

**Final**

**Senior Management Board Remuneration and Performance Review,  
Buckinghamshire and Milton Keynes Fire and Rescue Authority (BMKFA)**

**Report to the Fire Authority**

**1. Executive Summary**

- 1.1 This report provides information for members' consideration in their review of the corporate and individual performance of the Senior Management Board members (SMB), and whether a bonus payment would be appropriate. A local pay review is conducted annually and any proposed changes are approved by the full Authority in March, to be effective from the preceding January. The last remuneration review was in February 2015.
- 1.2 Posts under consideration in this review are Chief Fire Officer/Chief Executive, (CFO/CE) Chief Operating Officer / Deputy Chief Fire Officer (COO/DCFO), Director of People and Organisational Development, Director of Legal and Governance, Director of Finance and Assets, Head of Service Delivery and Head of Service Development. All are considered under the 'Gold Book' arrangements of national and local review.
- 1.3 To support members in their considerations, account has been taken of the pay context in which the fire service operates, conditions of employment, local methodology for conducting a pay review, pay policy and corporate plan, financial position, performance data compared with other fire authorities (council tax precept, pay bill, net expenditure), salary benchmarking, deliverables against corporate plan, evidenced achievements.
- 1.4 Context and service performance data has been drawn from management reports to the CFA and from published national data collected by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Government Association (LGA). Overall, the data presented reflects a strong and effective leadership team that ensures efficient deployment of assets, has increased operational outputs with wider services to the community and has proactively engaged with external partners. This is against a backdrop of tighter fiscal measures, reduced Government settlement funding and fewer resources including a reduction of 1% in the council tax precept.

- 1.5 The cost of providing the fire service compared to other combined fire authorities is one of the lowest in the country yet BMKFA continues to demonstrate improvement in reducing incidents of fire or road traffic collisions through prevention activities and introducing new life-saving and health promoting initiatives.
- 1.6 Savings have been made across front line service delivery and back office functions and a consistent underspend against budget is noted. The base salary level of the CFO/CE and COO/DCFO are a little above the mean average range for salaries at the population (Band 2) size.
- 1.7 The CFO/CE was appointed in post in January 2015 and senior salaries were revised at this point. The figures here also include the NJC award of 1% for 2015. This figure provides the benchmark level going forward as previous CFO/CE salary figures are no longer relevant. The CFO/CE is keen to report on the SMT performance and remuneration position in an open and transparent way.

## **2 Background and context to pay and remuneration**

- 2.1 The Local Government Transparency Code 2015, Department for Communities and Local Government (DCLG) seeks to ensure local people can access data including salary levels for senior staff. A link to this published data is to be provided on the website with a list of responsibilities, details of bonuses and 'benefits in kind' for all staff earning over £50k.
- 2.2 Localism Act, 2011 requires authorities to produce a Pay Policy Statement showing the dispersion of pay (including variable pay, use of performance related pay, bonuses, allowances and cash value of benefits in kind) and the ratio of pay between levels of staff, known as a 'pay multiple'.
- 2.3 Hutton report on Fair Pay, 2011 set out the case for a maximum pay multiple, keeping the pay of top public sector executives bounded to what their staff earn. It was reported that executive pay in much of the public sector has been rising faster than the pay of median and low earners, creating a greater pay dispersion over the last 10 years. A maximum pay multiple of 20:1 was proposed.
- 2.4 There continues to be significant focus on pay restraint for senior managers and this remains central to the government's deficit reduction strategy.
- 2.5 The new National Living Wage (NLW) will take effect in April 2016 at a minimum of £7.20 / hour. It is unclear as yet what 60% of the UK median earning will be by 2020 but is likely to be between £9 - £9.40 / hour. The NLW may present a challenge for local authorities in planning for future pay policies as it may impact on established pay structures and pay differentials.

### 3 Fire Service Conditions of employment

- 3.1 BMKRFS currently applies national conditions of pay for operational and senior staff. SMB members are contracted under the National Joint Council (NJC) for Brigade Managers of Fire and Rescue Services Constitution and Scheme of Conditions of Service 'Gold Book'. This provides for a national and local review of pay. Operational staff below Brigade and Area Manager are conditioned to the 'Grey Book'. Support staff are on local terms and conditions of employment. Work is currently being undertaken to develop local terms and conditions across all levels of employees.
- 3.2 At national level annual reviews are considered by the NJC to negotiate on national pay, taking account of affordability, other relevant pay deals and the rate of inflation. The 2015 pay settlement was an increase of 1.0% in all brigade managers' pay with effect from 1 January 2015.
- 3.3 The NJC agreement requires Fire and Rescue Authorities (FRAs) to review Principal Officers' salary levels annually and determine this at a local level. 'When determining the appropriate level of salaries for all Brigade Managers, the CFA should refer to the relevant minimum salary of the Chief Fire Officer (CFO) and the most relevant benchmark data'.
- 3.4 Account is also taken of national benchmarking, special market considerations, substantial local factors or complex responsibilities that bring added value, top management structures and size of management team compared to other Fire and Rescue Services (FRSs), objectively assessed relative size of post and incident command responsibility (including beyond own boundaries).
- 3.5 Consideration in setting salary levels locally are likely to include:
1. Minimum salary levels for Chief Officers in relevant sized local authorities
  2. Market rates of pay for senior managers in a range of private and public sector organisations
  3. Evidence of recruitment and/or retention difficulties with existing minimum rates
- 3.6 Minimum levels of annual rates of pay for chief fire officers from 1 January 2015 covering Bands 1 – 4 is provided by the Local Government Association (LGA), **Appendix 1**. The relevant Band for BMKFA is 'Population Band 2'.

### 4. BMKFA Policies and Plans

- 4.1 The Pay Policy 2016/17 sets out the factors that are taken into account in determining the recommendations for the future pay position for senior managers.

- 4.2 The latest revision to the BMKFA Pay Policy Principles and Statement 2016/17 was presented and approved at the Full Fire Authority on 16 December 2015. This confirms decisions on pay policy are taken by elected members. The Pay Policy defines Strategic Management Board (SMB) levels of remuneration as comprising salary, car provision and private medical insurance.
- 4.3 The Policy refers to 'one off bonus payments may be considered linked to evidenced and scrutinised delivery of performance management objectives'. Payment for bonuses is discretionary and non-contractual and will reflect 'excellence'. The amount allocated for bonuses is intended to be self-funding linked to efficiencies and performance. This principle is central to the Authority's considerations of reward and remuneration.
- 4.4 On 18 March 2015 the 2015-20 Corporate Plan was presented to the Executive Committee and approved by the CFA on 10 June 2015. The focus was to equip the organisation to meet future challenges, respond to changes in demand and risk to the community, and reduce operating costs in line with planned reductions in government funding. The Plan outlined the strategic objectives and enablers and scheduled key work programmes arising from the 2015/20 Public Safety Plan.
- 4.5 Objectives focus on:
- Preventing incidents
  - Protecting homes, buildings and businesses
  - Allocating assets and resources according to risk and demand
  - Providing value for money
- 4.6 Enabled by:
- People
  - Information management
  - Assets and equipment
- 4.7 Successful implementation of the Plan was noted as being critical to the achievement of the savings required by the 2015/16 to 2019/20 Medium Term Financial Plan. The Plan identifies issues to be addressed in the Integrated Risk Management Plan (IRMP) and Action Plans. These are underpinned by more detailed Directorate Plans.
- 4.8 It is intended that the activities to deliver the strategic objectives and actions will be resourced from within the proposed establishment and budgets as outlined in the 2015/16 – 2019/20 Medium Term Finance Plan.
- 4.9 Directorates will review performance against action plans and monitor progress against agreed performance indicators. Overall performance is scrutinised by Fire Authority members at the Overview and Audit Committee.

## 5. Pay review methodology

- 5.1 Historically, the following performance and benchmarking data have been used as the basis for members to determine any changes to local pay. This requires members to consider various types of qualitative and quantitative data, specifically:
1. Information about the extent to which corporate objectives have been met
  2. CFO /CE appraisal data as provided by the Chairman
  3. SMB appraisal data as provided by the CFO/CE
  4. Progress on any specific projects that members identified as high priority
  5. Performance data provided by the CFO/CE relating to SMB.
  6. Comparative performance data with other FRSs
  7. Salary benchmarking data in relation to senior manager teams, (Population Band 2), Combined South East Region Fire Services
  8. Financial data about budget provision for pay / reward costs arising from this review
  9. Data about national pay settlements awarded to Gold, Green and Grey Book employees
- 5.2 Evidence is required to demonstrate delivery of performance management objectives reflecting excellence. Information to support consideration of areas 6-9 above is provided in this report.
- 5.3 Relevant posts for consideration (SMB) are:
- Chief Fire Officer/Chief Executive
  - Chief Operating Officer/Deputy Chief Fire Officer
  - Director of People and Organisational Development,
  - Director of Legal and Governance
  - Director of Finance and Assets
  - Head of Service Delivery
  - Head of Service Development
- 5.4 Any costs arising from the application of an agreed SMB pay review methodology is to be self-funded and will not impact on the finance available for other staffing budgets.
- 5.5 A range of possible outcomes to this pay review are:
- Non-pay rewards
  - Pay increases (consolidated and pensionable)
  - Bonuses (non-consolidated and non-pensionable)
  - Pay agreements covering more than one year
  - No change to existing reward arrangements

- 5.6 All statutory deductions will apply (income tax and national insurance contributions) and funds for any uplift are to be taken from savings achieved during the preceding year.
- 5.7 In accordance with the Pay Policy Principles, there is no right of appeal against recommendations or final decisions made.

## **6. Financial position**

- 6.1 The Annual Report to Buckinghamshire County Council 2015 confirmed BMKFA has made savings across front line service delivery and back office functions over a number of years without any decline in performance indicators. Proactive management of finances and a prudent approach to spending public money has achieved a consistent underspend against budget from 2011/12 to 2014/15.
- 6.2 Reasons cited were the holistic approach to reducing costs whilst ensuring services were enhanced; increased income from Treasury management of £60k per annum, reduction in building running costs of £20k, reduction in training costs of £175k, shared personnel and buildings across county boundaries, reduced numbers of senior and middle managers and empowering staff in local decision-making.
- 6.3 The budget and actual expenditure for 2015/16 as at end September 2015 was reported in the Quarter Two Budget Monitoring Performance and Debt Management, April – September 2015 report, dated November 2015. Figures provided illustrate an anticipated underspend of £1.657m on a budget of £28.7m. After accounting for various contingencies, there is expected to be an overall underspend of c£717k.
- 6.4 This presents a consistent pattern of underspend over recent years with a favourable variance (before year end adjustments) of £873k in 2012/13; £1,330k in 2013/14 and £1,811k in 2014/15.

## **7. Performance data compared with other fire authorities**

### **7.1 Council tax precept**

- 7.1.1 The Medium Term Financial Plan 2015/16 to 2019/20 submitted to the Executive Committee 4 February 2015, approved the council tax precept. BMKFA froze council tax each year at £59.13 per household from 2011/12 to 2014/15 and was the only FRA to reduce council tax (by 1%) for 2015/16, (to £58.54), 16% below the national average. Members set a budget for 2015/16 of £28,740,000 which is a reduction of approximately

£68,000. A grant payment of £182,000 from the Government was accepted in lieu of a council tax rise.

- 7.1.2 The CFO/CE started planning for budget reductions in advance to ensure the service maintained a healthy financial position. It was noted that the continued investment in prevention and protection has reduced risk and demand within the communities.
- 7.1.3 **Appendix 2** compares council tax data between BMKFA and 23 other combined fire authorities. This illustrates an average Band D equivalent Council Tax for 2015-16 and 2014-15 and evidences the constant level of council tax for BMKFA over 5 years, then a decrease in 2015 which was welcomed by the fire authority and, no doubt, the community.
- 7.1.4 The selected group average of other combined fire authorities presents a higher level of council tax in Band D with the group average rising from £67.60 in 2011 to £71.52 in 2015. This represents a £12.98 difference per household between the average FRS and BMKFA in 2015 (19.96%) and shows the continuing improvement of BMKFA compared to the average group over recent years. The percentage differential was 17.51% in 2014 and 16.21% in 2013 and 2012. (*source CIPFA and Fire and Rescue Services statistics 2015*).

## 7.2 Total pay bill expenditure

- 7.2.1 CIPFA data comparing the total pay bill (employee expenses) per 1,000 population with 23 other combined fire authorities (comparator group) identified BMKFA as the 10<sup>th</sup> lowest spending authority in 2012-13. The figure is higher at 14<sup>th</sup> place in 2013-14 but this includes a one-off payment of £1.9m to reduce the deficit on the Local Government Pension Scheme. The cost of the total pay bill excluding this payment was £27,449 and would have placed the authority at the 7<sup>th</sup> lowest spending authority.
- 7.2.2 In 2014-15 the figure rose to £32,000 (all authorities would have an increase in pay bill) and in comparator terms, BMKFA was placed at 3<sup>rd</sup> lowest spending authority (out of 22 comparator combined fire authorities), placing it in the lower quartile.
- 7.2.3 Illustrative figures for the total pay bill for 2014-15 are provided at **Appendix 3**. (*source CIPFA and Fire and Rescue Services statistics 2015*).
- 7.2.4 A breakdown of CFO/CE and SMB members' remuneration is provided in **Appendix 4**. A number of honoraria / bonus payments are shown paid in 2015 for performance in 2014. Some refer to acting up arrangements during transitional periods prior to permanent appointments being confirmed.

### 7.3 Net expenditure excluding capital charges per 1,000 population

- 7.3.1 Data collated from CIPFA evidences BMKFA as being in the 8<sup>th</sup> position for lowest expenditure in 2012-13 (median quartile) when compared to 23 comparator fire authorities; 6<sup>th</sup> lowest position in 2013-14 and a significant improvement has been made to reach 3<sup>rd</sup> lowest position in 2014-15 (lower quartile) against 22 comparator authorities.
- 7.3.2 The 'Budget Monitoring Performance and Debt Management April 2014 – March 2015' report to the fire authority dated 29 July 2015, reflected a total variable variance for the year was £1,811k. It reported a positive year-end position as a result of proactive management action and that work has been progressing to achieve greater financial ownership and accountability for the resources attached to the Service's strategic aims and objectives.
- 7.3.3 The figures provided in each of the above areas reflect a positive achievement for the fire authority. This is particularly significant given that all three areas of council tax, employee expenses and net expenditure are in the lowest quartile. Performance here has demonstrated consistent improvement or maintenance of these figures in times of financial constraint. This reflects very positively on the financial position of the fire authority and the efficiency and probity with which its resources are being managed and deployed.

## 8. Salary benchmarking data in relation to senior management team salaries and staffing levels for South East fire services

### 8.1 Employee costs

- 8.1.1 BMKFRS is in Population Band 2. The national range of CFO salaries in Population Band 2 in **2014** is reported\*\* as £100,619 - £157,423 with the average (mean) salary level at £130,832.
- 8.1.2 The national range of DCFO salaries in Population Band 2 in **2014** is reported\*\* as £89,769 - £125,530 with the average (mean) salary level at £103,840.
- 8.1.3 The base salary for the CFO and DCFO in BMKFRS is a little above the mean average for Population Band 2 fire services at £138,500 in **2014**.



	National range**	Mean average
<b>2014</b>		
CFO	100,619 - 157,423	£130,832
DCFO	89,769 - 125,530	£103,840
<b>2012</b>		
CFO	80,670 – 154,321	124,148
DCFO	82,158 – 123,056	104,494

\*\* LGA Fire salary survey 2014 and 2012

## 8.2 South East Region population vs staffing levels comparator

- 8.2.1 CIPFA Fire and Rescue Service Statistics 2015 employment data provides a comparison of staffing numbers at 31 March 2015 between BMKFA and two comparator Fire Authorities in the South East, Berkshire and East Sussex.
- 8.2.2 Hampshire and Kent being larger CFAs in the region have been included and also Surrey, West Sussex and Oxfordshire as County Council fire services.
- 8.2.3 It is interesting to note that BMKFA is in the lowest percentile for staff numbers per population size (with Berkshire and Surrey) at 0.07% which suggests an efficient deployment of staff to meet operational and organisational needs compared to other FRAs in the region.

Combined Fire Authorities in South East	Population at June 2014	Wholetime firefighters	On-call firefighters	Total staff including control room and non-operational	Total staff as percentage of population
Berkshire	885,600	381	57	596	0.07
East Sussex	820,900	384	228	791	0.10
<b>Buckinghamshire</b>	<b>781,100</b>	<b>286</b>	<b>136</b>	<b>529</b>	<b>0.07</b>
Hampshire	1,800,500	721	577	1,564	0.09
Kent	1,784,400	753	512	1,506	0.08
<b>County Council Fire Directorates</b>					
Surrey	1,161,300	553	100	754	0.07
West Sussex	828,400	326	225	651	0.08
Oxfordshire	672,500	237	268	589	0.09

## 9. Deliverables against the Corporate Plan

9.1 In addition to successes already outlined in the report, further achievements of note include:

- Leading a project with other Thames Valley fire services, Hampshire and South Central Ambulance Service to establish a consistent co-responding response to medical emergencies without compromising fire cover;
- Agreed a Memorandum of Understanding (MOU) for collaboration to improve resilience and reduce cost between BMKFA and Thames Valley fire services in line with the recommendations of the Knight Review
- Moved to new Thames Valley Fire Control facility which mobilises quickest available appliance between Thames Valley fire services
- Signed MOU with Thames Valley Police relating to sharing of property and creation of 'blue light hub', part funded by the £2.8m capital grant received from transformation fund
- Decentralised operational training, new on-line learning zone;
- Developed partnership arrangement with Fire Service College to quality assure competence of instructors to assess managers
- Increased availability of on-call firefighters due to innovative employment methods
- Buckingham Fire Station is part of the Dementia Friendly Community with all staff trained in dementia awareness
- Proposed joint working arrangements with Buckinghamshire County Council regarding health and wellbeing.

9.2 Overall, this demonstrates positive action to generate efficiencies and reduce costs by working with other agencies whilst focusing on improved service delivery across communities. These achievements also evidence an awareness of the wider role and benefits that can be provided by taking a broader perspective on such issues as health and wellbeing.

## 10. Appraisals and evidenced performance management achievements

10.1 A verbal update on the CFO/CE appraisal will be provided by the Chairman of the Fire Authority at the meeting, which will be supported by documentation.

10.2 The CFO/CE has indicated his assessment that the senior management team have performed well and that if members were supportive, they would warrant recognition by way of bonus payments for their contribution to the service's success. Any payments will be based on evidenced performance criteria and will be dealt with by the CFO/CE through normal managerial arrangements.

## 11. Proposal

- 11.1 There has been a continuous demonstration of success in operational delivery, prudential financial and asset management, growing partnership working to deliver a range of services to the community, a one percent reduction in Council Tax following three years of no increase, and comparatively slightly higher than average salary levels for the CFO/CE.
- 11.2 I propose therefore that members consider whether or not to award a financial recognition of this achievement to the CFO/CE through a bonus payment, and if so, the level of bonus. Also, the total amount of funds, if any, to be allocated to other members of the SMB based on individual performance reviews, through the delegated authority of the CFO/CE.

### List of appendices:

- Appendix 1** Minimum annual rates of pay for chief fire officers by population band from 1 January 2015
- Appendix 2** Comparative data provided by 23 other combined fire authorities against data provided by BMKFA for average Band D equivalent Council Tax 2015-16 and for 2014-15 (*source CIPFA and Fire and Rescue Services statistics 2015*).
- Appendix 3** Illustrative figures for the total pay bill for 2014-15, compared to other fire authorities, CIPFA.
- Appendix 4** Breakdown of total remuneration of CFO and SMT members

**APPENDIX 1****Annual rates of pay for chief fire officers from 1 January 2015**

Population Band 1	Up to 500,000
Minimum rate of pay	£98,788
Population Band 2	500,001 to 1,000,000
Minimum rate of pay	£98,788
Population Band 3	1,000,000 to 1,500,000
Minimum rate of pay	£107,803
Population Band 4	1,500,000 and above (except London)
Minimum rate of pay	£118,483

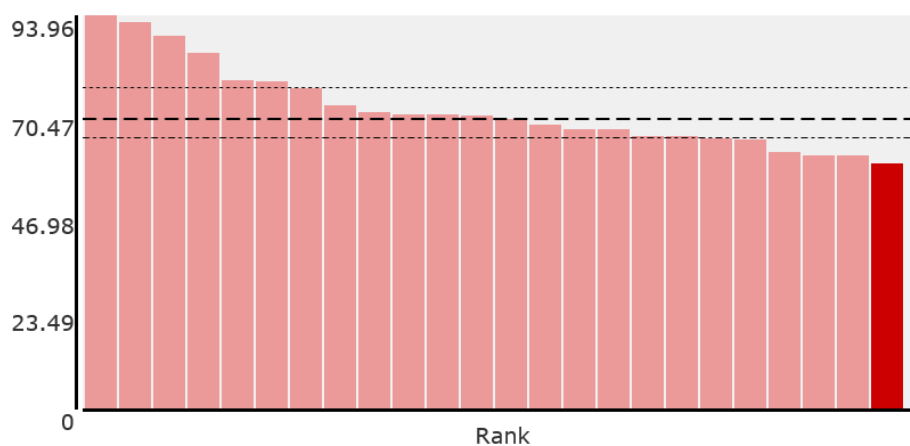
**APPENDIX 2**

**General Data - Average Band D Equivalent Council Tax 2015-16 (£ p)**

	2015	2014	2013	2012	2011
	£ p	£ p	£ p	£ p	£ p
Buckinghamshire Combined Fire Authority	58.54	59.13	59.13	59.13	59.13
Selected Group Average	71.52	70.48	69.56	68.37	67.70
<b>Selected Group Data</b>					
Upper Quartile	76.85	75.52	74.08	73.71	72.24
Median	69.38	68.04	67.40	66.47	66.43
Lower Quartile	64.79	63.64	63.33	61.92	61.13
Rank	24 out of 24		23 out of 24	22 out of 24	21 out of 24

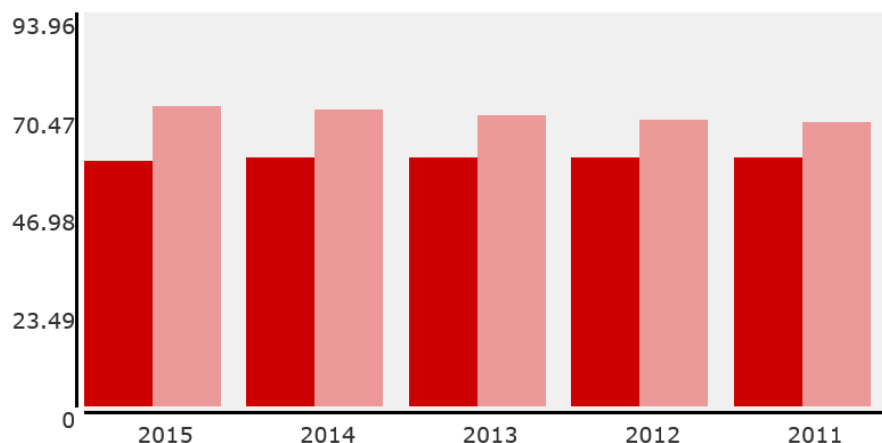
**General Data - Average Band D Equivalent Council Tax 2015-16 (£ p)**

■ Buckinghamshire Combined Fire Authority ■ Selected Authorities



**General Data - Average Band D Equivalent Council Tax 2015-16 (£ p)**

■ Buckinghamshire Combined Fire Authority ■ Selected Authorities



Selected Authorities – Combined Fire Authorities

**Source:** Fire and Rescue Service Statistics (2011 to 2015)  
**CIPFA Statistical Information Service © 2015**

**APPENDIX 3**

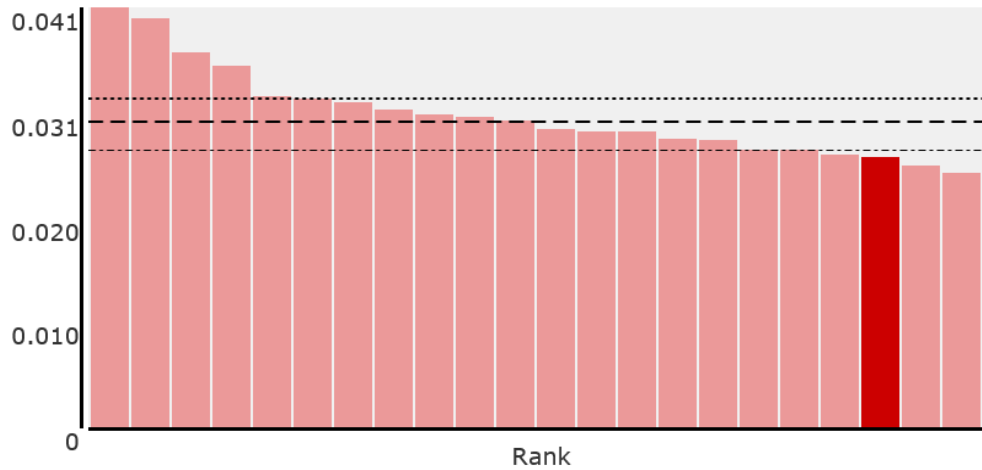
**Illustrative figures for the total pay bill for 2014-15, compared to other fire authorities**

**2014-15 Actuals - Subjective Analysis - Employees - Total Employee Expenses (£'000)**

divided by

**General Data - Population as at June 2014 (number)**

■ Buckinghamshire Combined Fire Authority    ■ Selected Authorities

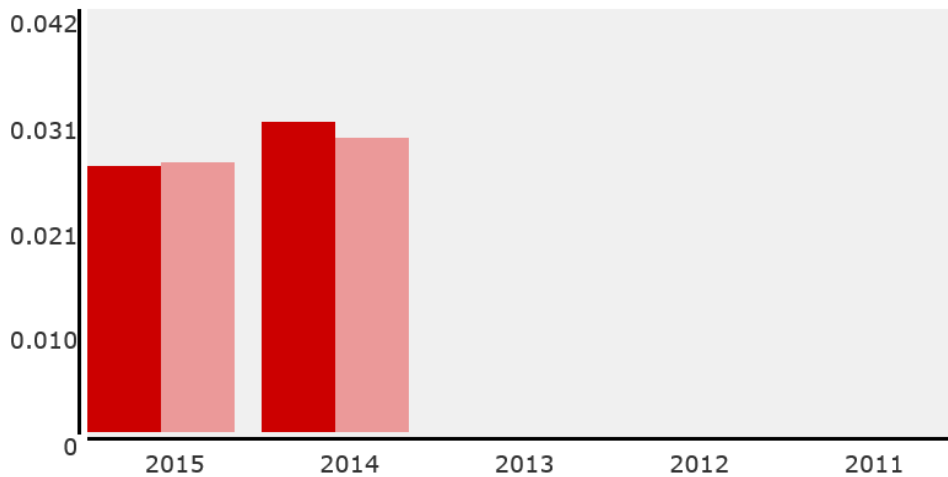


**2014-15 Actuals - Subjective Analysis - Employees - Total Employee Expenses (£'000)**

divided by

**General Data - Population as at June 2014 (number)**

■ Buckinghamshire Combined Fire Authority    ■ Selected Authorities



Selected Authorities – Combined Fire Authorities

**Source:** Fire and Rescue Service Statistics (2011 to 2015)  
**CIPFA Statistical Information Service © 2015**

**APPENDIX 4****CFO Remuneration**

Wef 1 January	Base Salary	Bonus / honarium **	Private medical insurance	Car Allowance value	Employer Pension contribution	Total cost
2015	138,500	15,000	935.66	4,670	30,054	189,160
2016	139,885*					

**Deputy CFO Remuneration**

Wef 1 January	Base Salary	Bonus / honarium **	Private medical insurance	Car Allowance value	Employer Pension contribution	Total cost
2015	116,150	10,000	935.66	4,670	25,205	156,961
2016	117,311*					

**Head of Service Delivery - Remuneration**

Wef 1 January	Base Salary	Bonus / honarium **	Private medical insurance	Car Allowance value	Employer Pension contribution	Total cost
2015	92,425	4,000	935.66	4,670	20,056	122,087
2016	93,349*					

**Head of Service Development - Remuneration**

Wef 1 January	Base Salary	Bonus / honarium **	Private medical insurance	Car Allowance value	Employer Pension contribution	Total cost
2014	91,510					
2015	92,425		935.66	4,670	20,056	118,087
2016	93,349*					

**Director People and Organisational Development – Remuneration**

Wef 1 January	Base Salary	Bonus / honarium **	Private medical insurance	Car Allowance value (from P11D)	Employer Pension contribution	Total cost
2012	86,860					
2013	87,729					
2014	88,606	3,500				
2015	89,492	8,000	935.66	6,771	11,902	117,101
2016	90,387*					

**Director, Legal & Governance – Remuneration**

Wef 1 January	Base Salary	Bonus / honorarium **	Private medical insurance	Car Allowance value (from P11D)	Employer Pension contribution	Total cost
2013	78,780					
2014	79,568	6,000				
2015	89,492	7,000	935.66	4,705	11,902	114,035
2016	90,387*					

**Director Finance Assets - Remuneration**

Wef 1 January	Base Salary	Bonus / honorarium **	Private medical insurance	Car Allowance value	Employer Pension contribution	Total cost
2015	75,750 (Temp)					
2015 ***	83,000 (perm)		935.66	5,000	11,039	99,975
2016	83,830*					

*\*Assumption of a 1% national pay increase 2016*

*\*\* bonus / honorarium for performance in 2014, paid in 2015*

*\*\*\* Increase when post made permanent November 2015*

***The historical information covers different years purely to reflect the current post holder's history in their current role.***



**Jennifer McNeill**  
**5 January 2016**

**Regional Director: Jennifer McNeill**

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