

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

13 FEBRUARY 2012

1. PAY POLICY STATEMENT

Report of the Chief Fire Officer

RECOMMENDED

THAT the Authority approves the Pay Policy Statement for the financial year 2012/2013.

2. PURPOSE OF REPORT

This report is submitted for the Authority to approve the Pay Policy Statement for the financial year 2012/2013.

3. BACKGROUND

3.1 The Localism Act 2011 includes the provision of general powers for stand alone Fire and Rescue Authorities to a requirement to publish a Pay Policy Statement each year, (please see Appendix 1 of the report for the Pay Policy Statement 2012/2013).

3.2 A Pay Policy Statement is expected to comply with the following elements:

- (1) A relevant Authority must prepare a Pay Policy Statement for the financial year 2012-2013 and each subsequent financial year.
- (2) A Pay Policy Statement for a financial year must set out the Authority's policies for the financial year relating to the remuneration of its Chief Officers.
- (3) The statement must include the Authority's policies relating to:
 - (a) the level and elements of remuneration for each Chief Officer;
 - (b) remuneration of Chief Officers on recruitment;
 - (c) increases and additions to remuneration for each Chief Officer;
 - (d) the use of performance related pay for Chief Officers;

- (e) the use of bonuses for Chief Officers;
 - (f) the approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the authority; and
 - (g) the publication of and access to information relating to the remuneration of Chief Officers.
- (4) A pay policy statement for a financial year may also set out the Authority's policies for the financial year relating to the other terms and conditions applying to the Authority's Chief Officers.

3.3 The interpretation of the meaning of 'Chief Officer(s)' as used above in the context of the Pay Policy Statement includes the Chief Fire Officer and those managers who report directly to the Chief Fire Officer. Therefore for clarity, the pay policy statement will include the Chief Fire Officer, the Deputy Chief Fire Officer (DCFO) and the five Directors.

3.4 There are supplementary provisions relating to statements as follows:

3.4.1 A relevant Authority's Pay Policy Statement must be approved by a resolution of the Authority before it comes into force.

3.4.2 The first statement must be prepared and approved before the end of 31 March 2012.

3.4.3 Each subsequent statement must be prepared and approved before the end of 31 March immediately preceding the financial year to which it relates.

3.4.4 A relevant Authority may by resolution amend its Pay Policy Statement, including after the beginning of the financial year to which it relates.

3.4.5 As soon as is reasonably practicable after approving or amending a Pay Policy Statement, the Authority must publish the statement or the amended statement in such manner as it thinks fit, which must include publication on the Authority's website.

- 3.5 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.
- 3.7 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 Police Statement Review. (Advice on the implementation of a local salary structure is contained in guidance at Appendix 2 of the report).
- 3.8 The Coalition Government has asked Central Government departments and Local Authorities to become more transparent and begin publishing more information about themselves. The view is that this will lead to improvements in accountability and encourage the nation's armchair auditors to hold authorities to account for the way they spend public money.
- 3.9 As part of this initiative, Authorities are required to produce information on the salaries of their Senior Officers. This is already included within the Statement of Accounts but now needs to be extended to include their names.
- 3.10 If readers are to understand the information being presented to them, they need to have an appreciation of the wider context affecting the organisation. To this end the guidance requires the West Midlands Fire Service to include some contextual information such as a description of what it does, total spend, budget responsibility, job descriptions and person specifications.
- 3.11 The information referred to above including the expenses paid to chief officers is available on the West Midlands Fire Service website at www.wmfs.net.

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 provide an opportunity to put in place processes that will enable West Midlands Fire and Rescue Authority 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 2012. 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. **TRADE UNION CONSULTATION**

This is not a matter for consultation with the trade unions. The Pay Policy Statement will be shared with the Trade Unions for information following approval at the Authority meeting on 13 February 2012.

7. **FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report.

BACKGROUND PAPERS

Localism Act 2011

VIJ RANDENIYA
CHIEF FIRE OFFICER

APPENDIX 1

Pay Policy Statement 2012/2013

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. 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 Directors. 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

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.

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.

The use of performance related pay for Chief Officers

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

The use of bonuses for Chief Officers

The West Midlands Fire Service does not award bonuses to Principal 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. Redundancy payments will be calculated based on the statutory maximum weekly pay.

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. (The Pension Policy Statement can be found at appendix 1A of the Pay Policy Statement).

- 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.

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.

STATEMENT OF POLICY

Under Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, operative from 29th 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 employees' 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 66 of the Local Government Pension Scheme (LGPS) (Administration) Regulations 2007 (as amended), each employer must formulate, keep under review and publish their policies on certain discretions contained within the LGPS Regulations. Where references are made, AReg refers to the "Administration" Regulations and BReg to the "Benefit" 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 BReg - Choice of Early Payment of Benefits

Explanation

From age 55, members who have left local government employment may choose to receive early payment of their retirement benefits subject to the consent of their employer. However members aged 60 and over 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 not be reduced. 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 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 12 BReg – Power of the Employing Authority To Increase Total Membership of Active Members

Explanation

An employer may resolve to increase the total membership of an active member. A member's total membership, including additional membership in respect of different employments, must not exceed 10 years.

Policy

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

3. Regulation 13 BReg – Power of the Employing Authority to award Additional Pension

Explanation

An employer may resolve to award a member additional pension of not more than £5000 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 12.

Policy

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

4. Regulation 18 BReg - Flexible Retirement

Explanation

A member who is aged 55 or over and with their employer's consent reduces their hours and/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. If payment of benefits occurs before age 65, the benefits are actuarially reduced in accordance with guidance issued by the government actuary.

The employer may choose to waive the reduction in whole or in part. If the employer chooses to do so, then the cost of waiving the reduction in whole or in part has to be paid to the Fund.

Policy

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

Your employer is not obliged by the Regulations to publish a statement on the following discretions contained within the LGPS (Administration) Regulations 2007, but has chosen to do so:

1. Regulation 3 BReg – Contributions Payable By Active Members

Explanation

Employers will determine the contribution rate payable based on whole-time pensionable pay for existing members at April each year or at the commencement of employment. Where there has been a material change to a member's pensionable pay in the course of a financial year, his employing authority may re-determine the contribution rate to be applied.

Policy

The Fire Authority will re-determine the contribution band each pay period in order to account for any material change to a member's pensionable pay which would have a direct affect on the employer's liabilities.

2. Regulation 16 AReg – 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 they may elect to have their former membership aggregated with their current active membership. An election must be made in writing to the member's appropriate administering authority before the expiry of the period of 12 months beginning with the date that they became an active member (or any such longer period as their employing authority may allow).

Policy

The Fire Authority will extend the period of 12 months beginning with the date that they became an active member again to allow a member to aggregate his/her former membership in exceptional circumstances or where it was beyond the member's control.

3. Regulation 22 AReg – Application To Make Absence Contributions

Explanation

Employing authorities have the discretion to extend the period beyond 30 days for a person to apply in writing to make contributions.

Policy

The Fire Authority will extend the period of 30 days in circumstances beyond the member's control or in exceptional circumstances.

4. Regulation 67 – (Shared Cost AVC)

Explanation

Employers may resolve to establish and maintain a Share-Cost Additional Voluntary Contribution Scheme (SCAVC). Who can join, how much the employer and employee will jointly contribute and the type of benefits provided must be considered.

Policy

The Fire Authority does not propose to introduce a SCAVCS.

5. Regulation 83 – 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.

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.

1. Regulation 57(5)(c) – 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

For the West Midlands Fire and Rescue Authority the specified person is:

Mr D Johnson
Director of Human Resources
West Midlands Fire Service HQ
99 Vauxhall Road
Birmingham
B4 7HW

PRIVATE & CONFIDENTIAL

EARLY RETIREMENT/SEVERANCE PROPOSALS

1. Personal Details

Name:			Post No.	
Designation:			Pay:	
D.O.B./Age:		Proposed Severance Date:		
Type: (e.g. Retirement/ Redundancy)				

2. Proposed Changes

Please explain the circumstances of the case (including posts to be deleted/changed; revised organisation structure, etc.) and confirm that the budgetary implications are acceptable.

Please see attached Corporate Board

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3. Service Details

Employer	From	To	Years	Days
		Total		

4. Augmented service Requested YES / NO NUMBER

5. Costs/Savings

	Cost/Saving Per Annum				
	Year One	Year Two	Year Three	Totals (3 Years)	Year Four Onwards
<u>COSTS</u>					
Redundancy Payment					
Augmented service Lump Sum					
*Augmented service Pension					
Actuarial Strain					
Replacement Salary					
Salary Overheads					
TOTAL					
<u>SAVINGS</u>					
Salary Saving					
Salary Overheads					
Travelling					
Other Costs					
Re-training Costs					
Re-deployment Costs					
TOTAL					
NET SAVINGS / (COSTS)					

* Equivalent Capitalised Cost

Proposed by
Line Manager

Date

Approved by
Director

Date

Confirmed by
Director of Human Resources

Date

Confirmed by
Director of Finance and Procurement

Date

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; 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.