



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	8 February 2017
OFFICER	Lynne Swift, Director of People and Organisational Development
LEAD MEMBER	Councillor Roger Reed
SUBJECT OF THE REPORT	Strategic Management Board Remuneration and Performance Review 2016 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 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 an independent 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 continued demonstration of success across all directorates including operational delivery, prudent financial and asset management, innovative and progressive workforce reform, and increased partnership working to deliver a range of services to the community.</p> <p>The Authority's Pay Policy Statement also requires that the Executive Committee receives an annual report summarising the awards which have been made under the Employee Bonus Scheme to employees throughout the organisation.</p>

ACTION	Decision/information.
RECOMMENDATIONS	<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 recommendation made in the independent review to cease Private Health cover for SMB members be noted; 5. members note that following local discussions no member of staff will have Private Health cover from 1 April 2017; 6. the summary of the awards made in 2015/16 under the Authority's Employee Bonus Scheme set out at Appendix 2 be noted.
RISK MANAGEMENT	There are no risks to the delivery of the Authority's functions.
FINANCIAL IMPLICATIONS	<p>If members are minded to consider bonus awards as per the methodology described, 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>2013/14 c£1,330k favourable variance 2014/15 c£1,811k favourable variance 2015/16 c£1,821k favourable variance</p> <p>The latest estimate for the corresponding 2016/17 outturn as of end November 2016 is projected to be c£1,210k.</p>
LEGAL IMPLICATIONS	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.
CONSISTENCY WITH THE PRINCIPLES OF	Collaboration on senior pay is not appropriate at this time, although relevant market rates are reviewed as

COLLABORATION	<p>part of the process.</p> <p>There may be an opportunity in future to use one external independent consultant to review senior remuneration across the Thames Valley Services, particularly if we are able to align Pay Policy Statements.</p>
HEALTH AND SAFETY	There is no impact.
EQUALITY AND DIVERSITY	There are no equality and diversity issues arising from this report.
USE OF RESOURCES	<p>The Strategic Management Board members are collectively and individually responsible for delivering 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 8) and the methodology described in Appendix 7, 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 /

	<p>reward costs arising from this review</p> <p>9. Data about national pay settlements awarded to Gold, Green and Grey Book employees</p> <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 • Director of People and Organisational Development • Director of Legal and Governance • Head of Service Delivery • Head of Service Development <p>Appendix 7 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>The Authority strives to provide a modern employment proposition to support demand. A revised Pay Policy Statement 2017/2018 is recommended for approval by the full Authority in February 2017. It already “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 including agreement to not participate in industrial action.</p> <p>Report to Fire Authority 16 December 2015: Pay Policy Principles and Statement 2016/17:</p> <p>http://bucksfire.gov.uk/files/6614/4948/1341/ITEM_8_Pay_Policy_Principles_and_Statement_2016-17Appendix.pdf</p>

<p>APPENDICES</p>	<p>Annex A Strategic Management Board Remuneration and Performance Review Report, and report on Employee Bonus Scheme (South East Employers)</p> <p>Appendix 1: Minimum annual rates of pay for chief fire officers by population band from 1 January 2016</p> <p>Appendix 2: Bonus awards 2016 non SMB staff</p> <p>Appendix 3: Breakdown of total remuneration of CFO/CE and SMB members</p> <p>Appendix 4: BMKFA Pay Multiple over three years</p> <p>Appendix 5: Comparative data provided by 30 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 2016/17).</p> <p>Appendix 6: Illustrative figures for the total pay bill against population size in June 2014, compared to average Band D council tax 2016/17 of other authorities in the South East, CIPFA.</p> <p>Appendix 7: Senior Management Team Pay Review Methodology</p> <p>Appendix 8: Pay Policy 2015/16 extract Part 2 SMB</p>
<p>TIME REQUIRED</p>	<p>15 Minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Jennifer McNeill, Independent Consultant Kerry McCafferty Head of HR & OD jennifer@seemp.co.uk kmccafferty@bucksfire.gov.uk 07901 528 397/ 01296 744621</p>