

Proposed Pay, Grading and Terms and Conditions for staff covered by the Buckinghamshire and Milton Keynes Fire Authority, Support Services Staff, Scheme of Conditions of Service.

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## Overall Introduction

1. This report sets out a summary of the outcomes of the Review of the Pay, Grading and Terms and Conditions of Service of Support Services Staff employed under the Buckinghamshire and Milton Keynes Fire Authority Scheme of Conditions of Service, (the Scheme). It incorporates the principles and desired outcomes agreed by the Member Working Group into a practical affordable way forward. The Member led Working Group was established following approval at the Executive Committee on 20 November 2013 of the reward principles on which to base any future Pay, Grading and Reward Framework; the Members Working Group set out a Terms of Reference attached as Appendix 1 of this report.
2. The task breaks down into four phases:
  - An Equal Pay Audit – *Section 1*
  - Those essentially, although not exclusively, non-pay related Terms and Conditions – which are dealt with in *Section 2*
  - The Basic Pay Structure - which is dealt with in *Section 3*
  - Discretionary Benefits which are dealt with in *Section 4*
3. The most significant drivers for change in the Pay, Grading and Reward arrangements are:
  - Strengthening the link between pay and business performance and contribute towards it
  - Pay bill affordability
  - Supporting organisational change, development and flexibility
  - Recruiting and retaining staff as the labour market recovers in the light of an improving economy
  - Maintaining compliance with Equal Pay Statutory requirements
4. At the start of the project there were 120 established Support Services staff posts, of which 71 were unique roles. The Authority currently employs 100 Full Time Equivalent (FTE) staff providing Support Services. In the financial years 2003/2004 to 2010/2011 the Support Services staff pay bill increased annually, with a reduction in 2011/2012, however, this was reversed in 2012/2013 and the pay bill grew again in 2013/2014. The quantum up to 2013/2014 includes the financial impact of transferring a number of posts such as Inspecting Officers from 'Grey Book' Terms and Conditions to Support Services. However, the budgeted pay bill for 2014/2015 for this staff group is £4,108,958, a reduction of £172,986. This trend is expected to continue in line with the Medium Term Financial Plan and has been brought about through restructuring and the recent job evaluation process, which has resulted in 16 posts being placed on a lower grade, saving the Authority an additional £48,000 in a full year.

5. The Scheme of Conditions of Service introduction, Appendix 2, states the Authority has agreed that a range of issues will be subject to negotiation with the recognised trade union (UNISON), for example, annual leave, notice periods, flexitime scheme. The full list is included in Appendix 2, the Preamble to the Scheme. However, as there are no changes to any of the matters which are subject to negotiation the implementation will be a matter of consultation with UNISON.
6. The context of this review is that the Authority is a public sector organisation and the range of support functions that must be fulfilled are, in general terms, similar to those that are undertaken in the County, Unitary and District Councils and Health Service organisations that serve the Authority's area. There are no particularly specialist and scarce skill requirements.
7. The Authority has a defined and very local catchment area population in which it recruits its Support Services staff. An analysis of the home addresses of Support Services staff demonstrates that these are very local to Aylesbury. The median distance from Stocklake headquarters being seven miles and the mean distance being nine miles.
8. The Authority has been created by statute and this defines its powers and obligations. It is relatively stable with no significant step changes being required in the manner in which it discharges its primary function.
9. There has been significant restructuring of Support Services functions, which has not only seen the overall numbers reduce from 135 FTE in 2010 to 100 FTE, which includes the re-designation of former Operational roles to Support Services. This restructuring, has however, resolved a number of problems in terms of pay and performance, and the smaller staff base is also one with a higher skill base. The average length of service amongst Support Staff is 9.6 years (median 7.6) and there are currently no major recruitment and retention issues.
10. These contextual issues inform the design of the Pay Structure, the range of Employment Terms and Conditions and benefits package the Authority can provide. The HAY Group, who were appointed as external remuneration experts, have undertaken a number of tasks on behalf of the Authority in respect of supporting the design of a revised Pay Structure. The work HAY have undertaken for the Authority is summarised in the table in Appendix 3.

### **Section 1 – The Equal Pay Audit**

11. The Equal Pay Audit has ensured that Authority has a fair, transparent inclusive pay and reward structures and systems, therefore mitigating risks of equal pay claims in the future.
12. Although the integrity of the previous pay and grading structure was confirmed, it was recommended that a review of the current Scheme pay and grading structure design was undertaken. The previous grading structure had gaps between grade bands and did not provide enough necessary flexibility in pay determination.

13. The findings of the Equal Pay Audit suggested some roles were not synchronised with the market. These findings were taken into account in the revised pay and grading structure where possible and incorporated into the implementation plan/transition arrangements.

## Section 2 – Terms and Conditions

14. This section deals with the key, non-base pay, terms and conditions of service, which have been subjected to review against the principles, set out above.
15. It is certainly true that Support Services staff have relatively greater flexibility in terms of when, and how, they undertake their duties than do their operational colleagues. Having said this, these working arrangements are not broadly out of kilter with arrangements for similar groups of staff in both the public and private sectors. It needs to be borne in mind that the *demands of the service* is always the determining factor in the application of schemes such as flexible working. The conclusion from this review is not that the terms and conditions are of themselves fit for purpose, but the critical issue is that they are applied as written, consistently across the organisation. It is in the hands of line managers to manage and apply the rules appropriately. There were a small number of anomalies which required adjustment which have been resolved under the delegated powers of the Chief Fire Officer/Chief Executive (CFO/CE). These adjustments will not have any fundamental impact on the contracts of employment of existing employees.

## Section 3 – Pay and Grading

16. The CFO/CE determined that the broad principles set out below should inform any development of the Support Services staff pay scales.
- *Affordability*: To create a Pay, Grading and Reward structure which as far as possible is self-funding for baseline purposes, for example, in year-one it would cost no more than the existing budget. Future changes to be financed with the principle of self-funding, met where possible and financial pressures being addressed through the MTFP
  - *Market*: To design a Pay and Grading structure which provides flexibility in recruiting and retaining talent from the local and regional markets in which the Authority operates, depending on skills, availability and business urgency
  - *Competitiveness*: To identify elements of the current total reward package that are more/less competitive than the comparator market and design a reward system based on the 'total reward' approach. Competitiveness must be balanced by affordability
  - *Pay progression*: To define and develop a Pay and Grading structure which recognises the value of the roles, and gives consideration to, enabling true progression for an employee, based on performance, skills and experience where career opportunities are available

- *Variable pay*: To design and develop a Pay and Grading structure which values performance, skills and experience. This principle supports the performance/high service standards culture the Authority is shaping.
17. The above principles are embedded in the revised pay scales approved by the CFO/CE and consequently the outcome is that the new arrangements are:
- Equality Proof: Ensuring that there are no problems in relation to Equal Pay
  - Easily understood and should be 'felt fair' by the staff and their line managers
  - Easy to administer and thus not place disproportionate administrative burdens on either line managers or HR staff
  - Supported by appropriate governance, financial controls and on-going evaluation arrangements
  - Are self-funding.
18. The previous Support Services staff pay was ten scales (including the National Minimum Wage), nine of which had three vertical incremental points. The scales were neither butt ended nor overlapping, and the increments were uneven, and there were uneven gaps between increments. This was particularly noticeable from Scale 5 onwards, in that the gaps are such that there is effectively a complete scale omitted. In addition, other than the National Minimum Wage, the scales started at a higher monetary value than either of those of the two constituent authorities. The Equal Pay Audit confirmed that there were no systemic equality problems with the current pay structure; however, it was recommended that the structure should be reviewed to ensure it that would be effective for the recruitment and retention of appropriate support staff going forward
19. The primary objective in amending the current scales was to:
- Retain the principles of progression favoured by the Members Working Group
  - Deal with the uneven gaps between some of the existing scales
  - Provide additional scales at the entry level and for the most senior posts in order to provide a finer grain of differentiation of responsibility level
  - Provide a basis for transitioning to a different approach to pay whilst retaining existing earnings level, other than where the post has been evaluated at a different grade
  - Enable the revised scales to be implemented immediately for new starters without creating any pay or contractual anomalies for existing staff.
20. Five additional scales have been added to the existing Support Services pay spine. All existing staff have been accommodated within the scales on the

existing evaluated responsibility level and salary for their post. The revised scales, do however, provide for a performance based approach moving forward.

Existing staff will retain their current three point scales and progression potential, although those not yet on the top of the scale, will be subject to rigorous assessment to justify progression. Currently some 66 percent of employees are already on the top scale point. However, for new starters the scales will have only two pay points **Entry/Developing** and **Competent/Proficient**.

Any payment for **Exceptional/Advanced** performance will be in the form of regulated one-off awards that are not an on-going part of the base pay. The **third pay point** in the existing scales will not be available to new starters; staff moving internally voluntarily, or whose posts are evaluated to a different grade in the future, and will thus disappear over time through natural processes.

21. The additional scales that have been inserted into the pay range have been devised by applying the following principles, which broadly reflect those, which can be discerned in original scales, as, set out below:
  - 5 percent difference between scales for scales 1 to 5
  - 6 percent difference between scales for scale 6 and above
  - Broadly a 2.5 percent difference between 'increment' points within the scale
22. The above proposal is broadly both competitive and comparable with the arrangements of the NJC and other neighbouring fire and local authorities, the adoption of which were options considered in the review. Consequently, the scales are practical and can also be seen as reasonable in the context of ensuring Value for Money in the use of public funds.

#### **Section 4 – Benefits**

23. The Authority provides some discretionary benefits including two Salary Sacrifice Schemes: Child Care Vouchers and a Cycle Purchase Scheme and also an Employee Assistance Programme. There are other salary sacrifice schemes and discretionary benefits available and these will be reviewed during this year. "Salary Sacrifice" does not cost the Authority other than administrative time in HR and limited cash flow impact.