, and the Regulatory Reform (Fire Safety) Order 2005 and under the Fire Services Act 2004 it is required to provide the following:
 - 2.1.1 Trained personnel, services and equipment necessary to meet all normal requirements of a fire and rescue service.
 - 2.1.2 Arrangements to deal with calls for help and for summoning personnel and to provide crews with safety information.
 - 2.1.3 Provision to promote fire safety in its area.
 - 2.1.4 Provision to extinguish fire, protect life and property and limit damage in the event of fires in its area.
 - 2.1.5 Provision to rescue people in the event of road traffic collisions in its area.
 - 2.1.6 Arrangements to respond to emergencies where one or more individuals die, are injured or become ill or there is the likelihood of harm to the environment (including the life and health of animals and plants).
- 2.2 The Chief Fire Officer and his senior officers are appointed by the Dorset & Wiltshire Fire and Rescue Authority and are responsible and accountable for the operational and strategic leadership, command and general administration of Dorset & Wiltshire Fire and Rescue Service.
- 2.3 The Dorset & Wiltshire Fire and Rescue Authority recognises that the fire sector remains in a period of financial constraint, with budgets decreasing, and that there is a need to spend resources available in the best possible way to have the maximum impact on delivering the Authority's aims. Pay is a significant element of the budget and it is important that pay is

maintained at levels that are affordable and sustainable and which deliver value for money for local taxpayers.

- 2.4 The Dorset & Wiltshire Fire and Rescue Authority also recognises that there is a legitimate public interest in, and a degree of scrutiny of, the pay and rewards within the fire service, and in particular, the rewards of senior officers.
- 2.5 The statutory function of the Monitoring Officer to the Dorset & Wiltshire Fire and Rescue Authority is provided by Dorset County Council, and is part of wider support functions provided for the Authority by Dorset County Council under a Service Level Agreement. The cost of the provision for these services for the financial year 2016/17 is £25,000. This is not an additional payment to the officer concerned.

3. Definitions

- 3.1 The definition of senior officers in this pay policy statement covers the following members of staff - Chief Fire Officer, Director of Operations, Director of Prevention and Protection, Director of Service Support, Director of People Services, Director of Finance and Director of Corporate Services.
- 3.2 The definition of 'lowest paid' employees relates to staff who are on the lowest pay grade of the corporate staff grading structure. The decision to exclude 'on call' competent operational staff has been made because the current variable nature of on call payments means that earnings fluctuate significantly year on year depending on the level of activity. This decision is in line with other local fire and rescue services.

4. Policy Aims

- 4.1 The aims of this remuneration policy are to ensure that the Authority is able to recruit and retain the talented people needed to maintain and improve the performance of the Service, and to lead the Service through the challenging changes being faced.
- 4.2 The amount paid should reflect the local market for comparable jobs and skills.
- 4.3 To continue to work towards making sure that pay is fair and non-discriminatory.

5. Pay Reviews

- 5.1 Some elements of pay and a number of core conditions of service are determined by national negotiation and consultation between Local Government Employers and respective trade unions or representative bodies as follows:
 - 5.1.1 Chief Officers are covered by the National Joint Council (NJC) for Brigade Managers (Gold Book);
 - 5.1.2 All other uniformed roles, including on call roles, are covered by the National Joint Council (NJC) for Local Authorities' Fire Brigades (Grey Book).
 - 5.1.3 Corporate staff are covered by the National Joint Council (NJC) for Local Government Services (Green Book).

- 5.2 There are significant benefits for the Authority in using the national negotiating machinery on these elements as it is more cost effective to negotiate nationally than as a series of local negotiations. Although there are national grades for uniformed roles as mentioned in 5.1.2 above, it is the Authority's decision on how the grading structure is used, whereas for the other two groups 5.1.1 and 5.1.3 the Authority has the power to determine scales and grading structures to meet its own requirements. The pay elements negotiated nationally relate to the cost of living increase and there remain sound reasons for this process to continue. The Authority intends to maintain this position.
- 5.3 The Gold Book National Joint Council states that there is a two-track approach to determining levels of pay for Brigade Manager roles which are:
- 5.3.1 The NJC annually reviews the level of pay increase via consideration of affordability, other relevant pay deals and the rate of inflation at the appropriate date; and
- 5.3.2 All other decisions about the level of pay and remuneration to be awarded to individual Brigade Manager roles is taken by the local fire and rescue authority who will review the salary levels on an annual basis.
- 5.4 The Monitoring Officer to the Dorset & Wiltshire Fire and Rescue Authority undertakes this local review, where comparative national data for brigade managers and local and regional senior local government pay data is analysed, which is then considered by the Appointments Committee.
- 5.5 As part of the formation of the top team for the new Service an external pay review was commissioned for the new posts in order to make designate appointments. This review was presented to and approved by the Shadow Policy and Resources Committee in July 2015. As a result of the review, top team pay is not linked to that of the CFO but determined by the nature of the role undertaken. Pay is on a single pay point but in two cases progression to that single pay point is based on successful completion of a personal development plan.
- 5.6 A schedule of Chief Officers' post specific remuneration will be contained within our statement of accounts.
- 5.7 There has been no nationally agreed pay increase for staff covered by Gold Book terms and conditions since 1 January 2014.
- 5.8 There was a nationally agreed pay rise of 1% with effect from 1 July 2015 for staff covered by Grey Book terms and conditions and for staff on Green book terms and conditions there was an increase of 2.20% with effect from 1 January 2015.
- 5.9 Pay points for Grey Book staff are 'spot' rates, which relate to operational practice, whereas pay for Green book staff utilises incremental grades. The local review for Chief Officers in 2015 also introduced an incremental grade structure.
- 5.10 As part of the Combination a new grading structure will be introduced for corporate staff, utilising the Greater London Provincial Council job evaluation scheme. This new grading

structure has been negotiated and agreed with Unison. An incremental system was continued with as this enables the Dorset & Wiltshire Fire and Rescue Authority to take account of the developing nature of jobs for this particular group and they are considered to reflect how the group operates. Continuing to use incremental grades enabled a more cost effective transition and minimised the financial effects for the more equality based arrangements.

6. Recruitment

- 6.1 In line with the Localism Act, the full Dorset & Wiltshire Fire and Rescue Authority will be offered the opportunity to vote before salary packages of £100,000 or more per annum are offered in respect of new appointments. It is proposed that the Appointments Committee will consider the salary package prior to recruitment, and the full Authority will vote on the salary package prior to appointment. A new ACFO was appointed in October 2015, this appointment was on the same terms as the external review (outlined in paragraph 5.5 above) had determined for the existing ACFOs, albeit the new appointee is on an incremental scale subject to the successful completion of a personal development plan. It is not expected that any appointments will be made at this level during 2016/17.
- 6.2 Corporate staff on Green Book terms and conditions are normally appointed to a post at the lowest scale point within the grade and progress through the grade is made on an annual incremental basis. On occasion, the reward package for corporate staff determined by the pay and grading system may not be consistent with reward packages offered for comparable posts in the wider labour market, and this may lead to recruitment and retention difficulties. In such circumstances, where there is a clear business need supported by objective market data, and other approaches have proved ineffective, the Service will consider offering a market supplement payment in addition to the normal reward package for the post.
- 6.3 Staff on Grey Book conditions of service formerly employed by Dorset Fire Authority are appointed to a role at the development rate of pay. Payment of competent rates of pay is subject to the satisfactory completion of a development programme. In contrast, staff on Grey Book conditions of service formerly employed by Wiltshire Fire Authority are appointed to a role at the competent rate of pay. A new scheme to enable payment of development rates of pay at roles above firefighter will be developed and introduced by 1 April 2017. In the interim those transferring on development rates of pay will continue on development rates of pay and will be expected to complete their development programme in order to receive competent rate of pay.
- 6.4 It is the Dorset & Wiltshire Fire and Rescue Authority policy to pay market supplements only in exceptional circumstances and to follow a clear and consistent framework for the determination of any market supplement payment which:
- 6.4.1 Ensures Dorset & Wiltshire Fire and Rescue Service meets its obligations under equal pay legislation;
- 6.4.2 Maintains the overall integrity of its pay and grading structure; and

- 6.4.3 Allows market supplements to be considered only where a clear and demonstrable business need exists.

7. Allowances/additions to Remuneration

- 7.1 The Authority operates a provided car scheme for members of staff formerly part of Wiltshire Fire & Rescue Service and a car lease scheme for former Dorset Fire & Rescue Service members of staff, ie uniformed Grey Book flexi duty officers (Station Manager and above) and corporate Green Book staff (Formerly Grade 11 and above). Some members of staff are also entitled to essential users allowance. A review of the various car schemes will be undertaken by April 2018.
- 7.2 Chief Fire Officers' Association membership fees are paid for the Strategic Leadership Team, as it is expected that as members of CFOA they will undertake regional or national roles to the benefit of the Fire Authority and the Service nationally. No other professional fees are paid for Brigade Managers or other staff.
- 7.3 Uniformed officers at Station Manager to Area Manager level who work on the flexible duty system are paid a pensionable supplement in accordance with the Grey Book requirements.
- 7.4 Uniformed staff at Area Manager and below are paid Continuous Professional Development pay in accordance with national reviews and local procedures.
- 7.5 The Authority does not provide benefits such as private health insurance.
- 7.6 Expenses are paid to all staff at relevant NJC negotiated levels for mileage and subsistence.
- 7.7 In addition to the above elements, there may be occasions when the Fire Authority makes payments that are considered to be a benefit in kind. The following should not be considered an exhaustive list, but provide a flavour of the types of benefits in kind that may be payable to employees and regarded as taxable by HMRC when certain circumstances dictate:
- ◆ Relocation expenses over £8,000
 - ◆ Broadband/telephone line rental
 - ◆ Relocation mileage
 - ◆ Day crewed rent allowances
- 7.8 Some additions to pay are agreed locally. Examples of these include:
- ◆ Training Instructor allowances
 - ◆ Payments for special responsibilities (eg special rescue teams)

8. Transparency and Pay Multiple

- 8.1 The Authority does not intend to pay bonuses or performance related pay to staff during the period 2016/17 and are not intending to introduce a system of 'earn back' pay during this period. The Chief Fire Officer is annually appraised by the Chair of the Fire Authority, and he conducts annual appraisals on the other principal officers. Underperformance or evidence of wrong doing will be dealt with under the relevant procedures.

- 8.2 By following national arrangements, the Authority does not utilise terms of remuneration that could be perceived as seeking to minimise tax payments. The Authority does not intend to introduce any terms of remuneration that could be perceived as avoiding these payments in 2016/17.
- 8.3 There are no chief officers with significant financial responsibility remunerated through 'off-payroll' arrangements.
- 8.4 Pay scales for Grey and Green Book staff are available on the Service website.
- 8.5 Details of the salary and expenses for officers whose remuneration is in excess of £50,000 are published annually in the Statement of Accounts, which is available on the website.
- 8.6 In addition to the information published at 8.4 above, the Authority is working towards compliance with the Local Government Transparency Code 2015, which requires publication on the website of:
- 8.6.1 An organisation chart covering staff in the top three levels of the organisation, including grade, job title, department and team, permanent or temporary status, contact details, salary in £5,000 brackets, and salary ceiling (the maximum salary for the grade). This will include the salaries of the Chief Fire Officer and Senior Officers.
- 8.6.2 The number of employees whose remuneration was at least £50,000 in brackets of £5,000
- 8.6.3 list of the responsibilities of all employees whose annual salary was at least £50,000; and
- 8.6.4 Details of bonuses and 'benefits-in-kind' of all senior employees whose salary was at least £50,000.
- 8.7 Due to the timing of the Combination of Dorset Fire Authority and Wiltshire & Swindon Fire Authority, and the introduction of a new corporate staff grading structure it has not been possible to calculate the pay multiple yet for the new Authority. It is expected that the calculation will be undertaken and published once the new organisational structure is in place and the staff transition process completed. Historically, the pay multiple between the highest paid post and the median average salary using full time equivalents although excluding 'on call' due to the variable nature of their pay, in Dorset Fire & Rescue Service was 5.43, and in Wiltshire was 4.1 and it is expected that the pay multiple in the new Authority will be similar.

9. Pensions

- 9.1 The Authority offers, as appropriate, uniformed members of staff membership of either the 2015 Firefighters Pension Scheme, or the Local Government Pension Scheme. Corporate members of staff are entitled to be members of the Local Government Pension Scheme. These schemes operate on a combination of employer and employee contributions, covered by legislation, the details of which are in the public domain.

10. Payments on Ceasing to Hold Office

- 10.1 Due to the terms of the firefighter pension schemes no collective agreement is in place for severance pay in excess of statutory terms for uniformed staff. This topic is also under national consideration.
- 10.2 During 2015 the Shadow Policy and Resources Committee reviewed the severance terms for corporate staff leaving on the grounds of redundancy in the period up to March 2018. The multiplier of 1.75 for the weeks paid and the use of actual salary was maintained. It is not the intention of the Authority to exercise discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation (England and Wales) Regulations 2006 to pay up to 104 weeks' pay.
- 10.3 For members of the Local Government Pension Scheme (LGPS) the Authority will not exercise the discretion under regulation 31 of the Local Government Pension Scheme Regulations 2013 to grant an additional pension of up to £6,500 pa to a member, other than in exceptional circumstances.
- 10.4 The Authority does not give blanket consent for staff in the LGPS aged 55 or over to flexibly retire and draw immediate payment of pension benefits. Requests will be referred to the Chief Fire Officer and will be assessed on a case by case basis taking into account such factors as individual circumstances and the cost/benefit to the Authority.
- 10.5 The Authority will not normally waiver actuarial reduction on early retirement for active or deferred LGPS members and nor for suspended tier 3 ill-health pensions. Individual circumstances will be looked at on compassionate grounds and only after considering the costs that would apply and with approval from the Chief Fire Officer.
- 10.6 The Authority will only agree to "switch on" the rule of 85 in exceptional circumstances following approval from the Chief Fire Officer and after considering the costs that will apply.
- 10.7 The full Authority will be given the opportunity to vote on severance payments over £100,000, and the information presented to the Authority will clearly set out the components such as salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any fees or allowances paid.

11. Employment after Retirement/Redundancy

- 11.1 The Authority does not intend to engage any ex-employees as a chief or senior officer under a contract for services during 2016/17.
- 11.2 The Authority applies pension or salary abatement to chief or senior officers who are employed or re-employed when they are in receipt of a Local Government Scheme pension or Firefighters' Pension Scheme pension. The Authority will only re-employ a retired ex-employee of the Service as a chief or senior officer if there are exceptional circumstances where their specialist knowledge and expertise is required for a defined period of time.

12. Guidance that is not applicable to Dorset and Wiltshire Fire Authority

12.1 Section 38 (4) of the Localism Act requires the pay policy to include any policy to award additional fees for chief officers for local election duties – no fees are paid to fire authority chief officers for this.

13. Trade Union Facilities Time

13.1 The Local Government Transparency Code 2015 provides for the following data to be produced annually:

- ◆ Total number (absolute number and full time equivalent) of staff who are union representatives (including general, learning and health and safety representatives).
- ◆ Total number (absolute number and full time equivalent) of union representatives who devote at least 50% of their time to union duties.
- ◆ Names of all trade unions represented in the local authority.
- ◆ A basic estimate of spending on unions (calculated as the number of full time equivalent days spent on union duties multiplied by the average salary).
- ◆ A basic estimate of spending on unions as a percentage of the total pay bill (calculated as the number of full time equivalent days spent on union duties multiplied by the average salary divided by the total pay bill).

13.2 Dorset & Wiltshire Fire and Rescue Authority recognise the following trade unions for the purposes of consultation and/or negotiation:

- ◆ Fire Brigades' Union (FBU)
- ◆ Retained Firefighters' Union (RFU)
- ◆ Fire Officers' Association (FOA)
- ◆ Association of Principal Fire Officers (APFO)
- ◆ UNISON

13.3 In the lead up to combination and in order to fulfil our consultation obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 and the Trade Union and Labour Relations (Consolidation) Act 1992 monthly meetings with trade unions have taken place since July 2015, increasing to fortnightly meetings from October 2015 onwards. In addition regular meetings took place to discuss other aspects of the transfer; such as proposed measures.

13.4 Each of the trade unions are in the process nominating officials who will attend trade union liaison meetings.

13.5 As more meetings took place during 2015/2016 than would normally be the case we are unable to provide accurate data at this time.