

# Buckinghamshire & Milton Keynes Fire Authority



<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	5 February 2014
<b>OFFICER</b>	Lynne Swift, Director People and Organisational Development
<b>LEAD MEMBER</b>	Councillor Roger Reed
<b>SUBJECT OF THE REPORT</b>	Remuneration and Performance Review
<b>EXECUTIVE SUMMARY</b>	<p>This report sets out recommendations for members' consideration on senior management pay and remuneration for the 2012 and 2013 annual reviews. Appendix 1 sets out the Senior Management Team Pay Review Methodology.</p> <p>The review process should take place annually in the autumn with any changes approved by the full authority generally effective from the following 1 January. However the 2012 review was deferred to accommodate a senior management restructure which further reduced the number of principal officers. Initially the HR Sub Committee at its meeting on 16 January 2013 deferred the 2012 review to commence February 2013, however, owing to changes to member composition this was further deferred until after summer 2013.</p> <p>Senior Management Team members are contracted under National Joint Council for Brigade Managers of Fire and Rescue Constitution and Scheme of Conditions of Service; known as the "Gold Book", for pay purposes. The "Gold Book" sets a two track approach for determining levels of pay as outlined in the background section of this report and detailed in Appendix 2.</p> <p>For 2012 and 2013 fire fighters under the National Joint Council NJC for Local Authority Fire and Rescue Services Scheme of Conditions of Service 2004, known as the "Grey Book" received a 1% pay award.</p> <p>For 2013 staff under the Buckinghamshire and Milton Keynes Fire Authority scheme of conditions of service, April 1997 incorporated, known as the "Green Book" were recently awarded a 1% pay award, backdated to July 1 2013.</p> <p>Appendix 3 of this report sets out the Authority's performance and comparisons with other Fire and</p>

	Rescue Services based on CLG and CIPFA data.
<b>ACTION</b>	Decision
<b>RECOMMENDATIONS</b>	<p>It is recommended that the Executive Committee:</p> <ol style="list-style-type: none"> <li>1. Approve the amendments to the Senior Management Team Pay Review Methodology as set out in Appendix 4</li> <li>2. Delegate authority to the CFO/CEO to negotiate amendments to employment contracts of the Heads of Service Delivery so that "Gold Book" methodology be applied in respect of salary.</li> <li>3. Apply a 1% pay award for SMT members as an outcome of the 2013 review.</li> <li>4. Apply a 1% pay award to eligible SMT members under the 2012 review.</li> <li>5. Approve the proposals as set out in Appendix 5</li> </ol>
<b>RISK MANAGEMENT</b>	There are no risks to the delivery of the Authority's functions.
<b>FINANCIAL IMPLICATIONS</b>	<p>The costs of implementing recommendation 3 and 4 are c£29k in total, which will now be factored into the MTFP subject to member approval.</p> <p>For members information the year-end outturn positions before movements to and from reserves in the years being considered have been:</p> <ul style="list-style-type: none"> <li>• 2011/12 c£1,800k favourable variance</li> <li>• 2012/13 c£873k favourable variance</li> <li>• 2013/14 c£1,300 favourable variance (current forecast)</li> </ul>
<b>LEGAL IMPLICATIONS</b>	The terms of reference of the Executive Committee include the role of the employer in connection with employees of the Authority contracted in whole or in part to the "Gold Book". The recommendations are consistent with the Authority's extant statutory pay policy statement
<b>HEALTH AND SAFETY</b>	There is no impact.
<b>EQUALITY AND DIVERSITY</b>	A People Impact Assessment has been completed and there are no equality and diversity issues arising from this report.
<b>USE OF RESOURCES</b>	<p>The senior management team are collectively and individually responsible for delivering the corporate plan and the Authority's objectives.</p> <p>Performance of SMT members is regularly appraised either by the CFO/CEO or Chairman supported by Lead</p>

	<p>members where appropriate.</p> <p>The Authority’s Pay Policy, Part 2 section 24, and the methodology described in Appendix 1, allow for Authority consideration of one-off bonus payments linked to evidenced and scrutinised delivery of performance management objectives.</p> <p>Whilst SMT members have been invited to contribute with evidence to demonstrate performance improvements officers have been not been and will not be party to any decision making in relation to their own remuneration.</p> <p><b>Performance and Benchmarking Data</b></p> <p>In determining any changes to local pay, the methodology requires members to weigh various types of qualitative and quantitative data. This section of the report includes a summary of the data.</p> <ol style="list-style-type: none"> <li>1. Information about the extent to which corporate objectives have been met.</li> <li>2. Chief Fire Officer/Chief Executive appraisal data as provided by the Chairman</li> <li>3. Senior Management Team appraisal data as provided by the Chief Fire Officer/Chief Executive</li> <li>4. Progress on any specific projects that members had identified as high priority</li> <li>5. Comparative performance data with other Fire Services</li> <li>6. Salary benchmarking data in relation to Senior Management Team salaries for Group 2, Combined South East Region Fire Services</li> <li>7. Financial Data about budget provision for pay/ reward costs arising from this review.</li> <li>8. Data about national pay settlements awarded to Gold, Green and Grey book employees</li> <li>9. Performance Data provided by the Chief Fire Officer (following discussions with the Senior Management Team).</li> </ol>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p><b>Background</b></p> <p>SMT members are contracted under NJC negotiated “Gold Book” conditions for pay purposes. This involves a two-track approach for determining levels of pay;</p> <ul style="list-style-type: none"> <li>• National Pay - At national level, the NJC annually reviews the level of pay increase applicable to Principal Officers. Any increase is effective from the usual annual settlement date 1st January. There has not been a national pay increase for Senior Managers since 2009.</li> </ul>

- Local Pay - The NJC agreement also requires Fire and Rescue Authorities to review Principal Officers' salary levels on an annual basis. The Authority's Senior Management Team Pay Review Methodology was approved by HR Sub Committee on 16 January 2013. The methodology is attached at Appendix 1.

Remuneration principles are part of the Authority's current Pay Policy Statement 2013/2014 and more recently more specific principles were agreed by the Executive Committee on 20 November 2013 in relation to "Green Book" pay. The principle of self-funding linked to savings and performance is central.

The methodology (Appendix 1) recognises that there are a range of pay and non-pay options for members to consider which include attending development opportunities, incorporated salary rises, non-incorporated bonuses, pay agreements that span a number of years and no change to existing reward packages.

The National award for "Grey Book" was 1% in 2012 and 1% for 2013.

National "Green book" pay award for 2013 was 1%.

#### **Rationale to Support Recommendation**

- The members of the Senior Management Team are the only part of the workforce not to have received an annual pay award for 2013.
- Most members of SMT did not receive a pay award for 2012, although those who were conditioned to other conditions prior to coming into their current roles may have.
- It seems timely for members to consider the issue of senior officer remuneration levels.
- Senior Fire Officers have suffered a disproportional requirement for increased pension contributions under the changes to the firefighter's pension Scheme. For example, a Firefighters Contribution rate has increased from 11% to 14.2% (April 2014) whilst for the CFO, over the same period, the CFO's contributions have increased from 11% to 17% in April 2014.

Minute of the meeting of the HUMAN RESOURCES SUB-COMMITTEE of the EXECUTIVE COMMITTEE of BUCKINGHAMSHIRE AND MILTON KEYNES FIRE

	<p>AUTHORITY WEDNESDAY 16 JANUARY 2013  <a href="http://www.bucksfire.gov.uk/BucksFire/How+we+make+decisions/Minutes+and+Meetings/2013/HR+meetings+2013.htm">http://www.bucksfire.gov.uk/BucksFire/How+we+make+decisions/Minutes+and+Meetings/2013/HR+meetings+2013.htm</a></p> <p>Minutes of the meeting of the HUMAN RESOURCES SUB-COMMITTEE of the EXECUTIVE COMMITTEE of BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY WEDNESDAY 18 JANUARY 2012  <a href="http://www.bucksfire.gov.uk/NR/rdonlyres/D9159267-69D5-4CAA-8A21-7D89F27DED6B/0/080812HR.pdf">http://www.bucksfire.gov.uk/NR/rdonlyres/D9159267-69D5-4CAA-8A21-7D89F27DED6B/0/080812HR.pdf</a></p> <p>ITEM 7(a) FULL AUTHORITY of BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY WEDNESDAY FEBRUARY 13 2013  <a href="http://www.bucksfire.gov.uk/NR/rdonlyres/99BE21DF-99EB-42E2-A9C7-8846A6E3F112/0/BMKFA13022013.pdf">http://www.bucksfire.gov.uk/NR/rdonlyres/99BE21DF-99EB-42E2-A9C7-8846A6E3F112/0/BMKFA13022013.pdf</a></p> <p>ITEM 6 EXECUTIVE COMMITTEE MEETING of BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY WEDNESDAY NOVEMBER 20 2013  <a href="#">Review of support staff (local 'Green Book') terms and conditions of service and pay, grading and reward structure</a></p>
<p><b>APPENDICES</b></p>	<p>Appendix 1: Senior Management Team Pay Review Methodology</p> <p>Appendix 2: Gold Book Guidance (2006 Fifth Edition)</p> <p>Appendix 3: BMKFA Performance data</p> <p>Appendix 4: Revised Senior Management Team Pay Review Methodology</p> <p>Appendix 5: Remuneration and Performance</p>
<p><b>TIME REQUIRED</b></p>	<p>10 Minutes</p>
<p><b>REPORT ORIGINATOR AND CONTACT</b></p>	<p>Claire Williams MSc FCIPD          Strudel HR          Mobile: 07906 139490          Email: <a href="mailto:claire@strudelhr.co.uk">claire@strudelhr.co.uk</a></p>

**HUMAN RESOURCES  
SUB-COMMITTEE****16 Jan 2013****Senior Management Team Pay Review Methodology**

This methodology is designed to provide a mechanism for the implementation of the Senior Officers Remuneration Procedure, in accordance with the Gold Book.

**Overview**

A working group of at least two members of the Human Resources Sub-Committee (including the Chairman) and the Chairman of the Overview and Audit Committee will meet annually to consider relevant data and make recommendations to the autumn meeting of the Human Resources Sub-Committee. This will then be put forward as a recommendation to full Authority, who will consider it in the context of the approved policy statement.

The salaries for the posts of Chief Fire Officer, Chief Operating Officer Directors People and Organisational Development, Director Legal and Governance and Director Finance and Assets will be considered as part of this process.

Changes will generally be effective from 1<sup>st</sup> January.

In their deliberations, Members will be mindful of the wider economic context and the current national pay restraints. The outcomes of the Hutton Review of Fair Pay in the Public Sector will also be considered.

Any costs arising from the application of this methodology will be self-funded through savings (full or part) on the Senior Management Team budget and will not impact on the finance available for other Buckinghamshire and Milton Keynes Fire and Rescue Service staffing budgets.

**Objectives**

The purpose of the review is to ensure that the Fire Authority motivates Senior Management Team to:

- Stimulate greater effectiveness
- Expedite the Corporate plan
- Drive culture change by providing an acceptable level of reward which is recognised as fair, given local and national perspectives.

**Range of Possible Outcomes**

The working group may choose to make a range of recommendations

## Senior Management Team Pay Review Methodology – Current Methodology

including:

- Non-pay rewards (such as attending development opportunities)
- Pay increases that are incorporated into salaries
- Non-incorporated bonuses
- Pay agreements that span more than one year
- No change to existing reward arrangements

**Process**

1. An external consultant will be engaged to gather relevant information and prepare a report for presentation to the Members' sub-group. The report with recommendations, will address qualitative and quantitative data which may include:
  - Information about the extent to which corporate objectives have been met (as provided by the Performance Intelligence Unit Manager).
  - Chief Fire Officer appraisal data as provided by the Chairman.
  - Senior Management Team appraisal data as provided by the Chief Fire Officer.
  - Progress on any specific projects that Members had identified as high priority.
  - Performance data provided by the Chief Fire Officer (following discussions with the Senior Management Team).
  - Comparative performance data with other Fire services.
  - Salary benchmarking data in relation to Senior Management Team salaries for Group 2, Combined South East Region Fire Services.
  - Financial data about budget provision for pay/reward costs arising from this review.
  - Data about the national pay settlements awarded to Gold, Green and Grey book employees.

From 31 March 2012, these points will be considered within the context of the approved policy statement as set by the Authority.

2. Working group members meet to analyse and discuss the report, and determine their recommendation to Human Resources Sub-Committee.

3. The external consultant prepares the report to committee setting out the sub-group recommendation, and the justification for the recommendation.

This report forms the audit trail for any pay/benefits adjustments.

4. The report will be presented to Members at the autumn meeting of the Human Resources Sub-Committee and then to the full Fire Authority.
5. Any appeals will be dealt with through the Buckinghamshire and Milton Keynes Fire Authority Grievance Procedure.

**Implementation of a local salary structure  
(Extract from the "Gold Book "2006 Fifth Edition)**

**Guidance**

**Introduction**

1. Both the employers and Brigade Managers recognise the importance of applying the appropriate skills and developing the competencies necessary to support and embed the cultural change inherent within these new terms and conditions.

**Local salary structures**

2. When determining the appropriate level of salaries for all brigade managers, the fire and rescue authority should refer to the relevant minimum salary of the Chief Fire Officer and the most relevant benchmark data.
3. Normally the fire and rescue authority will wish to begin by determining appropriate salary for their most senior manager.
4. When deciding how these posts should be remunerated the following factors are to be considered:
  - a. The Chief Fire Officer's salary and that of any senior staff not covered by the Scheme of Conditions of Service (Gold Book);
  - b. The relationship of current salary to the appropriate illustrative national benchmark;
  - c. Any special market considerations;
  - d. Any substantial local factors not common to fire and rescue authorities of similar type and size e.g. London weighting; complex local, regional or national responsibilities which bring added value
  - e. Comparative information to be supplied on request by the Joint Secretaries on salaries in other similar authorities;
  - f. Top management structures and size of management team compared to those of other fire and rescue authorities of similar type and size; and
  - g. The relative job size of each post, as objectively assessed through an appropriate job evaluation process or otherwise
  - h. Incident command responsibility and the requirement to provide operational cover within the employing authority and beyond

The process for setting salary levels should include consideration of the following criteria:

- Minimum salary levels for Chief Officers in relevant sized local authorities
- Market rates of pay for senior managers in a range of private and public sector organisations
- Evidence of recruitment and/or retention difficulties with existing minimum rates

There are a range of schemes and approaches available for authorities to use in assessing job size. To assist authorities, advice can be obtained from the Employers' Side Secretary of the NJC.

### Workforce planning

5. Fire and rescue authorities should be regularly reviewing their future requirements for employees at all levels, implications for the organisational structure, including availability to cover operational needs and cross authority resilience requirements.

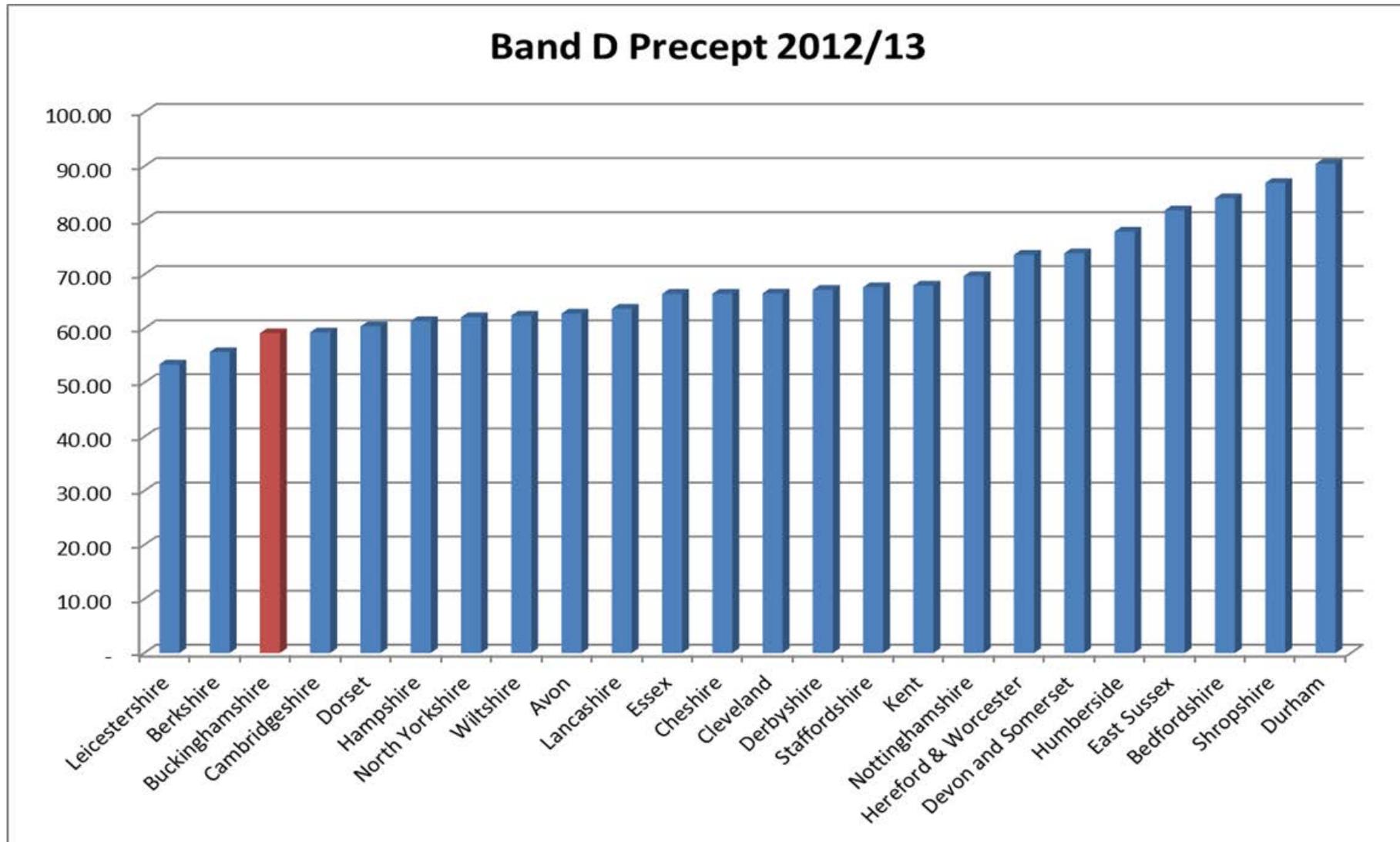
In determining the appropriate structure, Authorities need to be mindful of the potential for Brigade Managers to be absent for extended periods in the event of major civil disruption and the impact this will have on the organisation as a whole, and more specifically, on the remaining corporate team.

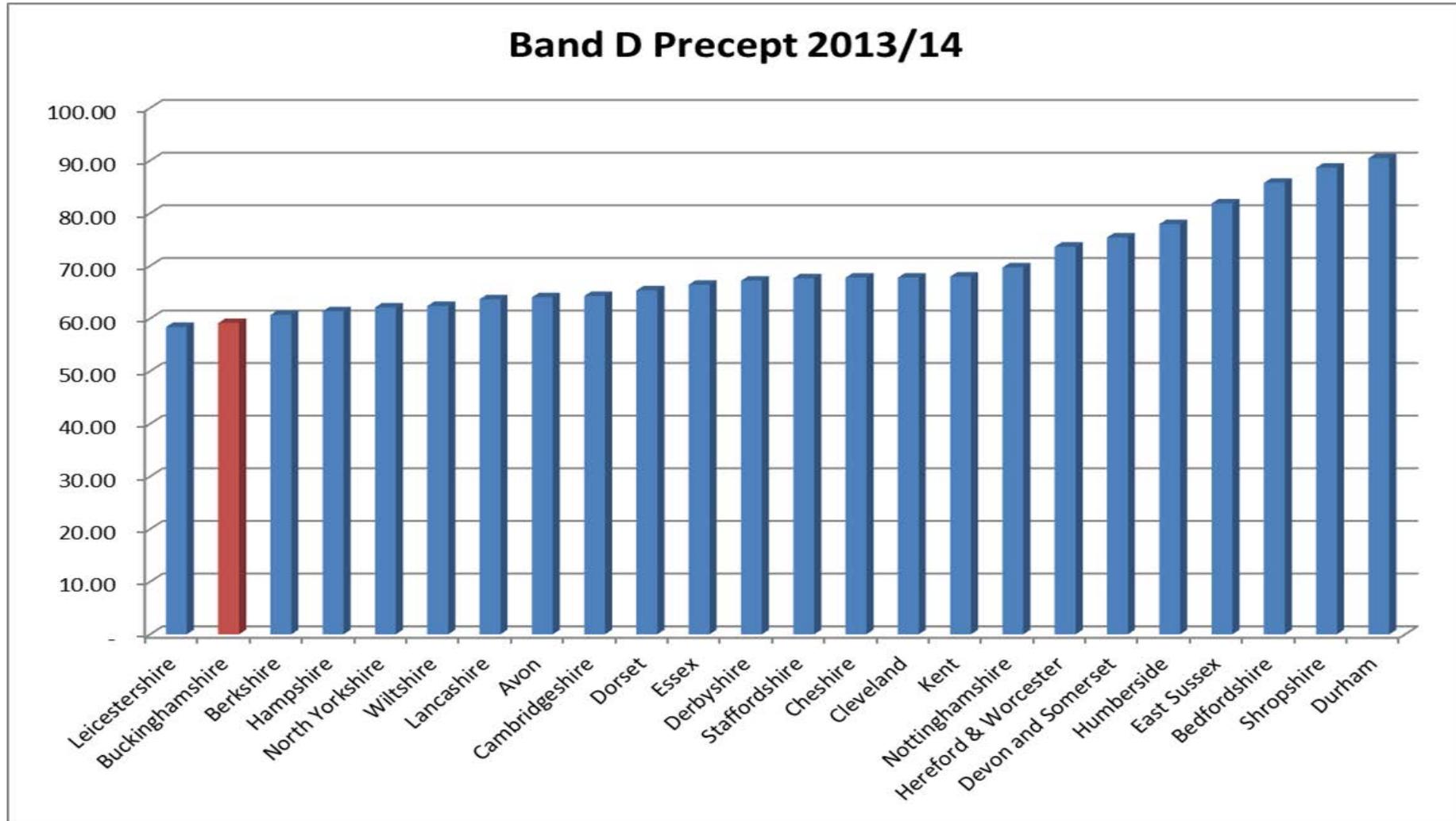
Authorities are reminded of the requirement to consult on any proposed changes. In addition, there may be a need to negotiate on some issues that may emerge from the consultation process e.g. a change to terms and conditions of employment

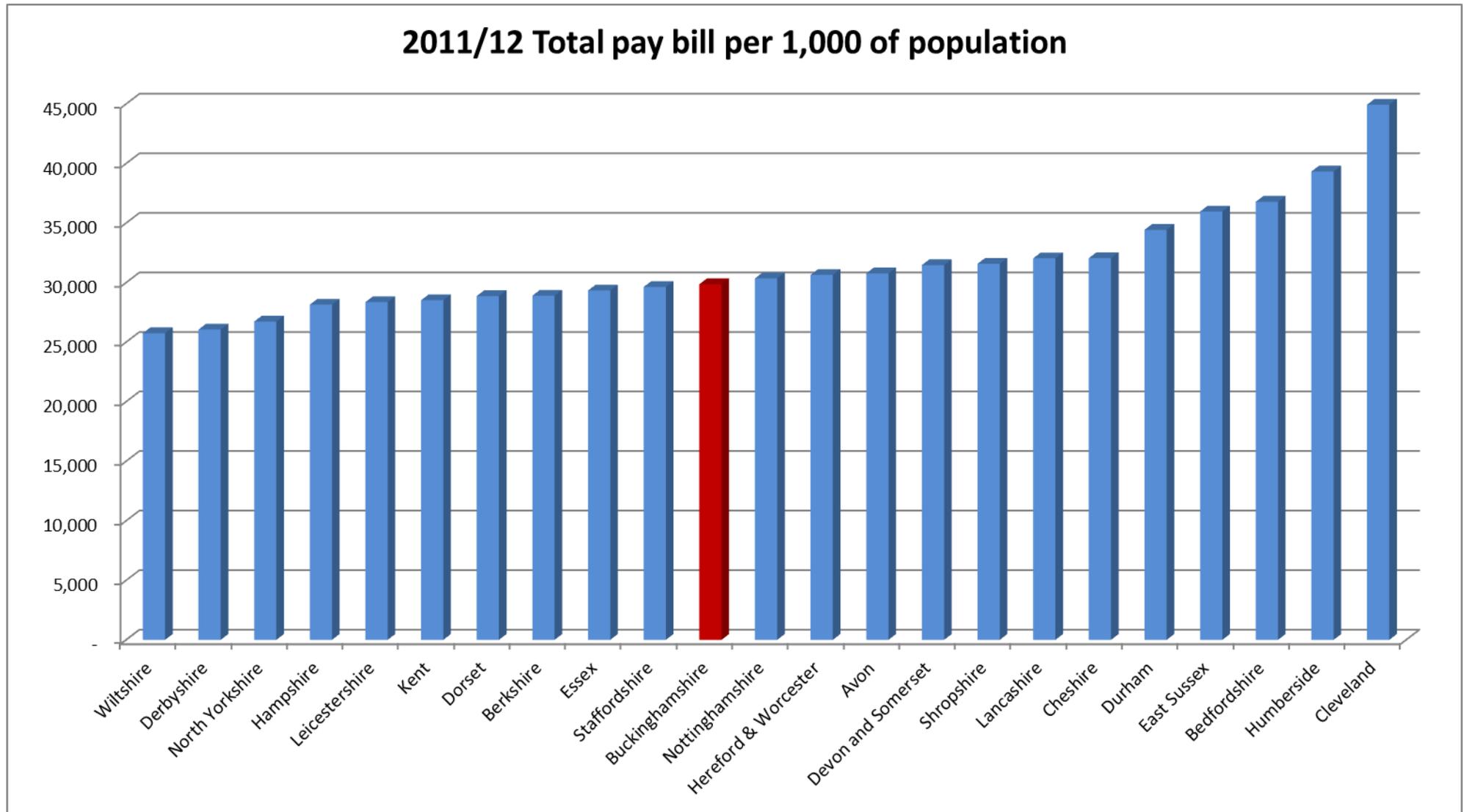
6. Where the changes to the organisational structure will lead to increases in the staffing complement, the authority will need to consider what the relevant grades will be and how best to recruit to the new posts in accordance with the Fairness and Dignity at Work policy.

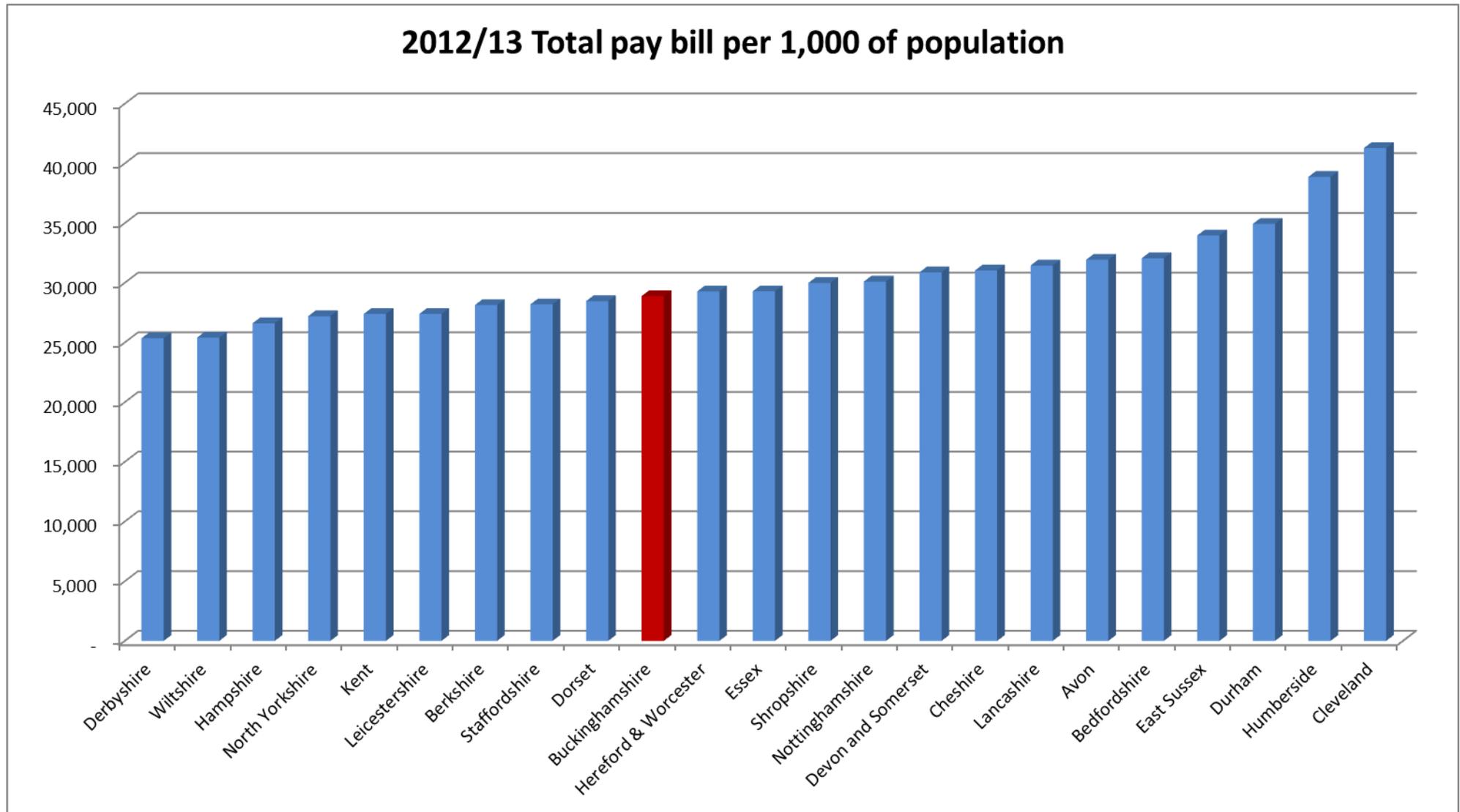
Where the changes to the organisational structure will lead to a reduction in the staffing complement, authorities should, as far as is practicable, achieve these through natural wastage, the use of temporary appointments or other arrangements to avoid the necessity of making individuals redundant.

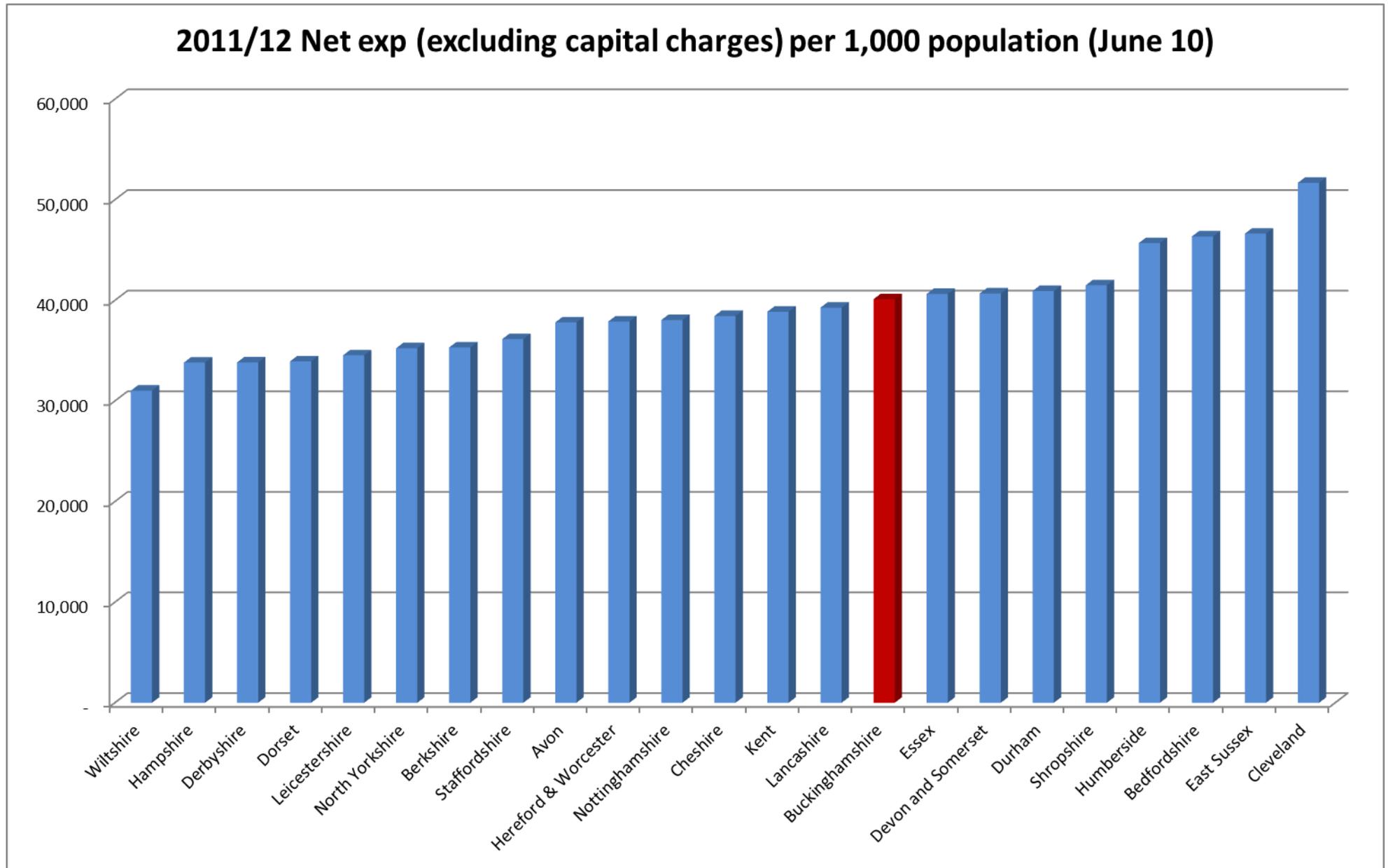
7. However, where this is not possible the fire and rescue authority should first seek volunteers for redundancy, where appropriate.
8. Where a Brigade Manager is moved from a higher graded/paid job to a lower graded/paid job, except by virtue of discipline or capability, the fire and rescue authority is recommended to put in place arrangements for pay protection taking into account:
  - a. Other pay protection and redundancy arrangements for employees of the fire and rescue authority.
  - b. Equal Opportunities Commission advice on pay protection and redundancy – protection arrangements can be discriminatory in certain circumstances
  - c. Any other local policies and issues
  - d. Pay protection and redundancy arrangements in other similar organisations
9. Where a Brigade Manager requests to move to a lower graded/paid post then they will receive the pay and conditions applicable to that post and protection arrangements will not apply.



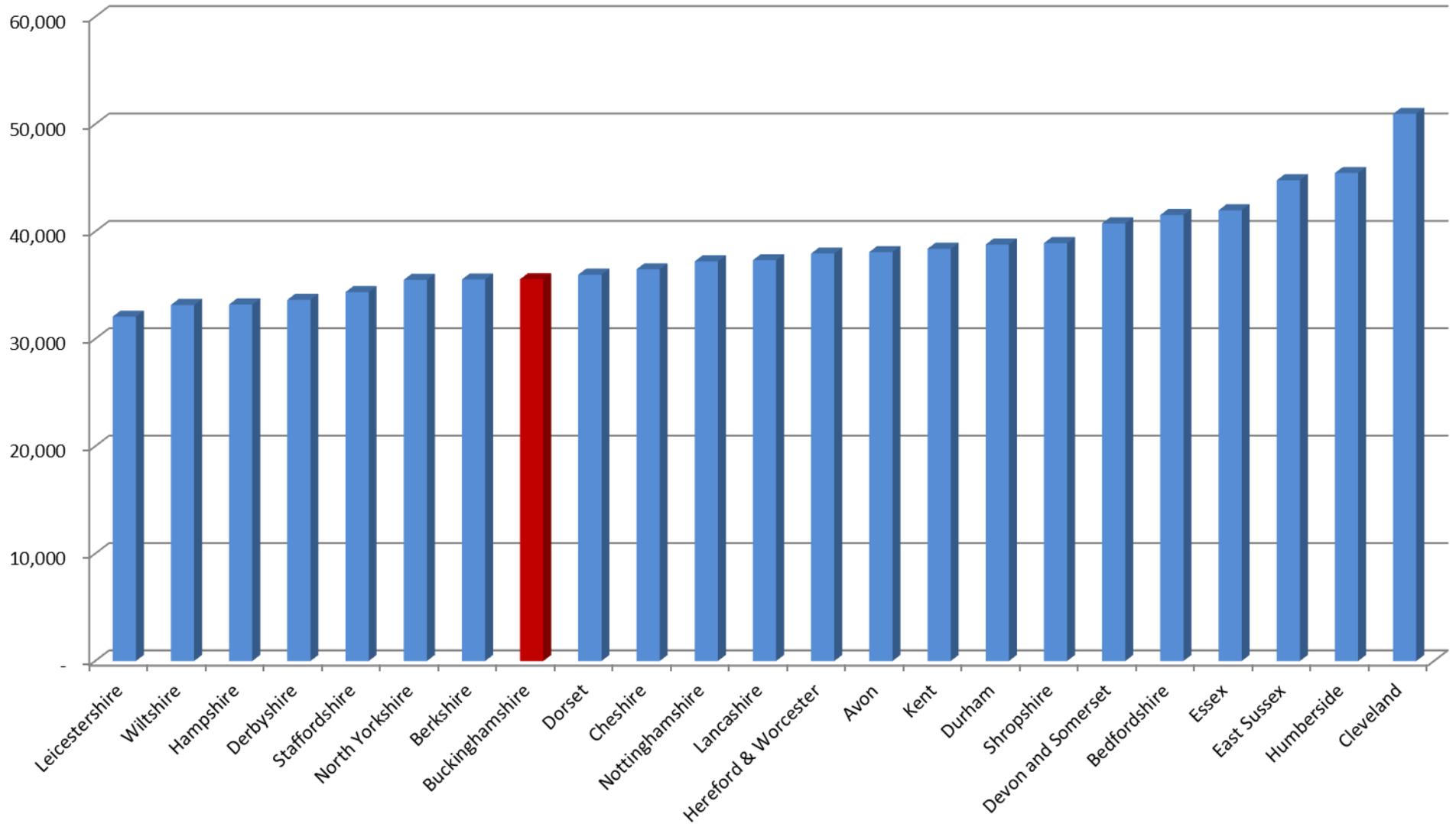






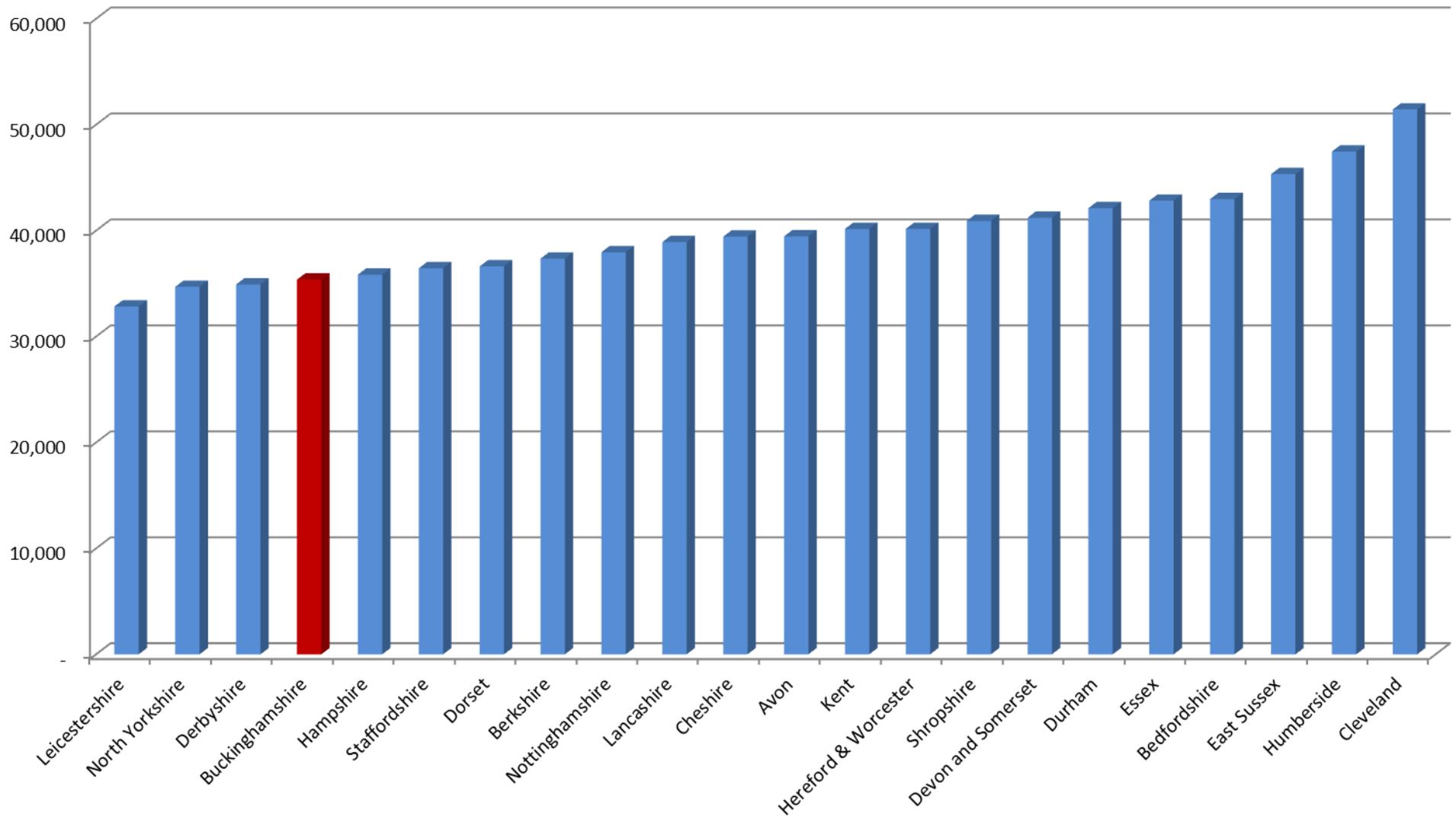


### 2012/13 Net expenditure (excluding capital charges) per 1,000 of population (June 12)



All information sourced from CIPFA Statistics for Fire and Rescue Services 2011/12 & 2012/13

### 2013/14 Net expenditure (excluding capital charges) per 1,000 of population (June 12)



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The working group may choose to make a range of recommendations including:

Revised Senior Management Team Pay Review Methodology

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- Non-incorporated bonuses
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