

Hampshire Fire and Rescue Authority

Human Resources Committee

Item 8

28 April 2011

Principal Officers Pay Developments

Report by the Chief Officer

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1 Summary

- 1.1 This paper considers two issues related to Principal Officer (PO) pay. The first is the Localism Bill, which if enacted, requires Hampshire Fire and Rescue Authority (HFRA) to have a senior pay policy statement in place by 31.3.12. It is prudent to agree the basis for such a statement at this point and to put in place the governance arrangements that will support it.
- 1.2 A separate issue relating to PO pay contained within the report concerns the National Terms and Conditions of employment for Principal Officers. These are often referred to as 'Gold Book' Terms and Conditions and this includes pay. A part of the pay formula is a locally determined element. With the Government's edict that there will be a pay freeze in the public sector for the next 2 years, the current approach to the local pay determination element should be reviewed.

2 Recommendation

- 2.1 That the HR Committee seek authority from the HFRA to agree the annual senior pay policy statement on their behalf.
- 2.2 That if authority is granted by the HFRA (see 2.1 above), the senior pay policy statement for 2012/13 will be submitted to the HR Committee on 17 January 2012.
- 2.3 That the PO Pay Sub-Committee will not utilise any externally purchased HR consultancy support for the next two years whilst public sector pay increases are frozen.

3 Senior Pay Policy Statement

- 3.1 The Localism Bill was published on the 13 December 2010. It includes the provision of general powers for stand alone Fire and Rescue Authorities with a requirement to publish a senior pay policy statement each year.

- 3.2 A senior pay policy statement is expected to comply with the following elements:
- (1) A relevant authority must prepare a senior pay policy statement for the financial year 2012-2013 and each subsequent financial year.
 - (2) A senior 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 remuneration of chief officers.
 - (4) A senior 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 senior pay policy statement, includes the Chief Officer and those senior executives who report directly to the Chief Officer. Therefore for clarity, the senior pay policy statement will include the Chief Officer, the Deputy Chief Officer (DCO) and the two Directors. This interpretation would exclude the two Assistant Chief Officers (ACO's), although these posts are included within the Gold Book terms and conditions of service, including for pay purposes.
- 3.4 There are supplementary provisions relating to statements as follows:
- (1) A relevant authority's senior pay policy statement must be approved by a resolution of the authority before it comes into force.
 - (2) The first statement must be prepared and approved before the end of 31st March 2012.
 - (3) Each subsequent statement must be prepared and approved before the end of the 31st March immediately preceding the financial year to which it relates.
 - (4) A relevant authority may by resolution amend its senior pay policy statement, including after the beginning of the financial year to which it relates.
 - (5) As soon as is reasonably practicable after approving or amending a senior 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 It is proposed that the HR Committee seek authority from the HFRA to agree the senior pay policy statement on their behalf. If agreed, this will need to be done in conjunction with the annual review of PO Pay. This is considered further in relation to a separate issue in paragraph 4 below.
- 3.6 Given that the statement will need to include those elements of locally determined pay, the process of considering this and the finalisation of the statement will need to work in tandem. It is therefore proposed that the statement will be drafted in advance of the decisions about local pay in all regards except for those that are dependant upon the deliberations and decision of the PO Pay Sub-Committee. The statement will be drafted by the HR Director for the Sub-Committee in advance of their meeting. In order to meet the requirements for publication before the end of the financial year preceding the year to which the statement is applicable, this will need to be signed off at the HR Committee meeting on 17 January 2012. The PO Pay Sub-Committee meeting(s) will need to be arranged to enable the papers to be submitted in advance of the HR Committee in accordance with established procedures. The normal effective date of pay uplifts for Gold Book staff is January each year. Therefore the timing of the two events should work in a complimentary way.

4 Locally Determined Pay

- 4.1 The Gold Book terms and conditions of employment recommends the annual review of pay to include an element that is locally determined. This is an established requirement in Hampshire and is managed effectively by the Authority through a dedicated PO Pay Sub-Committee which is chaired by the chairman of the HR Committee. The current arrangements provide the support of an external HR Consultant to that Sub-Committee in their consideration of the appropriate level of pay to be awarded for the forthcoming year.
- 4.2 The Government has been quite clear in it's declaration of pay in the public sector in response to dealing with the current financial situation. In essence this can be summarised as there will be no pay rises for public sector workers over the next two financial years.
- 4.3 Therefore, there will be no discretion to make locally determined pay awards over the next 2 years. Similarly, the PO's within the Service will not be seeking a locally determined increase during this period and indeed did not seek one at national or local level in 2010/11. This would give the HR Committee the opportunity to streamline the process for the next two years and take the opportunity to reduce expenditure in support of the financial challenges the Service is facing. It is proposed that the annual review of achievements by the service continues over that period by the PO Pay Sub-Committee and that any considerations are banked and retained for future years. However, as no consideration of pay is being made, the services of an external HR Consultant are not purchased. The same metrics that

are part of the current process will be produced and supplied directly to the Sub-Committee Members by the Performance Review Manager.

- 4.4 For reasons of commercial confidentiality, the costs of providing the HR consultancy services are not contained within this report, but are a matter of record. These can be provided separately to Members but were not included in the papers so as to not require it to 'excluded' from publication. It was felt important that the expectation of openness of pay for our most senior managers be carried within this paper.

5 Supporting our corporate aims and objectives

The recommendations provide an opportunity to put in place processes that will enable HFRA comply with new legislation and respond positively to government policy on public sector pay.

6 Risk analysis

- 6.1 The ability to prepare for future legislative requirements in advance of the Localism Bill becoming law, will help ensure our compliance. A failure to agree a suitable mechanism to prepare and publish an annual senior pay policy statement could leave the Authority acting breach of law and open to criticism or reduced public confidence.
- 6.2 The need to provide external independent advice to the PO Pay Sub-Committee needs to be weighed against the cost and the changing requirements of its role given the government policy over public sector pay for the next 2 years. The ability to reduce costs will be seen as positive, but the HR Committee needs to be clear it can still maintain its scrutiny role without that support.

7 People Impact Assessment

- 7.1 There are no people impacts identified.
- 7.2 The proposals in this report are considered compatible with the provisions of the European Convention on Human Rights, the Human Rights Act 1998, and the Race Relations (Amendment) Act 2000.

8 Environmental and Sustainability impact assessment

There are no identified environment or sustainability impacts identified as a result of these recommendations.

9 Resource implications

- 9.1 Human Resources

There will be additional work required to prepare and then publish the annual statement. However, this can be contained within existing resources. The need to

provide metrics to the PO Pay Sub-Committee is and existing commitment and the level and scope of that work will materially change as a result of these proposals. The publication of the statement may generate enquiries from the public or press, but it is anticipated that this additional workload can be contained within existing resources.

9.2 Physical Resources

There are no physical resource implications falling from these proposals.

9.3 Information and Communications Technology Resources

It is anticipated that the prime method of publishing the annual statement will be via the HFRS website. Whilst this will produce an additional workload, this can be contained within existing resources.

9.4 Financial Implications

The recommendations contain a proposal that would reduce expenditure.

10 Consultation

Gold Book staff and the Association of Principal Fire Officers (APFO) have been consulted in drawing up these proposals and recommendations.

11 Conclusion

It is anticipated that the Localism Bill will receive Royal assent and become law in the near future. The steps we can take now to prepare for this will help us meet the new obligations once they become law. The Authority can also demonstrate its leadership by assisting with the reduction of costs by reducing its need for external support at a time where there will be no pay rises to consider for our most senior managers.

12 Background papers

12.1 The following documents disclose the facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of the report:

Localism Bill 2010

Note: The list excludes: (1) published works; and (2) documents that disclose exempt or confidential information defined in the Act.

