

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

29 JUNE 2015

1. **AMENDMENT TO PAY POLICY STATEMENT 2015/2016**

Report of the Chief Fire Officer

RECOMMENDED

THAT the Authority approves an amendment to the Pay Policy Statement for the financial year 2015/2016.

2. **PURPOSE OF REPORT**

2.1 This report is submitted for the Authority to approve the amended Pay Policy Statement for the financial year 2015/2016.

2.2 The Pay Policy Statement for 2015/16 has been amended to reflect the Authority's agreement to implement a rate of pay for all employees at least in line with the 'Living Wage'. This approach will be reviewed annually.

3. **BACKGROUND**

3.1 Section 38 (1) of The Localism Act 2011 requires Fire and Rescue Authorities to produce a Pay Policy Statement for each financial year. The Authority approved the Pay Policy Statement 2015/2016 at its meeting on 16 February 2015.

3.2 However at its meeting of 13 April the Authority approved the implementation of the Living Wage which required an amendments to be made to the Pay Policy Statement for 2015/16. The revised Pay Policy Statement is set out at Appendix 1 of this report.

3.3 The Authority supports the principle of the Living Wage and is committed to ensuring that all employees are paid, as a minimum, the Living Wage hourly rate of £7.85, with effect from 1st April 2015.

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4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required as there is no direct impact on individuals in setting out the Authority's pay policy statements. Equality Impact Assessments will be carried out on individual processes and decisions taken in the application of the pay policy statement.

5. **LEGAL IMPLICATIONS**

5.1 The recommendations provided enable West Midlands Fire and Rescue Authority to continue to comply with the relevant sections of the Localism Act and demonstrate its support for the Government's Public Sector Pay Policy.

5.2 To comply with the Localism Act 2011, the West Midlands Fire and Rescue Authority must approve the Authority's Pay Policy Statement before 31 March 2015. The Service will then complete a review of the Pay Policy Statement each year which must be approved by the Authority before 31 March each year.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

Localism Act 2011

Authority Report - Pay Policy Statement 16 February 2015

Authority Report – Implementation of the Living Wage 13 April 2015

The contact name for this report is Philip Hales, Deputy Chief Fire Officer, 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER

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Pay Policy Statement 2015/2016

The level and elements of remuneration for each Chief Officer

The basic pay details of all Chief Officers will be available on the West Midlands Fire Service website www.wmfs.net . The levels of pay will be determined by both national and local review following the guidance set out in the 'Gold Book' Terms of Conditions. All other payments will be contained within the Authority's statement of accounts which is also published on the West Midlands Fire Service website.

Remuneration of Chief Officers on recruitment

On recruitment the Executive Committee is authorised to consider and make recommendations to the Fire Authority on the conditions of employment and salary of the Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer. Considerations will be given to the guidance contained in Appendix 2 for determining the level of salary for each Principal Officer.

Increases and additions to remuneration for each Chief Officer

There is a two-track approach for determining levels of pay for Principal Officer roles. At national level, the NJC shall review annually the level of pay increase applicable to all those covered by this agreement. In doing so, the NJC will consider affordability, other relevant pay deals and the rate of inflation at the appropriate date. Any increase agreed by the NJC will be communicated to Fire Authorities by Circular.

Other decisions about the level of pay and remuneration to be awarded to individual Principal Officer roles will be taken by the local Fire Authority. This will be considered at the time of the Pay Policy Statement Review. (Advice on the implementation of a local salary structure is contained in guidance at Appendix 2).

Remuneration of all other employees of the West Midlands Fire Service

Living Wage

The Fire Authority supports the principle of the Living Wage and is committed to ensuring that all employees are paid, as a minimum, the Living Wage hourly rate of £7.85, with effect from 1st April 2015.

The hourly rate for the Living Wage is reviewed annually by the Government's Business Secretary and will be considered by the Authority as part of the Pay Policy Statement submitted for Fire Authority approval each year.

Green Book Employees

Salaries of 'Green Book' employees in the Service are set using locally determined pay scales and the nationally agreed Job Evaluation Scheme.

Please see Appendix 1B for the salaries of Green Book Employees including our lowest paid employees and the relationship between these employees and our Chief Officers. For this purpose the relationship has been made to the Chief Fire Officer's salary.

Grey Book Employees

Salaries of 'Grey Book' employees in the Service are set using nationally agreed pay levels.

National Pay Awards are also made to pay scales on an annual basis and these pay awards are applied to all employees. This annual award is applicable in April for Green Book Employees and July for Grey Book Employees.

Please see Appendix 1C for the salaries of Grey and Green Book Employees including our lowest paid employees and the relationship between these employees and our Chief Officers. For this purpose the relationship has been made to the Chief Fire Officer's salary.

The use of performance related pay for Chief Officers

The West Midlands Fire Service does not use performance related pay for its Chief Officers.

The use of bonuses for Chief Officers

The West Midlands Fire Service does not award bonuses to Chief Officers.

The approach to the payment of Chief Officers on their ceasing to hold office or to be employed by the Authority

The payment to Chief Officers on the ceasing of their employment will be in line with the benefits accrued through meeting the qualifying requirements of the relevant Pension Scheme.

In the case of any redundancy payments to be made to Chief Officers these payments will be set using the existing regulations for 'Gold Book' employees and their appropriate pension scheme.

Redundancy payments for Chief Officers eligible to join the Firefighters' Pension Scheme or New Firefighters' Pension scheme will be calculated based on the statutory maximum weekly pay. Gold book employees eligible to join the Local Government Pension Scheme will receive a redundancy payment in line with authority agreement under Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. See Appendix 1A.

Any settlement of £100,000 or more or any other payments will be subject to the approval of the Authority on a case by case basis.

The approach to the payment of all other Employees on their ceasing to hold office or to be employed by the Authority

- Green Book Employees

The payment of Green Book Employees on the ceasing of their employment will be in line with the benefits accrued through meeting the qualifying requirements of the relevant Pension Scheme.

In the case of redundancy the guidance contained within the pension policy statement will apply under the existing conditions of the Local Government Pension Scheme.

Any settlement of £100,000 or more will be subject to the approval of the Authority.

- Grey Book Employees

The payment of Grey Book Employees on the ceasing of their employment will be in line with the benefits accrued through meeting the qualifying requirements of the relevant pension scheme.

In the case of any redundancy payments to be made to Grey Book Employees these payments will be set using the existing regulations for Grey Book employees. Redundancy payments will be calculated bases on the statutory maximum weekly pay.

Any settlement of £100,000 or more will be subject to the approval of the Authority.

The publication of and access to information relating to the remuneration of Chief Officers

Details of the Chief Officer's salary and remuneration including any expenses will be made available on the West Midlands Fire Service website. This information is contained within the Annual Report and Statement of Accounts.

Definitions used within the Pay Policy Statement

The term Chief Officer refers to those defined within the Localism Act. In simple terms the policy covers the Chief Fire Officer and those posts which report directly to him/her and also the next management tier below (excluding any secretarial or clerical roles).

The term 'lowest paid employees' is defined as a full time employee on the bottom scale column point of the Green Book pay scale and the lowest paid role/rank for Grey Book employees. These are the lowest paid employees other than apprenticeships which are paid less to reflect the nature of the training and development role.

STATEMENT OF POLICY

Under Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, operative from 29 November 2006, each employer must formulate, keep under review and publish their policies on certain discretions contained within the Regulations.

This statement is applicable to all employees of the West Midlands Fire and Rescue Authority who are eligible to be members of the Local Government Pension Scheme (LGPS).

Regulation 5 - Power to increase statutory Redundancy payments

Explanation

Employers have the discretion to resolve to use the employee's actual pay instead of the statutory maximum pay permitted under the Employments Rights Act 1996, in the calculation of redundancy payments.

Policy

The Fire Authority will always use the employees' actual pay when calculating redundancy payments.

Regulation 6 –Discretionary Compensation

Explanation

The Authority has the discretion to resolve to increase the lump sum compensation payable under the Employments Rights Act 1996 to an employee who loses their employment with the Authority, up to a maximum of 104 weeks' pay.

Policy

The Fire Authority will not exercise this discretion and therefore will not increase the maximum payable beyond the statutory limit of 30 weeks' pay.

STATEMENT OF POLICY

Under Regulation 60 (1) of the Local Government Pension Scheme (LGPS) Regulations 2013, each employer must formulate, keep under review and publish their policies on certain discretions contained within the LGPS Regulations.

This statement is applicable to all employees of the West Midlands Fire and Rescue Authority who are eligible to be members of the LGPS.

1. Regulation 30 (8) – Waiving of actuarial reduction

Explanation

From age 55, members who have left local government employment receive early payment of their retirement benefits and do not need their employer's consent. The pension benefits must be reduced in accordance with guidance provided by the Government actuary. Employers may determine on compassionate grounds that the benefits are not reduced.

For a member who joined the scheme prior to 1 October 2006 where the member's age and membership (in whole years) satisfies the "rule of 85" then the benefits would be reduced, unless the employer chooses to exercise the discretion within the regulations. For a member who joined the Scheme on or after 1 October 2006, then reduced benefits would be payable if taken before age 65.

Policy

Each specific case will be judged equally and fairly on its own merits and would need to be funded by a lump sum contribution into the Pensions Fund by the Fire Authority. This discretion will only be exercised by the Fire Authority in cases where it can be demonstrated that the Fire Authority can fund the cost of the release within a three year period.

This discretion will be exercised by the Deputy Chief Fire Officer as delegated by Chief Fire Officer in conjunction with the Treasurer and Chairman to approve existing severance packages and members will be notified where discretion is exercised.

2. **Regulation 31 - Power of the Employing Authority to award Additional Pension**

Explanation

An employer may resolve to award a member additional pension of not more than £6,500 a year, payable from the same date as their pension is payable under any other provision of these regulations. An additional pension may be paid in addition to any increase to total membership resolved under Regulation 16 so long as the overall total does not breach the limits laid down within these regulations.

Policy

Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs.

3. **Regulation 30 (6) - Flexible Retirement**

Explanation

A member who is aged 55 or over and with their employer's consent reduces their hours or grade can then, but only with the agreement of the employer, make an election to the administering authority for payment of their accrued benefits without having retired from that employment.

Policy

Each specific case will be judged equally and fairly on its own merits having fully considered service delivery and financial costs. This discretion will only be exercised by the Fire Authority in cases where it can be demonstrated that the Fire Authority can fund the cost of the release within a three year period.

4. **Regulations 16(2)(e) and 16(4)(d) - Funding of Additional Pension**

Explanation

Where an active member opts to make Additional Pension Contributions (APC) under Rule 16(2)(e) these may be funded in whole or in part by the Employer. Under Rule 16(4)(d) the employee may opt to pay APC as a Lump Sum and this may also be funded in full or part by the employer.

Policy

The Fire Authority will not fund in whole or in part any APC purchased either by periodical payments or Lump Sum.

The Fire Authority is not obliged by the Regulations to publish a statement on the following discretions contained within the LGPS 2013 Regulations but has chosen to do so.

5. **Regulation 22(8)(b) - Re-employed and Rejoining Deferred Members**

Explanation

Where a deferred member becomes an active member again before becoming entitled to the immediate payment of retirement benefits in respect of their former membership, their former membership will be aggregated with their current active membership unless within 12 months from the date of the active member's pension account being opened they make an election in writing to the member's appropriate administering authority. The period of 12 months may be extended at the discretion of the employing authority.

Policy

The Fire Authority will extend the period of 12 months beginning with the date that the active member's pension account is opened again to allow a member to choose not to aggregate his/her former membership in exceptional circumstances or where it was beyond the member's control.

6. **Regulation 100 (6) – Inward Transfer of Pension Rights**

Explanation

A person who becomes an active member who has relevant pension rights may request his fund authority to accept a transfer value for some, or all, of his former rights. An election must be made in writing before the expiry of the period of 12 months beginning with the date that he became an active member or any such longer period as his employer may allow.

Policy

The Fire Authority will extend the period of 12 months beginning with the date that he/she became an active member – thereby, allowing a member to transfer some or all of his/her rights from the relevant transferor in exceptional circumstances or in circumstances beyond the member's control.

7. **Choice of early payment of Deferred Pension**

Explanation

Where a member became a deferred member between 31 March 2008 and 1 April 2014, they can apply for early release of benefits, and the Fire Authority can fund the costs of the release.

Policy

Each specific case will be judged equally and fairly on its own merits and would need to be funded by a lump sum contribution into the Pensions Fund by the Fire Authority. This discretion will only be exercised by the Fire Authority in cases where it can be demonstrated that the Fire Authority can fund the cost of the release within a three year period.

This discretion will be exercised by the Deputy Chief Fire Officer as delegated by Chief Fire Officer in conjunction with the Treasurer and Chairman to approve existing severance packages and members will be notified where discretion is exercised.

From 1 June 2004, an amended Internal disputes resolution procedure applies to active members of the LGPS and to others such as deferred and pensioner members, whose position may be affected by decisions taken by their former employer or LGPS administering authority.

8. **The Internal Dispute Resolution Procedure**

Explanation

Responsibility for determinations under the first stage of the procedure now rests with a 'specified person' appointed by your (former) employer. The Fire Authority must specify the job title and address of the person to whom applications should be directed.

Policy

The specified person for the West Midlands Fire and Rescue Authority is:-

Phil Hales

Deputy Chief Fire Officer

West Midlands Fire Service HQ

99 Vauxhall Road

Birmingham

B7 4HW

The discretions within this Policy Statement will be reviewed at the point of regulation change but no less than yearly in line with the Authorities Pay Policy Statement.

STATEMENT OF POLICY

Under Rule B7 of the 1992 Firefighters' Pension Scheme Paragraph 5 (A) a fire and rescue authority may, having regard to—

- (a) the economical, effective and efficient management of their functions, and
- (b) the costs likely to be incurred in the particular case

- pay a lump sum in excess of two and a quarter times the full amount of the pension.

West Midlands Fire Service will formulate, keep under review and publish their policy on the discretion contained within this rule.

Due to the rate of the commutation factors laid down within the 1992 Firefighters' Pension Scheme it is possible for an unauthorised payment to occur if a member commutes the maximum allowable portion of their gross pension. In cases where this happens the Fire Authority will become liable to a further charge. When using this discretion the amount to which the lump sum will be increased will be limited to the maximum authorised payment allowed by HMRC regulations.

This statement is applicable to all employees of the West Midlands Fire and Rescue Authority who are eligible to be members of the 1992 Firefighters' Pension Scheme.

Policy

Each specific case will be judged equally and fairly on its own merits and would need to be funded by a lump sum contribution into the Pensions Fund by the Fire Authority. It is the Line Manager's responsibility to ensure that the recommendation is made and submitted to their SET managers for consideration. The value of the Lump Sum payment into the Pension account will be provided by the Pensions section on request and the remaining cost figures should be obtained from the Finance Liaison Officer.

This discretion will only be exercised by the Fire Authority in cases where it can be demonstrated that the Fire Authority can fund the cost of the release within a three year period.

This discretion will be exercised by the Strategic Enabler of People Support Services and Strategic Enabler of Resourcing.

STATEMENT OF POLICY

Under Rule K4 of the 1992 Firefighters Pension Scheme:

A fire and rescue authority may, in their discretion, withdraw the whole or any part of the pension, except a pension under Part C (awards on death–spouses and civil partners), for any period during which the person entitled to it is employed by any fire and rescue authority in whatever capacity.

Part LA Section 9 of the scheme rules states that:

Where an authority exercises its discretion not to withdraw the payment in whole or in part of any pension under rule K4 (withdrawal of pension whilst employed by a fire and rescue authority), the authority shall in the financial year in which payment is not withdrawn, transfer into the FPF an amount equal to the amount of pension paid during that financial year to that person which could have been abated or withdrawn.

West Midlands Fire Service will formulate, keep under review and publish their policy on the discretion contained within this rule.

This statement is applicable to all employees of the West Midlands Fire and Rescue Authority who are eligible to be members of the 1992 Firefighters Pension Scheme.

Policy

West Midlands Fire Service will withdraw the whole or part of the pension, except a pension under Part C (awards on death–spouses and civil partners), for any period during which the person entitled to it is employed by any fire and rescue authority in whatever capacity.

The amount of Pension withdrawn will be calculated by reference to the Aggregate Annual Pensionable Pay received in the twelve months prior to retirement increased on the same basis as the pension in payment. This figure will be known as the reference pay and will be increased annually in line with the annual pension increase order.

The pension will be reduced by an amount equal to the amount required so that the total income from the pension plus re-employment does not exceed the reference pay calculated above.

Pay in re-employment is the pay receivable under the contract of employment for the hours worked and excludes any payments made for non-contractual overtime. Where the pay in re-employment changes the amount of pension to be withdrawn will be recalculated.

Pay Policy Statement 2015-2016 - Remuneration and relationship between Chief Officer's and Lowest Paid Employees

Job	Remuneration (including allowances)	Base Salary Range (excluding allowances)		Pay Relationship to CFO
		Min	Max	
BRIGADE MANAGERS				
Chief Fire Officer *	£162,600	N/A	N/A	Set by Appointments Committee
Deputy Chief Fire Officer *	£130,280	N/A	N/A	Set by Appointments Committee
Assistant Chief Fire Officer Operations *	£122,200	N/A	N/A	Set by Appointments Committee
Lowest Paid Employees (Grey Book)				
Firefighter (Control)	£27,601	£20,709	£27,601	0.17
Lowest Paid Employees (Green Book)				
Cleaner	£15,207	£15,207	£15,207	0.09
GREY BOOK EMPLOYEES (Operational)				
Firefighter	N/A	£22,706	£29,054	0.13-0.17
Crew Manager	N/A	£30,880	£32,211	0.19-0.20
Watch Manager	N/A	£32,908	£36,021	0.20-0.22
Station Manager **	£49,589	£37,467	£41,324	0.23-0.25
Group Manager **	£57,402	£43,150	£47,835	0.26-0.29
Area Manager **	£66,682	£50,658	£55,568	0.31-0.34
GREY BOOK EMPLOYEES (Fire Control)				
Firefighter (Control)	£27,601	£20,709	£27,601	0.13-0.17
Crew Manager (Control)	N/A	£29,336	£30,600	0.19-0.19
Watch Manager (Control)	N/A	£31,263	£34,220	0.19-0.21
Station Manager (Control)	N/A	£35,594	£39,258	0.22-0.24
Group Manager (Control)	N/A	£40,993	£45,443	0.25-0.28

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GREEN BOOK EMPLOYEES

Pay Point 103	N/A	£84,315	N/A	0.51
Pay Point 102	N/A	£84,315	N/A	0.51
Pay Point 101	N/A	£61,320	N/A	0.37
Pay Point 100	N/A	£57,677	N/A	0.35
Pay Band Manager 1 – SCP 51-59	N/A	£44,851	£53,873	0.27-0.33
Pay Band Manager 2 and Professional 1 - SCP 42-50	N/A	£36,571	£43,780	0.22-0.26
Pay Band Manager 3, Professional 2 and Technical 1 - SCP 33-41	N/A	£28,746	£35,662	0.17-0.21
Pay Band Professional 3, Technical 2 and Administrative 1 - SCP 24-32	N/A	£21,530	£27,924	0.13-0.17
Pay Band Technical 3 and Administrative 2 - SCP 15-23	N/A	£16,572	£20,849	0.10-0.12
Pay Band Administrative 3 and Operative 1 - SCP 8-14	N/A	£15,207	£16,231	0.09-0.10
Pay Band Administrative 4 and Operative 2 - SCP 5-7	N/A	£15,207	£15,207	0.09-0.09

NOTES:

Info on numbers of employees taken from data on 31st October 2014

** Salaries incorporates on-call/continuous cover*

*** Salaries inclusive of 20% Flexi Duty Allowance*

Data used is based on actual current headcount on 31st October 2014

IMPLEMENTATION OF A LOCAL SALARY STRUCTURE 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;
 - g. the relative job size of each post, as objectively assessed through an appropriate job evaluation process or otherwise; and

- 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; and
- 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.