

## **LANCASHIRE COMBINED FIRE AUTHORITY**

Meeting to be held on 19th February 2018

### **PAY POLICY STATEMENT FOR 2018/2019**

Contact for further information:

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#### **Executive Summary**

In accordance with the provisions of the Localism Act 2011 a pay policy statement for 2018/19 has been prepared.

The pay policy publishes data on senior salaries and the structure of the workforce and demonstrates the principles of transparency.

The pay policy statement sets out the Authority's policies for the financial year relating to:

- The remuneration of its chief officers;
- The remuneration of its lowest paid employees;
- The relationship between the remuneration of its chief officers and that of other employees who are not chief officers.

The statement includes :-

- The level and elements of remuneration for each chief officer;
- Remuneration range for chief officers on recruitment;
- Methodology for increases and additions to remuneration for each chief officer;
- The use of performance-related pay for chief officers;
- The use of bonuses for chief officers;
- The approach to the payment of chief officers on their ceasing to hold office under, or be employed by, the authority, and
- The publication of and access to information relating to the remuneration of chief officers.

It also includes the Authority's policies for the financial year relating to other terms and conditions applying to its chief officers.

#### **Recommendation**

The Authority is asked to approve the Pay Policy Statement.

#### **Information**

The approval of a pay policy statement cannot be delegated by the Authority to a Panel. The Fire Authority's pay statement must be approved by the 31st March each year. It is recognised when Executive Board pay is raised it will be tightly scrutinised by elected members, staff within the Service and members of the public.

The Authority is asked to approve the Statement hereunder.

## **Lancashire Fire Authority Pay Policy Statement**

### **Introduction**

In accordance with the Localism Act 2011 (Chapter 8 Sections 38 to 43) Lancashire Fire Authority is required to produce a pay policy for each financial year.

Any decision under powers delegated to the Authority's Constitution with regard to remuneration to be taken in 2018/19 will be bound by and must comply with the 2018/19 Statement.

The Director of People & Development must be consulted prior to any decision impacting on remuneration where there is any question regarding compliance with the Statement.

In general terms the Fire Authority recognises terms and conditions negotiated nationally by the National Employers with the National Employees' bodies for 3 distinct staff groups. These are:

- National Joint Council for Brigade Managers (referred to in Lancashire Fire Authority as Principal Officers) of Local Authority Fire and Rescue Services (commonly referred to as 'Gold Book');
- National Joint Council for Local Government Services (commonly referred to as 'Green Book');
- National Joint Council for Local Authority Fire and Rescue Services (commonly referred to as 'Grey Book').

Under the definitions provided for within the Act, the officers included in this pay statement are the Chief Fire Officer (CFO), Deputy Chief Fire Officer (DCFO), Assistant Chief Fire Officer (ACFO), Director of Corporate Services (DoCS) and Director of People & Development (DoPD).

The Treasurer responsibilities are undertaken by the Director of Corporate Services.

The Monitoring Officer duties are undertaken by the Clerk to the Authority who is engaged on a contract for services basis.

The Fire Authority has delegated responsibility for any local terms and conditions, including remuneration for chief officers, to the Appointments Panel/Succession Planning Sub-Committee.

A chosen natural internal benchmark for Chief Officer pay is the percentage rise in firefighters pay. This is the standard for the majority of staff within the Service and has been deemed affordable and proportionate by the National Joint Council (NJC) for Local Authority Fire and Rescue Services. It has previously been agreed that the Chief Fire Officer's pay with the established linkages for other Executive Board members should rise by the same amount as firefighters when they receive their annual award. The linkage was agreed to last for five years and is due for review in

2018. It is proposed to continue the current arrangement, until an ongoing mechanism is established.

Any pay rise will be subject to a satisfactory performance evaluation. This will be undertaken with the Chair of the Authority with regard to the Chief Fire Officer, who will in turn appraise his staff. These appraisals determine increases in basic salary; no bonus payments are made to Executive Board members.

Information relating to chief officers pay and benefits in kind is found in the Fire Authority's Statement of Accounts and on the Authority's website.

### **Objectives of the Policy**

The Fire Authority creates and sustains a competent, motivated and well led workforce, to meet current and future organisational needs and to be an employer of choice with improved working practices, work life balance, personal development, health and well-being and fair pay. We are committed to striving to achieve fairness in pay and reward structures across all occupational groups taking into account all the employment relationships that exist.

Changes from national negotiations generally take place each year, in January (Gold Book), April (Green Book) and July (Grey Book). The Fire Authority's policy is to implement national agreements, amended as needed to meet local needs.

Pay increase in 2017/2018 were:

- 1% for staff covered by the "grey book" (wef 1 July 2017); as an interim payment
- The second year of a two year settlement (1% wef 1 April 2017) for 'green' book posts
- 1% for Principal Officers (wef 1 July 2017), in accordance with the agreed linkage to "grey book" staff and satisfactory performance. The Principal Officers have advised the Chairman that they would voluntarily forfeit any increase above 1%.

The next anniversary dates for "grey book" and Principal Officers pay is anticipated to be 1 July 2018, whilst the green book pay-award effective date will be April 2018.

In addition to pay the national agreements cover other terms and conditions such as annual leave and allowances for use of private vehicles on Authority business. The Authority pays car allowances in accordance with these national scales.

There are 4 Pension schemes in existence; the Firefighters' Pension Scheme (which became closed to new entrants in 2006), the New Firefighters' Pension Scheme (which became closed to new entrants on establishment of the 2015 scheme), the Firefighters' 2015 Pension scheme and the Local Government Pension Scheme.

All employees may join a pension scheme which is relevant to their occupational group. The operative schemes are statutory schemes with contributions from employers and the employees.

The Local Government Pension Scheme provides for flexible retirement for which the Fire Authority has approved a Policy statement.

The Firefighters' Pension Schemes allow for re-engagement after retirement. In the unlikely event this is considered, any utilisation of this option is subject to approval by the Authority based on a business case and demonstrated need and will involve abatement.

There are 3 pay grades for Grey Book staff (trainee, in development and competent), a spinal column system for Green Book staff where the policy is to start any appointee on the lowest point of the pay grade, save for where an applicant brings specific skills or experience to a post. In respect of Gold Book staff, they are appointed within a range and progress by incremental movement subject to performance until the maximum of the range is reached.

The "green book" grading is determined and underpinned by the Local Government Job Evaluation Scheme. The salaries utilised are above the 'living wage'..

A lease car scheme is available to the Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer and those Grey Book Managers who are conditioned to the flexible duty system for operational cover. Following changes to the HMRC treatment of the lease car arrangements, the CFA afforded Flexi officers reimbursement of additional expense incurred up to January 2018 with an opportunity to revise their car lease arrangements during the 2017/18 tax year. This arrangement included CFO, DCFO and ACFO.

Delegated powers for the payment of honoraria lie with the Chief Fire Officer.

### **Individual Chief Officers**

Changes to chief officer salaries are approved by the Fire Authority.

The chief officers are conditioned to the Gold Book terms and conditions of employment.

A facility exists for the chief officers (either singularly or collectively) to present a case to the Authority (via the Chairman) for a salary increase based on evidence, the overall performance of Lancashire Fire & Rescue Service and an annual appraisal.

The relationship between the salaries of the Chief Fire Officer and the other chief officers is as follows: DCFO 85%, ACFO 80%, DoCS and DoPD 64%.

Lancashire Fire Authority does not operate a bonus scheme or performance related pay for chief officers.

Chief Officers may claim reimbursement for expenses incurred in the course of carrying out their duties.

### **Chief Fire Officer (CFO) - £157651**

The post holder is a member of the 1992 Firefighters Pension Scheme and has reached the maximum of his range.

The current remuneration for this post on recruitment is between £139,091 and £157,651 pa.

Under the existing provisions agreed by the Fire Authority, the Chief Fire Officer has an annual allowance of £7,525 towards the provision of a lease car with mileage reimbursed at 11p per mile or an equivalent arrangement to enable the duties of the post to be performed.

The provisions for redundancy are the statutory payments for redundancy.

### **Deputy Chief Fire Officer (DCFO) – £134,003**

The post holder is a member of the 2015 Firefighters' Pension Scheme and has reached the maximum of his range.

The current remuneration for this post on recruitment is between £117,135 - £134,003 pa.

Under the existing provisions agreed by the Fire Authority, the DCFO has an annual allowance of £6,400 towards the provision of a lease car with mileage reimbursed at 11p per mile or an equivalent arrangement to enable the duties of the post to be performed.

The provisions for redundancy are the statutory payments for redundancy.

### **Assistant Chief Fire Officer (ACFO) - £126,121**

The post holder is a member of the 2015 Firefighters' Pension Scheme and has reached the maximum of his range.

The current remuneration for this post on recruitment is between £110,171 and £126,121.

Under the existing provisions agreed by the Fire Authority, the ACFO has an annual allowance of £6,020 towards the provision of a lease car with mileage reimbursed at 11p per mile or an equivalent arrangement to enable the duties of the post to be performed.

The provisions for redundancy are the statutory payments for redundancy.

### **Director of Corporate Services (DoCS) - £100,897**

The post holder is a member of the Local Government Pension Scheme and has reached the maximum of his salary range.

The current remuneration for this post on recruitment is between £86,400 and £100,897.

There is no provision to utilise the car leasing scheme nor is any car allowance paid. Any mileage reimbursement utilises the casual car user arrangements

The post holder is entitled to discretionary entitlements in relation to redundancy which include average weekly pay with a multiplier of 2.2 applied and in exceptional cases augmentation of pensionable service to the maximum of 3 years. These provisions apply to all staff eligible to join the Local Government Pension Scheme.

### **Director of People & Development (DoPD) - £100,897**

The post holder is a member of the Local Government Pension Scheme and has reached the maximum of his salary range.

The current remuneration for this post on recruitment is between £86,400 and £100,897.

There is no provision to utilise the car leasing scheme nor is any car allowance paid. Any mileage reimbursement utilises the casual users arrangement.

The post holder is entitled to discretionary entitlements in relation to redundancy which include average weekly pay with a multiplier of 2.2 applied and in exceptional cases augmentation of pensionable service to the maximum of 3 years. These provisions apply to all staff eligible to join the Local Government Pension Scheme.

### **The Clerk to the Authority**

The monitoring officer activity is undertaken under a contract for services, the cost being £15,150 pa.

### **Pay Floor**

The definition of the 'lowest paid employee' is that postholder receiving the lowest (FTE) annual salary (exclusive of Employer pension contributions).

The pay floor level is our Green Book Grade 1 posts (Cooks, Receptionists and Gardener/handypersons) who are on a scale of £15,115 to £15,807 pa. £15,115 equates to £8 per hour. The minimum a current employee is receiving is £15,807.

The Chief Fire Officer's earnings ratio is 1: 10.43 using the minima of pay grade 1.

The government statement is a recommendation that this ratio should not exceed 1:25.

As a further comparison, the ratio between a competent firefighter with CPD and the maximum salary for the Chief Fire Officer is 1: 5.15.

### **Financial Implications**

Increased costs will be restricted to the affordable limits as set by the National Joint Council for grey book staff.

## **Sustainability or Environmental Impact**

Nil.

## **Equality and Diversity Implications**

This supports a common transparent approach by linking Executive pay rises to that of firefighters.

## **Human Resource Implications**

Future appointments to the Authority's chief officer positions have to be made in compliance with the pay policy statement, which potentially reduces flexibility. Although the document has been produced in line with the requirements of the Act and accompanying guidance, the Authority's employment obligations are not superseded by the Act's requirements and have to be considered. A body of opinion exists that the Act's requirements breach an individuals rights. No case law has been determined in this respect.

## **Business Risk Implications**

If an appropriate pay statement is not approved for 2017/18 and subsequently reviewed then the Authority will be in breach of the Localism Act and might subject the Authority to negative comment.

Conversely complying with the requirements could also engender negative publicity.

Sustainable linkage provides a clear and equitable framework for the future.

## **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact Bob Warren
Reason for inclusion in Part II, if appropriate:		