

CHESHIRE FIRE AUTHORITY

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 14TH FEBRUARY 2018
REPORT OF: DIRECTOR OF TRANSFORMATION
AUTHOR: ANDREA HARVEY

SUBJECT: PAY POLICY STATEMENT 2018-19

Purpose of Report

1. This report seeks approval to publish the attached Pay Policy Statement for 2018-19. The publishing of a Pay Policy Statement is an annual requirement which must take place by 31st March immediately preceding the financial year to which it relates.

Recommended: That Members

- [1] Approve the Pay Policy Statement attached at Appendix 1; and
- [2] Authorise the Director of Transformation in conjunction with the Director of Governance and Commissioning, to make any in-year changes to the Pay Policy Statement necessitated by new legislation or guidance.

Background

2. As a result of the Localism Act 2011 all local authorities are required to publish a pay policy statement on an annual basis which 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 and the relationship between the pay of Chief Officers and that of other employees.
3. This requirement was introduced in order to:
 - Increase the accountability, transparency and fairness of the setting of local pay;
 - To give local people access to information to allow them to determine whether pay is appropriate;
 - To ensure the pay of senior staff is fair in the context of the pay of the rest of the workforce;
4. The information within the annual Statement must include the policies relating to the level and elements of remuneration for each Chief Officer, including salary, bonuses and any benefits in kind.

5. The definition of “Chief Officer” for purposes of this Authority and the pay policy statement means Chief Fire Officer, Deputy Chief Fire Officer, and the two Statutory Officers, i.e. the Monitoring Officer and the Section 151 Finance Officer.
6. In terms of transparency, this Authority already publishes information on its website relating to the pay of senior officers including the salaries, allowances and benefits in kind paid to the Chief Fire Officer, Deputy Chief Fire Officer, and Statutory Officers.
7. In addition to this, the Authority also publishes the number of other employees whose salaries exceed £50,000 within certain pay bands which is in compliance with the guidance as specified in the Local Government Transparency Code 2015 which recommends that all salaries of senior post holders over £50,000 are published. The Minutes of the Brigade Manager’s Pay and Performance Committee are also accessible via the website.
8. As the revised Pay Policy Statement has a number of prerequisites in relation to content and information, there have not been significant changes to the version that was approved last year.
9. One key change has been in respect of a decision made by Members during the 2017/18 financial year to align the minimum rate of pay for all Cheshire Fire and Rescue Service employees to the Living Wage (LW).
10. The LW is an hourly rate of pay set independently and updated annually by the Living Wage Foundation. The Foundation says that the LW is calculated to reflect the basic cost of living and is based on the principle that work should pay enough to provide for the essentials of life. The Foundation also states that the LW is intended to recognise the dignity of work and the importance of individuals and families being able to earn a living and spend time together, bringing wider social benefits.
11. The LW is reviewed every October and adjusted every November. The current rate is £8.75 per hour and is intended to be payable to all those over 18.
12. To date the only category of staff that have been affected by the Member’s decision to apply the Living Wage are the Service’s Apprentices. Previously Apprentices were paid 26% above the Government’s minimum rate of pay for Apprentices which ranged from an hourly rate of between £4.28 and £6.99 depending on age. No other categories of staff have been directly impacted as the lowest hourly rate for operational (Grey Book) staff is the trainee firefighter rate of £10.26 per hour and all other Green Book staff were already being paid above the Living Wage threshold of £8.75 per hour.
13. Another change in respect of this year’s pay policy statement is to include a reference to demonstrate Cheshire Fire and Rescue Service’s compliance with the Government’s new requirement for public sector

employers with 250 or more employees to calculate and publish gender pay gap figures. This came into effect during 2017 and employers are required to calculate and present information on the differences in pay between male and female staff in a number of different ways:

- Difference in the mean hourly rate of pay for female and male employees
 - Difference in the median hourly rate of pay for female and male employees
 - Difference in mean bonus pay in the relevant period for female and male employees
 - Difference in median bonus pay for female and male employees
 - Proportion of male and female employees who were paid bonus pay
14. The pay used in the calculations will include basic pay, recurring allowances and bonus payments. It will not include overtime, expenses or any kind of compensation or termination payments.
15. Going forward the reported information will be based on a snapshot of data from the March payroll each year. The first snapshot date was 31st March 2017 and the results need to be published within 12 months. This information will be published on the Cheshire Fire and Rescue Service website and also provided on a digital portal that the Government is planning to launch.
16. There is one known outstanding issue pertaining to pay that may necessitate changes to the Pay Policy Statement during the course of the financial year 2018/19. This is:
- The Public Sector Exit Regulations could come into force during 2018. Draft Regulations have been published and under these new Regulations it is proposed that the total cost of exit payments to individuals leaving the Authority will be capped at £95,000. This will apply to compulsory and voluntary redundancies, including early retirements and redundancies made under the pension regulations on the grounds of efficiency. The cap will also apply to compensation payments linked to settlement agreements and the employer costs of providing early unreduced access to pensions for those aged 55 and over. The Fire Authority will have the power to grant a waiver of the cap and a decision to do so will have to be recorded, together with the reasons for this, and this information must be published as part of the annual accounts. The introduction of the Public Sector Exit Regulations was expected some time ago but they have now started to progress through the Parliamentary process.
17. The changes in respect of this issue will need to be reflected in the Pay Policy Statement at the appropriate time and the Public Sector Exit Regulations will also need to be incorporated into the relevant HR policies once approved.

18. Some of the calculations in the Pay Policy Statement may need to be revisited in-year as pay negotiations come to a conclusion and increases are applied.

Financial Implications

19. The Pay Policy Statement is intended to provide transparency and a clear rationale to explain the Authority's approach to pay for the public domain.

Legal Implications

20. The requirements under the Localism Act to produce and publish the Pay Policy Statement supplement all the existing duties and responsibilities of the Authority as an employer, particularly its responsibilities under the Equality Act 2010 to avoid discrimination and provide equal pay. Since the Statement contains policies concerned with remuneration rather than information relating to individuals, the provisions of the Data Protection Act are not engaged. Where the salary of senior post holders is published, outside the Pay Policy Statement, it is done so in order to comply with the Code of Recommended Practice for Local Authorities on Data Transparency.

Equality and Diversity Implications

21. The Pay Policy Statement will assist the Authority to; monitor remuneration across the Service; and provide a fair system of remuneration which avoids discrimination.
22. Cheshire Fire and Rescue will ensure full compliance with the requirements of the Pay Gender Gap reporting.

Environmental Implications

23. There are no environmental implications.