



## **AGENDA ITEM: 10**

### **NORTH WALES FIRE AND RESCUE AUTHORITY**

**17 March 2014**

#### **Pay Policy Statement**

**Report by Dawn Docx, Deputy Chief Fire Officer**

#### **Purpose of Report**

- 1 To inform Members of the requirement for the Authority to produce a Pay Policy Statement on an annual basis under Section 38(1) of the Localism Act 2011.
- 2 To seek approval of the Pay Policy Statement for 2014/15. Members should note that the Statement has been amended for 2014/15 in order to comply with the revised guidance notes for 'Pay Accountability in Local Government in Wales'.

#### **Background**

- 3 The revised guidance reflects the provision in the Local Government (Democracy) (Wales) Act 2013 which requires the Independent Remuneration Panel (IRP) to have an opportunity to consider chief officers' pay. The guidance on the role of the Independent Remuneration Panel will be available in April. As such, pay policy statements produced by 31 March 2014 for 2014-15 are not required to include reference to the IRP but any subsequent changes to pay policy statements will require the IRP to be consulted and referenced.

## **Information**

- 4 Pay Policy Statements must to be prepared in accordance with Part 1; Chapter 8 of the Localism Act 2011 – Pay Accountability, and they must set out the Authority’s policies for the financial year relating to:
  - (a) the remuneration of its chief officers
  - (b) the remuneration of its lowest paid employees, and
  - (c) the relationship between:
    - (i) the remuneration of its chief officers, and
    - (ii) the remuneration of its employees who are not chief officers.
  
- 5 The statement must state:
  - (a) the definition of “lowest-paid employees” adopted by the authority for the purposes of the statement, and
  - (b) the authority’s reasons for adopting that definition.
  
- 6 The statement must also include the authority’s policies relating to:
  - (i) the level and elements of remuneration for each chief officer,
  - (ii) remuneration of chief officers on recruitment,
  - (iii) increases and additions to remuneration for each chief officer,
  - (iv) the use of performance-related pay for chief officers,
  - (v) the use of bonuses for chief officers,
  - (vi) the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and
  - (vii) the publication of and access to information relating to remuneration of chief officers.

## **Recommendation**

- 7 Members are requested to approve the Pay Policy Statement for the coming financial year 2014/15.

# **NORTH WALES FIRE AND RESCUE AUTHORITY PAY POLICY STATEMENT**

**2014/15**

## **1.0 Introduction and Purpose**

North Wales Fire and Rescue Authority recognises the importance of managing pay fairly and consistently in a way that motivates staff to make a positive contribution to the Authority's business. The decisions that are taken regarding pay are crucial to maintaining equality across the Authority. The production of a Pay Policy Statement supports this approach and will provide transparency.

## **2.0 Scope**

The Localism Act 2011 requires authorities to develop and make public a pay policy statement on all aspects of Chief Officer remuneration (including on ceasing to hold office), and that pertaining to the 'lowest paid' in the authority, explaining their policy on the relationship between remuneration for Chief Officer and other groups.

## **3.0 Legislation**

In determining the pay and remuneration of all its employees, the Authority will comply with all relevant legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Agency Workers Regulations 2010 and where relevant the Transfer of Undertakings (Protection of Employment) Regulations 2006. With regard to the Equal Pay requirements contained within the Equality Act, the Authority will ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

This policy statement incorporates the Fire and Rescue Authority's pay policy statement as required by the Localism Act 2011.

## **4.0 Definitions**

Chief officers defined under the Act for the purposes of this Statement include the Head of Paid Authority, the Chief Fire Officer and the Deputy Chief Fire Officer.

The Authority's lowest paid employees are defined as those remunerated at Spinal Column Points 1 to 3 of the Authority's Pay and Grading Structure for Local Government Service employees. This definition has been adopted to correlate with the National Joint Council (NJC) for Local Government Service's recognition of lower paid employees, the average of which is £15,490 within the national pay spines.

Pay – the Localism Act 2011 defines remuneration as ‘salary, bonuses, charges, fees or allowances payable, any benefits in kind, increase or enhancement of pension entitlement. This definition is adopted for the term pay used in this policy.

## **5.0 Equalities**

It is unlawful for the Authority to discriminate against employees because of any of the protected characteristics as follows: Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex (gender), Sexual Orientation.

All workers (irrespective of their employment status) are protected by law against discrimination in the course of their employment with the Authority. It is unlawful for Managers to discriminate against an individual on the grounds that he or she is “associated with” someone with a particular protected characteristic. The Authority will not victimise an employee because he or she has raised a genuine complaint of discrimination, or assisted another employee with a complaint. Employees are protected against all forms of discrimination in every aspect of their employment. This will include the pay and terms and conditions, including information that is contained in the Employee Handbook and Human Resources Policies.

## **6.0 Chief Officers’ Remuneration Policy**

The Authority’s pay policy for the remuneration of chief officers is aligned to the two-track approach for determining levels of pay for Brigade Manager roles as prescribed by the NJC for Brigade Managers of Fire and Rescue Authorities. Brigade Manager Pay is reviewed annually at national level and provides the minimum salary for Chief Fire Officers.

The appropriate level of remuneration for the Chief Fire Officer and the Deputy Chief Fire Officer within North Wales Fire and Rescue Authority is determined at a local level by way of an independent triennial pay review, which benchmarks the chief officer salary levels against relevant comparators in other Fire and Rescue Authorities, and the wider employment market place.

Remuneration of chief officers on appointment will be to the single point market-related base pay prevailing at the time of appointment. Authority members are offered the opportunity to vote before large scale salary packages are offered in respect of a new appointment, the threshold is currently over £100,000, in line with DCLG Localism Act 2011 guidance. In addition a provided car will be supplied in order to carry out the role.

The Authority does not pay any bonuses or additional enhancements such as performance related pay. On voluntary cessation of their duties no additional payments will be made.

Information on the remuneration of chief officers is published as part of North Wales Fire and Rescue Authority's annual end of year financial statement. The financial statement is published on the Authority's website. The information can be found in the 'Statement of Accounts' which is accessed via the financial tab, under the link to other financial documents.

## **7.0 Lowest Paid Employees**

The Authority's pay policy for the remuneration of employees who are not chief officers, including the Authority's lowest paid employees, will align remuneration to the relevant NJC agreed salary rates negotiated annually on a national basis.

The lowest paid persons employed under a contract of employment with the Authority are employed on full time 37 hours equivalent salaries in accordance with the minimum spinal column point currently in use within the Authority's grading structure. As at 1 April 2013 this is £12,614 per annum (basic full time equivalent salary), which equates to £6.54 per hour.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010).

The current pay levels within the Authority define the multiple between the average of lowest paid (full time equivalent basic pay) employee scales and the Chief Fire Officer as 1: 7.7 and; between the lowest paid employee and Deputy Chief Fire Officer as 1: 5.9 (as of 1 April 2013). The Hutton report on Fair Pay in the public sector was asked to explore the case for a fixed limit on pay dispersion in the public sector, through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median salary of the whole of the Authority's workforce. The multiple between the median full time basic equivalent earnings and the Chief Fire Officer is 1:4 The multiple between the median full time basic equivalent earnings and Deputy Chief Fire Officer is 1:3 (As of 1 April 2013).

All roles conditioned to the NJC for Local Government Services are subject to the Authority's Job Evaluation scheme which objectively assesses each role on creation of a new post, changes to existing posts or at periodic intervals to determine a fair remuneration pay grade comparable across this group of staff. On voluntary cessation of their duties no additional payments will be made.

All pay is reviewed in line with the national pay awards negotiated by the local government employers in conjunction with the recognised Trade Unions at a national level.

## **8.0 Re-employment**

Chief Officers re-engaged following voluntary retirement will have their pension payments abated in accordance with the appropriate pension regulations.

## **9.0 Payments on Termination**

Employees conditioned to the NJC for Local Government Services may, at the Authority's discretion be entitled to enhanced salary payments upon authority initiated early termination of employment under the Authority's discretions in relation to the Local Government (Early Termination of Employment) (England and Wales) Regulations (as amended) – generally referred to as the Discretionary Compensation Regulations.

## **10.0 Accountability and Decision Making**

In accordance with the Constitution of the Fire Authority the full Fire and Rescue Authority are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees.

## **11.0 Reviewing the Policy**

This pay policy statement will be agreed by the Authority before the beginning of the financial year in line with the requirement of the Localism Act 2011 and will be kept under review and any developments considered in the light of external best practice and legislation. The policy statement may also be reviewed as part of the Authority's existing Scrutiny arrangements. Any amendments to the policy will be accepted by resolution of the Fire and Rescue Authority with the amended statement being published as soon as reasonably practicable.