



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	7 February 2018
OFFICER	Lynne Swift, Director People and Organisational Development
LEAD MEMBER	Councillor Steven Lambert
SUBJECT OF THE REPORT	Strategic Management Board Remuneration and Performance Review 2017 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 Appendix 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>Performance is scrutinised by the Overview and Audit Committee, which monitors the Authority's progress in delivering the Strategic Objectives set out in the 2015-20 Corporate Plan.</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 and 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; 2. if a bonus payment to the Chief Fire Officer is approved, the level of bonus be agreed. 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 summary of the awards made in 2016/17 under the Authority's Employee Bonus Scheme set out at Appendix 2 be noted; 5. the recommendation set out in Appendix 7 of the attached report be approved; and 6. a review, to be carried out in the coming year, of the Senior Management Team Pay Review methodology as set out in Appendix 8, be approved.
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>2014/15 c£1,811k favourable variance</p> <p>2015/16 c£1,821k favourable variance</p> <p>2016/17 c£1,770k favourable variance</p> <p>The latest estimate for the corresponding 2017/18 outturn as of end November 2017 is projected to be c£652k (including underspends already transferred to earmarked reserves).</p> <p>The impact of future pay awards will be factored into the medium term financial plan.</p>
LEGAL IMPLICATIONS	The terms of reference of the Executive Committee

	<p>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>
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	<p>Relevant market rates across the Thames Valley and Nationally are reviewed as part of the process. The Thames Valley collaboration programme is currently focusing in six projects, collectively referred to as phase 1.</p> <p>Senior management processes, such as collaborative succession planning, are under consideration - as is sharing senior management resources as part of phase 2.</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 arrangements for setting, reviewing and implementing strategic and operational objectives; Performance monitoring, including budget monitoring; achievement of strategic objectives and best value performance indicators;</p> <p>SMB 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 Chief Fire Officer/Chief Executive (CFO/CE) or Chairman supported by Lead Members where appropriate.</p> <p>The Authority's Pay Policy, Part 2 section 24, and the methodology described in Appendix 8, 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</p>

	<p>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 Fire and Rescue Services 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>System of Internal Controls:</p> <p>Adherence to the Pay Policy Principles and Statement is controlled via strict establishment and pay change approval process controls.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<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 8 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 2017/2018. The principle of self-funding linked to efficiencies and performance</p>

	<p>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 2018/2019 is recommended for approval by the full Authority in February 2018. The policy 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 15 February 2017: Pay Policy Principles and Statement 2017/18:</p> <p>http://bucksfire.gov.uk/files/2315/0816/2918/ITEM_9_Pay_Policy_Principles_and_Statement_2017-18_Fire_Authority_15_02_17Appendix.pdf</p> <p>Report to Overview & Audit Committee 15 November 2017: Annual Performance Monitor 2016-17</p> <p>http://bucksfire.gov.uk/files/5515/0964/7359/ITEM_1_1_Annual_Performance_Monitor_-Cover_Paper_Annexes-min.pdf</p>
APPENDICES	<p>Report: Senior Management Board Remuneration and Performance Review, and Annual Report on Employee Bonus Scheme (<i>J McNeill</i>)</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 and SMT members</p> <p>Appendix 4: BMKFA pay multiples 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 <i>Fire and Rescue Services statistics 2016-17</i>).</p> <p>Appendix 6: Comparison of population size 2014 compared to council tax 2017/18 of combined fire authorities in SE region and of fire authorities of similar size to BMKFA. CIPFA</p> <p>Appendix 7: Exempt from publication</p> <p>Appendix 8: Senior Management Team Pay Review Methodology</p> <p>Appendix 9: Summary Data- 2016-17 – Net Expenditure divided by General Data – Population as at June 2016</p>

Strategic Management Board Remuneration and Performance Review 2017
and Annual Report on the Employee Bonus Scheme

TIME REQUIRED	20 minutes
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