

## **Cheshire Fire Authority**

### **Annual Pay Policy Statement 2017/18**

#### **Introduction**

This statement has been prepared in accordance with Chapter 8 of the Localism Act 2011 and guidance issued by the Government and has been approved by the Fire Authority.

Cheshire Fire Authority is committed to:-

- Seeking to ensure that all staff are valued and receive proper recognition for their work and contribution to the Service.
- Working within available resources and financial constraints.
- Recognising the importance of pay in recruiting, retaining, motivating and rewarding staff.
- Ensuring the application of open, objective, fair and consistent criteria in all decisions on staff pay.
- Ensuring that pay and staffing decisions are in line with the Service's duties and legal obligations under all relevant employment legislation including the Equality Act 2010.

All staff employed by the Authority are paid in accordance with nationally agreed pay scale and terms and conditions. Full details of all matters relating to pay for all staff is contained within the Pay and Recognition Policy, which is reviewed formally every three years, although annual interim reviews are undertaken to update pay scales and other national changes that impact pay.

#### **Highest Paid Employees**

##### **Brigade Managers**

The terms and conditions of service of Brigade Managers i.e. the Chief Fire Officer and Deputy Chief Fire Officer are in accordance with the NJC for Brigade Managers of the Fire and Rescue Services Scheme of Conditions of Service ("the Gold Book") as varied locally under the 'twin track approach'.

Under the twin track approach the NJC publishes, annually, recommended minimum levels of salary applicable to chief fire officers. The NJC reviews the level of pay increase, having given consideration to affordability and the rate of inflation. This increase is communicated to fire authorities by circular and fire authorities are able to determine locally all other decisions about the level of pay and remuneration.

The Pay and Performance Committee meets annually in January to review that pay. This Committee determines salary levels and salary reviews for the two Brigade Manager posts.

In addition to basic salary, each Brigade Manager receives:

1. An appropriate car in order to provide emergency cover.
2. A non-consolidated uniform allowance, paid on an annual basis in April.
3. Removal assistance if required to move home, at the discretion of the Authority.

In setting the salary of the Chief Fire Officer, both on appointment and when in post, the Committee considers the national picture and the salary of Chief Fire Officers (mean, median, upper and lower quartile) in comparable Fire Authorities.

When reviewing pay the Committee will also consider whether any additional payments should be made. When agreeing additional payments, such as recognition awards, the Committee will take into consideration:

- Excellent performance both individually and as an organisation
- Additional regional and national roles.

The maximum amount payable as a recognition award should not exceed 7.5% of salary and the payment of anything in excess of 5% should be exceptional.

Brigade Managers are eligible to join the Firefighters' Pension Scheme. The employee contribution rates are between 11% and 17% of pensionable pay and the employer contribution rate is 21.7 % of pensionable pay.

The salary of the Deputy Chief Fire Officer is calculated as a percentage of the Chief Fire Officers salary (known as the 'gearing'). The Deputy Chief Fire Officer currently receives 85% of the Chief Fire Officers salary under a personal protection arrangement.

On ceasing to hold office the terms of the national gearing of 100% for the Chief Fire Officer, and 80% for the Deputy Chief Fire Officer will apply to any future recruitment.

Any new post at Brigade Manager level, with a salary package in excess of £100,000, will be subject to the approval of the Fire Authority prior to advertisement.

The details of the salaries, allowances and benefits in kind of Brigade Managers and Heads of Department are published each year on the Authority's website, within the Notes to the Financial Statements within the

Annual Accounts. The Authority also publishes the pay of the two Brigade Managers within its Publication Scheme.

### **Heads of Department**

There are a number of Heads of Department within the structure, some of whom are uniformed officers, who are paid in accordance with the NJC for Local Authorities Fire Brigades (the “Grey Book”) and some of whom are paid in accordance with the Joint Negotiating Committee for Chief Officers (the “White Book”). It is the intention of the Service to phase out recruitment onto the White Book terms and conditions so that all future Heads of Department are employed on Green Book terms and conditions.

Both the Head of Legal and Democratic Services , who acts as Monitoring Officer to the Authority, and the section 151 Finance Officer are Heads of Department who report directly to the Chief Fire Officer, and the Localism Act also requires the Authority to provide details of the policies relating to their remuneration.

Their basic pay rates are negotiated nationally at the Joint National Council for Chief Officers. The grading of posts is determined following the application of the Hay Job Evaluation scheme.

New employees are normally appointed to the minimum pay level for the relevant grade and progression within the grade is by way of annual increment. The normal increment date is 1<sup>st</sup> April.

The annual pay award is normally from 1<sup>st</sup> April each year and is negotiated nationally, not locally.

In addition to their basic salary, a recognition payment can be made to those White Book Heads of Department who are required to undertake duties outside the scope of their normal duties over an extended period. Such payments are made in accordance with the criteria contained in Section 5 of the Pay and Recognition Policy, “Recognition Award Scheme”.

“Grey Book” Heads of Department are eligible to join the Firefighters’ Pension Scheme. The employee contribution rates for the 2015 scheme are between 10% and 13.5% of pensionable pay and the employer contribution rate is 14.3%. Some employees may be protected members of the 1992 scheme where contribution rates are between 11% and 17% and the employer contribution rate is 21.7%.

“White Book” Heads of Department are eligible to join the Local Government Pension Scheme (“LGPS”). Under the LGPS the employee contribution rates are between 5.5% and 12.5 % and the employer contribution rates are 22 %.

The Authority’s annual statement of accounts includes details of the pay of Heads of Department with an annual salary of over £50,000.

## **Lowest paid employees – Apprentices**

Support staff below the level of Head of Department are paid in accordance with the National Joint Council for Local Government Services Officers (“Green Book”).

The basic pay for each Green Book employee consists of a salary scale containing a number of spinal column points on the NJC pay spine.

An increment within the spinal column range is awarded on an annual basis and recognises satisfactory performance up to the maximum salary scale. The normal increment date is the 1<sup>st</sup> April. The annual pay award is applicable from 1<sup>st</sup> April each year and is negotiated nationally.

As with all other staff, support staff are eligible for recognition awards, in accordance with the criteria contained in Section 5 of the Pay and Recognition Policy.

The lowest paid employees within this Authority are those that have been recruited onto an Apprenticeship Scheme. The National Minimum Wage (NMW) regulations determine the pay requirements for an apprentice. All apprentices are paid a standard rate in their first year, but this may rise in the second and third years of the apprenticeship; dependent on age.

The National Apprenticeship Service encourages organisations to pay higher than the minimum wage in order to remain competitive and attract a better calibre of individual. The agreed rate of pay for an Apprentice within Cheshire Fire and Rescue Service is 26% above the Government’s recommended minimum rate of pay for Apprentices. The rates of pay for Apprentices is shown in the table below.

<b>Cheshire Apprentice Rates</b>	<b>Apprentice Hourly Rate</b>	<b>Apprentice Weekly Salary</b>	<b>Apprentice Annual Salary</b>
Under 19 years or in 1 <sup>st</sup> year of an apprenticeship	£4.28	£158	£8257
19+ (and beyond first year of apprenticeship)	£6.99	£259	£13,486
21+ (and beyond first year of apprenticeship)	£8.76	£324	£16,900

In respect of Apprentices as Cheshire Fire and Rescue Service has a total employee salary bill of above £3m a year, there is also a requirement to pay a Government levy. This is charged at a rate of 0.5% of the total annual pay bill but the Service incurs a levy allowance of £15,000 per year to offset the levy payment. This levy is paid to HM Revenue and Customs (HMRC) through the Pay as You Earn (PAYE) process.

## **Lowest paid employees – Other Employees**

The lowest paid employees outside of the Apprenticeship scheme are paid at Scale 2, starting point 13 and as of 31<sup>st</sup> March 2017 this is £16191 per annum.

### **Payments on Termination of Employment**

There are a number of circumstances where early retirement or voluntary redundancy payments may be paid to employees on ceasing to hold office. This can relate to individual circumstances, for example ill health, or can be the result of organisational change or in the interests of the efficiency of the Service. In making such payments the Service will exercise its discretion reasonably and objectively and in accordance with its Reorganisation and Redeployment Policy and the Redundancy Policy.

For employees in the Local Government Pension Scheme with at least 104 weeks service the redundancy payment is enhanced and is based upon the statutory redundancy payments scale, multiplied by a factor of 2.2 and based upon actual weeks pay rather than the statutory maximum.

For all other staff redundancy payments are not enhanced and payments are calculated in accordance with the statutory redundancy provisions.

The payment of any early pension benefits where redundancy occurs will be made in accordance with the regulations as detailed within the relevant pension scheme and the Service's Statement of policy on making discretionary payments on early termination of employment.

All severance payments made to staff on termination of employment are calculated in accordance with our policies and any statutory guidance. The Authority also takes into account guidance issued by the Audit Commission which remains relevant. Any severance payments in excess of £100,000 will need to be approved by the full Authority (and it will receive full details as required by guidance issued under the Localism Act 2011).

### **Re-engagement**

It is not the Authority's policy to re-employ or to enter into a contract for services with employees who have been made redundant or who have resigned/retired from the Service, unless there are exceptional circumstances where their specialist knowledge and expertise is required.

### **The relationship between the remuneration of Chief Officers and other employees**

The ratio between the highest paid employee and the mean (average) earnings across the Authority is recommended as the best way of illustrating the relationship between the two. This is called the pay multiple, and for this Authority the pay multiple for these purposes is 1:7.5.

The Hutton Review conducted in 2012 asked for a pay multiple between the highest paid and the lowest paid not to exceed 1:20. If this calculation is done using the Apprenticeship rate of pay the Authority would have a multiple of 1:19. If the Apprentices are excluded from this calculation the Authority would have a multiple of 1:9.6 which is well within the recommended range.

### **Annual Review**

This pay policy statement will be reviewed on an annual basis prior to the start of the financial year, and will next be reviewed by the Fire Authority in February 2018.

[NB: Some of the documents that are underlined will be hyperlinked when the policy is published on the internet]