



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	3 February 2016
OFFICER	Lynne Swift, Director of People and Organisational Development
LEAD MEMBER	Councillor Roger Reed
SUBJECT OF THE REPORT	Senior Management Board Remuneration and Performance Review 2015 and Annual Report on the Employee Bonus Scheme
EXECUTIVE SUMMARY	<p>Strategic Management Board (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; known as the "Gold Book", for pay purposes. This involves a two-track approach for determining levels of pay;</p> <ul style="list-style-type: none"> National Pay - At national level, the NJC annually reviews the level of pay increase applicable to Principal Officers. Any increase is effective from the usual annual settlement date 1st January. Local Pay - The NJC agreement also requires Fire and Rescue Authorities to review Principal Officers' salary levels on an annual basis. <p>In determining any proposed changes to local pay, the Pay Review methodology (Appendix 5) requires Members to consider various types of qualitative and quantitative data, including public sector comparisons and organisations geographically relevant.</p> <p>In line with the methodology a review considering performance and relevant benchmarking data has been undertaken and is attached at Annex A for consideration by Members.</p> <p>Overall there has been a continuous demonstration of success in operational delivery, prudent financial and asset management, and increased partnership working to deliver a range of services to the community.</p> <p>The Authority's Pay Policy Statement requires that the Executive Committee receives an annual report summarising the awards, if any, which have been made under the Employee Bonus Scheme to employees throughout the organisation.</p>
ACTION	Decision.

<p>RECOMMENDATIONS</p>	<p>It is recommended that:</p> <ol style="list-style-type: none"> 1. a financial recognition of achievements to the Chief Fire Officer/Chief Executive (CFO/CE) through a bonus payment be considered; <p>If a bonus payment to the Chief Fire Officer is approved, it is recommended that:</p> <ol style="list-style-type: none"> 2. the level of bonus be agreed. <p>It is recommended that:</p> <ol style="list-style-type: none"> 3. an amount of funds be agreed to be allocated to other members of the SMB by the Chief Fire Officer based on individual performance reviews. 4. the report (Exempt Annex B) summarising the awards made in 2014/15 under the Authority’s Employee Bonus Scheme be noted.
<p>RISK MANAGEMENT</p>	<p>There are no risks to the delivery of the Authority’s functions.</p>
<p>FINANCIAL IMPLICATIONS</p>	<p>If members are minded to consider an award as per the methodology described in Appendix 5, this would be funded from the year end outturn favourable variances.</p> <p>For members information the year end outturn positions before movements to and from reserves in recent years have been:</p> <p>2012/13 c£873K favourable variance 2013/14 c£1,330k favourable variance 2014/15 c£1,811k favourable variance</p> <p>The latest estimate for the corresponding 2015/16 outturn as of end December 2015 is projected to be c£1,300K.</p>
<p>LEGAL IMPLICATIONS</p>	<p>The terms of reference of the Executive Committee include the role of the employer in connection with employees of the Authority contracted in whole or in part to the “Gold Book”. The recommendations are consistent with the Authority’s extant statutory pay policy statement.</p>
<p>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</p>	<p>Collaboration on senior pay is not appropriate at this time, although relevant market rates will be reviewed as part of the process.</p>
<p>HEALTH AND SAFETY</p>	<p>There is no impact.</p>
<p>EQUALITY AND DIVERSITY</p>	<p>There are no equality and diversity issues arising from this report.</p>
<p>USE OF RESOURCES</p>	<p>The Strategic Management Board members are collectively and individually responsible for delivering</p>

	<p>the corporate plan and the Authority’s objectives.</p> <p>Performance of SMB members is regularly appraised either by the CFO/CEO or Chairman supported by Lead Members where appropriate.</p> <p>The Authority’s Pay Policy, Part 2 section 24, (Appendix 6) and the methodology described in Appendix 5, allow for Authority consideration of one-off bonus payments linked to evidenced and scrutinised delivery of performance management objectives.</p> <p>Whilst SMB members have been invited to contribute with evidence to demonstrate performance improvements, officers have not been and will not be party to any decision making in relation to their own remuneration.</p> <p>Performance and Benchmarking Data:</p> <p>In determining any changes to local pay, the methodology requires members to consider various types of qualitative and quantitative data, including:</p> <ol style="list-style-type: none"> 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 <p>Internal Controls: Adherence to the Pay Policy Principles and Statement is controlled via strict establishment and pay change approval process controls.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Background</p> <p>The SMB is made up of the:</p> <ul style="list-style-type: none"> • Chief Fire Officer/Chief Executive • Chief Operating Officer/Deputy Chief Fire Officer • Director of Finance and Assets

	<ul style="list-style-type: none"> • Director of People and Organisational Development • Director of Legal and Governance • Head of Service Delivery • Head of Service Development <p>Appendix 5 sets out the Senior Management Team pay review methodology which covers the mechanism for the implementation of the Senior Officers Remuneration Procedure.</p> <p>The SMB methodology recognises that there are a range of pay and non-pay options for members to consider which include attending development opportunities, incorporated salary rises, non-incorporated bonuses, pay agreements that span a number of years and no change to existing reward packages.</p> <p>Remuneration principles are part of the Authority's current Pay Policy Statement 2015/2016. The principle of self-funding linked to efficiencies and performance is central to the Authority's reward and remuneration philosophy.</p> <p>It is our intention that salary multiples do not reach the 1:20 ratio referred to in the Hutton Report. The current BMKFA pay multiples are:</p> <p>Highest pay: lowest pay - 10.71:1 Highest pay: median pay - 4.72:1</p> <p>(The pay multiple is the ratio between the highest paid salary and the median average salary of the Authority's workforce. The average salary level is defined as the total of all regular payments made to an individual.)</p> <p>The Authority strives to provide a modern employment proposition to support demand. A revised Pay Policy Statement 2016/2017 has been approved by the full Authority and recognises that new employees may be employed on terms and conditions outside of the Grey Book. The Authority also recognises that employees in existing firefighter roles may want to agree rates of pay outside of the Grey Book for the protection of services and provision of enhanced resilience.</p> <p>Report to Fire Authority held 18 February 2015: BMKFA Pay Policy Principles and Statement 2015/16: http://bucksfire.gov.uk/files/4614/2347/0573/Fire_Authority_Agenda.pdf</p> <p>Report to Fire Authority 16 December 2015: Pay Policy Principles and Statement 2016/17: http://bucksfire.gov.uk/files/6614/4948/1341/ITEM_8_Pay_Policy_Principles_and_Statement_2016-17Appendix.pdf</p>
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<p>APPENDICES</p>	<p>Annex A Senior Management Board Remuneration and Performance Review Report (South East Employers)</p> <p>Appendix 1: Minimum annual rates of pay for chief fire officers by population band from 1 January 2015</p> <p>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).</p> <p>Appendix 3: Illustrative figures for the total pay bill for 2014-15, compared to other fire authorities, CIPFA.</p> <p>Appendix 4: Breakdown of total remuneration of CFO and SMB members</p> <p>Appendix 5: Senior Management Team Pay Review Methodology</p> <p>Appendix 6: Pay Policy 2014/15 extract Part 2 SMB</p> <p>Appendix 7: Methodology for bonus payments (non-SMB)</p> <p>Exempt Annex B: Summary of awards made under the employee bonus scheme for 2014/15</p>
<p>TIME REQUIRED</p>	<p>15 Minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Jennifer McNeill jennifer@seemp.co.uk 07901 528 397</p>