



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 10

MEETING	Dorset & Wiltshire Fire and Rescue Authority
DATE OF MEETING	9 February 2017
SUBJECT OF THE REPORT	Pay Policy Statement 2017/18
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For discussion
EXECUTIVE SUMMARY	The Localism Act 2011 places an annual requirement on Authorities to produce and publicise a statement setting out their policies on the remuneration of their Chief Officers and lowest paid employees. This paper fulfils this requirement.
RISK ASSESSMENT	The approval and subsequent publication of a pay policy each financial year is a statutory requirement under the Localism Act 2011 and failure to comply will result in reputational damage.
COMMUNITY IMPACT ASSESSMENT	No separate impact assessment has been carried out in bringing forward this report.
BUDGET IMPLICATIONS	None identified other than stated within the report.
RECOMMENDATIONS	It is recommended that Members approve the attached Pay Policy Statement for the financial year 2017/18.
BACKGROUND PAPERS	Draft Public Sector Exit Payment Regulations published in February 2016: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/505881/Indicative Exit Payment Regulations for publication UPDATED 03.03.16.pdf Government response regarding consultation on Draft Public Sector Exit Payment Regulations: https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments

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Item: Pay Policy Statement 2017/18

Meeting Date: 9 February 2017

	Transparency Code: https://www.gov.uk/government/publications/local-government-transparency-code-2015
APPENDICES	A: Draft Pay Policy Statement 2017/18
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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, setting out the Authorities policies relating to:
- (a) the remuneration of its Chief Officers
 - (b) the remuneration of its lowest-paid employees
 - (c) the relationship between:
 - (i) the remuneration of its Chief Officers
 - (ii) the remuneration of its employees who are not Chief Officers
- 1.2 This pay policy statement has been drafted for 2017/18 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'.
- 1.3 The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 comes into force from the 6 April 2017, which imposes obligations on employers with 250 or more employees to publish information relating to the gender pay gap in their organisation. In particular, employers are required to publish the difference between the average hourly rate of pay paid to male and female employees; the difference between the average bonus paid to male and female employees; the proportions of male and of female employees who receive bonuses; and the relative proportions of male and female employees in each quartile pay band of the workforce. The gender pay gap regulations come into force on 6 April 2017, and will require companies with 250 employees or more to publish data across six key metrics no later than 4 April 2018. It is proposed that this data is compiled and published in the Pay Policy Statement for 2018/19.

2. Draft Public Sector Exit Payments Regulations 2016

- 2.1 The draft Public Sector Exit Payment Regulations were published in February 2016 and put out to consultation outlining the Government's intention to introduce a number of possible reforms to early exit arrangements across the public sector. On the 26 September 2016 the Government issued its response to the consultation responses.
- 2.2 The original consultation had floated the idea of the Government introducing a blanket limit to an exit payment of £95,000 for a public sector worker. In its response, Government have confirmed that for now such an outcome is not being pursued, instead favouring a more flexible approach to reflect individual workforces. As a result, individual government departments have been tasked with pulling together proposals for reforms and reaching agreement with unions and other workforce representatives. The guidelines for a common framework, includes:

- 2.2.1 Capping exit payments at 3 weeks pay per year of service.
- 2.2.2 A cap of 15 months salary that can be paid as a redundancy payment (with different levels possible for voluntary and compulsory redundancies).
- 2.2.3 Restricting the salary on which an exit payment can be based, with a strong steer that this should be in line with the £80,000 limit on NHS redundancies.
- 2.2.4 Tapering any lump sum compensation for individuals closer to their normal pension age.
- 2.2.5 Limiting or removing employer-funded early access to pension on redundancy (but there is no comment on how this could work in the LGPS where each Fund has its own early-retirement strain costs, depending on the funding assumptions used). Proposals appropriate to each workforce will be considered.
- 2.2.6 Increasing the minimum age at which an employee is able to receive an employer-funded pension top up so that it is more closely linked with the normal pension age of the Scheme.
- 2.3 The Government have indicated that it will consider imposing its own solution through primary legislation if no meaningful proposals are presented.
- 2.4 Government departments have three months from the publication of the response (26 September 2016) to come up with proposals for how the Government's aims should be applied, and a further six months to complete negotiations and the necessary amendments. Therefore, agreements on reforms should be in place no later than the end of June 2017. At the time of writing this report, we are awaiting an update from the Home Office.

Benjamin Ansell

Chief Fire Officer

February 2017

Dorset & Wiltshire Fire and Rescue Authority

Draft Pay Policy statement 2017/18

1. Purpose

- 1.1 This pay policy statement covers the period 1 April 2017 to 31 March 2018. 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 annually.
- 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. 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 Clerk & 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 2017/18 is £25,000. This is not an additional payment to the officer concerned, but rather for the services provided by council.

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' employee relates to any staff who is 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 changes being faced. The amount paid should reflect the local market for comparable jobs and skills. As part of this, the Authority wishes 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 outlined in 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.
- 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 Clerk & Monitoring Officer to the 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 A review was presented to and approved by the Shadow Policy and Resources Committee in July 2015. 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. 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. Members set pay for the Shadow period and for the first year of the new Service's operation.

- 5.6 A schedule of Chief Officer's post specific remuneration will be contained within our statement of accounts.
- 5.7 A nationally agreed pay increase (cost of living pay award) for staff covered by Gold Book terms and conditions was awarded on 1 January 2016.
- 5.8 There was a nationally agreed pay rise of 1% with effect from 1 July 2016 for staff covered by Grey Book terms and conditions. For staff on Green book terms and conditions, on 1 May 2016 there was agreement to increase salaries by 1% on 1 April 2016 (backdated) and 1 April 2017. (For information regarding the previous year, the salary increase was 2.20% 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.
- 5.10 A new grading structure was introduced for corporate staff as part of the Combination, utilising the Greater London Provincial Council job evaluation scheme. This new grading structure was negotiated and agreed with Unison. As per the former Services, it incorporates an incremental system as this enables the 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 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 CFO was appointed to start on 1st December 2016. This appointment was approved by the Authority on 14 September 2016 with the same terms as the external review (outlined in paragraph 5.5 above), albeit the new appointee is on an incremental scale subject to the successful completion of a personal development plan.
- 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 In the past, staff at all levels on Grey Book conditions of service formerly employed by Dorset Fire Authority were appointed to a role at a 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 were appointed to a role at the competent rate of pay, unless it was at firefighter grade where development rates of pay were applied until competence was proven. A new approach to pay at roles above firefighter is being developed and will be introduced from 1 April 2017.
- 6.4 It is the Authority's 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.
- 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 lease car and 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, i.e. uniformed Grey Book flexi duty officers and corporate Green Book managers. Some members of staff are also entitled to essential user's allowance. A review of the various car schemes is currently being conducted for completion by April 2018.
- 7.2 Chief Fire Officers Association (CFOA) 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 & Rescue 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 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

7.8 Some additions to pay are agreed locally. Examples of these include:

- Training Instructor allowances
- Payments for special responsibilities (e.g. 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 2017/18 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 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 2017/18.

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.
- 8.6.4 Details of bonuses and 'benefits-in-kind' of all Senior employees whose salary was at least £50,000.
- 8.7 For the purposes of this statement, the pay multiple is calculated as the ratio between the Chief Officer's earnings and the median average earnings of employees.
- 8.8 Firefighters who are employed on the Retained Duty System (RDS) are regarded as 'on-call' employees. These employees are normally paid a 'retaining fee', and an hourly payment when alerted to an incident in their locality. The retaining fee is 10% of the equivalent wholetime duty system annual salary. As a result, RDS salaries have not been used in the pay multiple as it is felt this data would significantly distort any statistics downwards.
- 8.9 The calculation is based on total taxable earnings (including benefits in kind) for all employees other than those employed on the retained duty system.
- 8.10 In calculating the pay multiple in accordance with paragraph 8.7, in relation to those employed on Grey Book terms and conditions the ratio is 3.92. In relation to those employed on Green Book terms and conditions that ratio is 5.47. The ratio between the Chief Fire Officer and the lowest paid employee is 8.39.

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 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 waive 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 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 2017/18.
- 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 Firefighter's 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 & 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 The Authority recognise the following Trade Unions for the purposes of consultation and/or negotiation:

- Fire Brigades' Union (FBU)
- Retained Firefighter's Union (RFU)
- Fire Officer's Association (FOA)
- Prospect (previously 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 (TUPE) and the Trade Union and Labour Relations (Consolidation) Act 1992 monthly meetings with Trade Unions took place since July 2015, increasing to fortnightly meetings from October 2015 onwards up to combination. In addition, regular meetings took place to discuss other aspects of the transfer; such as proposed measures.

- 13.4 Since the 1 April 2016, the Trade Unions have nominating officials who attend regular Trade Union liaison meetings.

- 13.5 In relation to paragraph 13.1 the data is as follows:

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Total number of staff who are Union representatives	20
Total number (full time equivalent) of staff who are Union representatives (full names of Trades Unions listed below)	FBU – 12 RFU - 2 FOA - 4 Prospect (APFO) - 0 UNISON - 2
Total number of Union representatives who devote at least 50 % of their time to Union duties	1
Names of all Trade Unions represented in the local Authority	Fire Brigade’s Union (FBU) Retained Firefighter’s Union (RFU) Fire Officer’s Association (FOA) Prospect (previously Association of Principal Fire Officers (APFO)) UNISON
Due to combination more meetings took place during 2015/16 than would normally be the case. Trade Union data is based on information at the end of March 2016. 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) (*average salary = £39,717 (excluding RDS))	FBU - £45,811 RFU - £1,978 FOA - £2,004 Prospect (APFO) - £0 UNISON - £3,469 Overall estimated spend = £53,262 pa
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) (total pay bill for 2015/16 was £38,005,300)	£53,262 spend on Union salaries / Total pay bill = 0.14%