

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

PAY POLICY STATEMENT 2012/13

1 AIM OF POLICY

- 1.1 The aim of this document is to set out the pay policy for employees of Tyne and Wear Fire and Rescue Authority.

2 BACKGROUND

- 2.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for 2012/13 and for each financial year after that.

- 2.2 A Pay Policy Statement is expected to comply with the following elements:

- A Pay Policy Statement for a financial year must set out the Authority's policies for the financial year relating to the remuneration of its Chief Officers;
- The statement must include the Authority's policies relating to:
 - the level and elements of remuneration for each Chief Officer;
 - remuneration of each Chief Officer on recruitment;
 - increases and additions to remuneration for each Chief Officer;
 - the use of performance related pay for Chief Officers;
 - the use of bonuses for Chief Officers;
 - the approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the authority; and
 - the publication of and access to information relating to the remuneration of Chief Officers.

- 2.3 A pay policy statement for a financial year may also set out the Authority's policies for the financial year relating to the other terms and conditions applying to the Authority's Chief Officers.

- 2.4 The interpretation of the meaning of 'Chief Officer(s)' as used above in the context of the Pay Policy Statement includes the Chief Fire Officer and those managers who report directly to the Chief Fire Officer. Therefore for clarity, the pay policy statement will include the Brigade Managers, i.e. the Chief Fire Officer (CFO), the Deputy Chief Fire Officer (DCFO) and the two Assistant Chief Fire Officers (ACO).

3 DEFINITIONS

3.1 The strict definition of Chief Officers within the legislation is limited to:

- The Head of Paid Service;
- The Monitoring Officer;
- The statutory Chief Officer and non-statutory Chief Officer under section 2 of the Local Government and Housing Act 1989;
- Deputy Chief Officer mentioned in section 2 of that Act.

However, as the Fire and Rescue Authority employs a wider range of senior staff to manage the Fire and Rescue Service (known as Brigade Managers), this pay policy covers all staff that are considered to be the most senior decision makers within the Fire and Rescue Service, in addition to the officers listed above.

3.2 The Authority employs two tiers of senior management, the most senior being Brigade Managers, of which there are four. As well as performing organisational management functions three of these officers provide the most senior operational command for the Service. All four officers are employed on the terms defined by the National Joint Council (NJC) for Brigade Managers of Local Authority Fire and Rescue Services (known as the 'Gold Book').

3.3 The second management tier undertakes the functional management of the Service and again includes a mixture of roles and associated terms and conditions and remuneration, with staff being conditioned to one of two types of terms and conditions of service. These are:

- The National Joint Council for Local Government Services (known as the 'Green Book'); and
- The National Joint Council for Local Authority Fire and Rescue Services (known as the 'Grey Book').

3.4 The Authority has, over a number of years, operated within a lead Authority arrangement thus two of the statutory officer functions are provided through Service Level Agreements. The individuals, who fulfil these roles for the Fire and Rescue Authority, are not employed by the Authority and, therefore, their pay policy is not covered here but may be found in the policy of their employers (Sunderland City Council). The roles concerned are:

- **The Authority Finance Officer** - This post is filled by the Executive Director of Commercial and Corporate Services at Sunderland City Council;
- **The Monitoring Officer** - This post is filled by the Chief Executive at Sunderland City Council.

4 **BASIC PAY**

- 4.1 The following officers, known as Brigade Managers, are covered within this pay policy statement:
- **Chief Fire Officer** and **Deputy Chief Fire Officer** in accordance with the requirements of the Localism Act 2011;
 - **Assistant Chief Fire Officer (Operational)** and **Assistant Chief Fire Officer (Non-Operational)** in the interests of transparency for all Brigade Managers and as direct reports to the Chief Fire Officer.
- 4.2 The basic pay details of all Brigade Managers are available on the Tyne and Wear Fire and Rescue Service website. The levels of pay are determined by both national and local review following the guidance set out in the National Joint Council (NJC) for Brigade Managers of Local Authority Fire and Rescue Services ('Gold Book') Terms of Conditions. All other payments are determined by the Authority and contained within the Authority's statement of accounts which is also published on the Tyne and Wear Fire and Rescue Service website.
- 4.3 There is no defined relationship between Brigade Managers' pay and other Authority employees.
- 4.4 The Chief Fire Officer's pay was reviewed in 2006 taking into consideration market factors, the NJC relevant minimum salary levels for the population band covered, and relevant benchmark data. This figure is uplifted for the annual pay increases published by the NJC.
- 4.5 The Chief Fire Officer's leased car costs are borne in full by the Fire and Rescue Authority, the maximum CO2 emissions of which are in accordance with the Authority's Carbon Management policy.
- 4.6 Other Brigade Managers' pay is set in relation to the percentages of the Chief Fire Officer's salary, i.e. Deputy Chief Fire Officer 85% of CFO and Assistant Chief Fire Officer 80% of CFO, except where the officer do not provide Gold Command, where the percentage is 67.28% (79.15% of an ACO carrying out Gold Command duties).
- 4.7 Other Brigade Managers are provided with a car with an annual leasing cost of no more than 7.5% of their salary, or a cash alternative of 6%. Where a car is supplied, the maximum CO2 emissions are in accordance with the Authority's Carbon Management policy.

5 **REMUNERATION OF BRIGADE MANAGERS ON RECRUITMENT**

- 5.1 On recruitment the Fire and Rescue Authority will consider and agree the conditions of employment and salary of the Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officers.

Consideration will be given to market forces, national Government policy, local indicators and NJC guidance.

6 REMUNERATION OF ALL OTHER EMPLOYEES OF THE TYNE AND WEAR FIRE AND RESCUE SERVICE

6.1 National Joint Council for Local Government Services – National Agreement on Pay and Conditions of Service ('Green Book')

6.1.1 Salaries of 'Green Book' employees in the Service are set using nationally agreed pay scales and the nationally agreed Job Evaluation Scheme.

6.2 National Joint Council for Local Authority Fire and Rescue Services – Scheme of Conditions of Service (Current Edition) ('Grey Book')

6.2.1 Salaries of 'Grey Book' employees in the Service are set using nationally agreed pay levels.

6.3 PAY AWARDS

6.3.1 Where National Pay Awards are agreed these are made to pay scales on an annual basis and these pay awards are applied to all employees. This annual award is currently applicable in April for Green Book Employees, July for Grey Book Employees and January for Gold Book employees.

7 THE USE OF PERFORMANCE RELATED PAY FOR BRIGADE MANAGERS

7.1 Tyne and Wear Fire and Rescue Authority does not use performance related pay for Brigade Managers.

8 THE USE OF BONUSES AND TERMINATION PAYMENTS FOR BRIGADE MANAGERS

8.1 Tyne and Wear Fire and Rescue Authority does not award bonuses to Brigade Managers. Termination payments are not payable.

9 THE APPROACH TO THE PAYMENT OF BRIGADE MANAGERS ON THEIR CEASING TO HOLD OFFICE OR TO BE EMPLOYED BY THE AUTHORITY

9.1 The payment to Brigade Managers on the ceasing of their employment is in line with the benefits accrued through meeting the qualifying requirements of the relevant Pension Scheme, assuming they are a Member of a relevant Scheme.

- 9.2 In the case of any redundancy payments to be made to Brigade Managers these payments will be set using the existing regulations for 'Gold Book' employees. Redundancy payments will be calculated based on the statutory maximum weekly pay.
- 9.3 Any other payments will be subject to the approval of the Authority on a case by case basis.

10 THE APPROACH TO THE PAYMENT OF ALL OTHER EMPLOYEES ON THEIR CEASING TO HOLD OFFICE OR TO BE EMPLOYED BY THE AUTHORITY

- 10.1 'Green Book' Employees - The payment to Green Book Employees on the ceasing of their employment will be in line with the benefits accrued through meeting the qualifying requirements of the relevant Pension Scheme, assuming they are a Member of a relevant pension scheme.

In the case of redundancy the guidance contained within the pension policy statement will apply under the existing conditions of the Local Government Pension Scheme. (The Pension Policy Statement can be found at appendix 1A of the Pay Policy Statement).

- 10.2 'Grey Book' Employees - The payment to Grey Book Employees on the ceasing of their employment will be in line with the benefits accrued through meeting the qualifying requirements of the relevant pension scheme, assuming they are a Member of a relevant pension scheme.

In the case of any redundancy payments to be made to Grey Book Employees these payments will be set using the existing regulations for Grey Book employees. Redundancy payments will be calculated based on the statutory maximum weekly pay.

11 MAXIMUM PAY MULTIPLE DEFINITION

- 11.1 One of the requirements of the Localism Act 2011 is that the Authority has a policy on pay multiples for senior staff.
- 11.2 The definition of lowest paid employees is those staff who are employed in jobs which are paid at Scale 1 level (spinal column point 4)(£12,145 per annum for a full time 37 hour week), this being the lowest salary paid to employees other than apprentices. The salaries attributable to apprentices depend on age and are those set out within the National Minimum Wage legislation. Given the specific nature of these appointments, the Authority does not include apprentices within the definition of lowest paid employees for the purposes of this policy statement.
- 11.3 As a result of policy decisions made to date by the Authority, the current pay multiples for the Chief Fire Officer and lowest paid employee is **11.25:1**. This is well within the Government expectation

that the pay multiple relationship should be below 20:1 in local government.

- 11.4 Pay is reviewed annually by different pay review bodies and, therefore, the decisions are different for each group of staff (Gold, Grey and Green Book terms and conditions) and different awards may be made each year therefore the maximum may be variable.

12 THE PUBLICATION OF AND ACCESS TO INFORMATION RELATING TO THE REMUNERATION OF BRIGADE MANAGERS

- 12.1 Details of Brigade Managers salary and remuneration including any expenses are available on the Tyne and Wear Fire and Rescue Service website. This information is also contained within the Statement of Accounts.

13 RESPONSIBILITY FOR POLICY

- 13.1 The Fire and Rescue Authority holds responsibility for setting and agreeing this policy. This policy will be monitored and reviewed annually by the Fire and Rescue Authority.

14 ADDITIONAL INFORMATION

- 14.1 Policies on such items as early retirement, augmentation, Shared Cost AVC, Internal Dispute resolution Procedures and Flexible Retirement are available on request from the Chief Fire Officer.
- 14.2 This policy links to Strategic Goal 4 - To deliver a modern, effective service, ensuring value for money, with staff who reflects the communities we serve.
- 14.3 An equality impact assessment has been carried out on this policy and is available on request from the Chief Fire Officer.

APPENDIX A

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Statement of Policy on Discretions relating to

**The Local Government Pension Scheme
Regulations 1997 (as amended)
and**

**The Local Government (Early Termination of
Employment) (Discretionary Compensation)
(England and Wales) Regulations 2006
and**

**The Local Government Pension Scheme
(Benefits, Membership and Contributions)
Regulations 2007
and**

**The Local Government Pension Scheme
(Administration) Regulations 2008**

1. Introduction

1.1 This document sets out the Authority's policy in relation to its powers to exercise discretions under the following regulations:

- The Local Government Pension Scheme Regulations 1997 (as amended) (herein referred to as the LGPS Regulations 1997)
- The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (herein referred to as the Discretionary Compensation Regulations 2006)
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007
- The Local Government Pension Scheme (Administration) Regulations 2008

2. Policy Statement

2.1 Relevant Regulations appertaining to the Local Government Pension Scheme, as amended and updated from time to time, require the Authority to formulate publish and keep under review the policy which it maintains in the exercise of its discretionary powers.

2.2 This document sets out how the Authority will exercise its discretions under these regulations with effect from 1st April 2007 as amended from time.

2.3 The Authority will continue to review and monitor the way in which it exercises its discretions with regard to:

- The extent to which the exercise of its discretionary powers (in accordance with the policy), unless properly limited, could lead to a serious loss of confidence in the public service; and
- The policy being workable, affordable and having reasonable regard to the foreseeable costs

2.4 Should the Authority decide to change this policy a statement of the amended policy will be published and any changes will take effect one month after the date of publication.

3. Eligibility

3.1 The Authority may exercise the discretions outlined in the policy in respect of all Tyne and Wear Fire and Rescue Authority employees

who are eligible to be a member of the LGPS (whether or not he or she is such a member) or would be so eligible but for the giving of notification under regulation 8 of the Pension Regulations, and

- 3.2 Whose employment is terminated by reason of redundancy, in the interests of the efficient exercise of the Authority's functions, or in the case of a joint appointment, because the other holder of the appointment has left.

4. **Discretions**

- 4.1 **Power to pay compensatory payment on employees actual weekly pay** (Regulation 5 - Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2007)

Entitlement to a redundancy payment under the Employment Rights Act 1996 is subject to a ceiling on the weekly pay element of the calculation. Under this policy the Authority will exercise its discretion to calculate any redundancy payment based on an employee's actual weekly pay.

- 4.2 **Power to pay compensatory payment of up to 104 weeks pay where employment terminated on grounds of redundancy or business efficiency.** (Regulation 6 - Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2007) Discretionary Compensation Regulations 2006)

The regulations allow the Authority to award compensation of up to 104 weeks pay to employees who have their employment terminated due to redundancy, or efficiency, or where a joint appointment ends because one of the holders leaves.

The Authority will exercise its discretions as follows:

4.1.1 Redundancy

An employee, who volunteers for redundancy in accordance with the Authority's scheme, shall be awarded a redundancy payment calculated by reference to the redundancy payment matrix under the Employment Rights Act 1996. This provides for a payment based on a maximum of up to 30 weeks pay. The voluntary redundancy payment will include the statutory redundancy payment.

In circumstances where sufficient volunteers for redundancy cannot be obtained following an offer of voluntary redundancy, or where there are reasonable grounds for concluding that such an offer is not likely to be effective or cannot be made, discretionary compensation for

redundancy may be awarded as a compensation payment of up to 60 weeks pay, which shall include any statutory redundancy payment. This payment will be calculated by reference to the redundancy payment matrix enhanced by a multiplier of 2.

In all circumstances payments will be made to all employees who have 2 years completed service.

4.2.2 Efficiency of the Service and Ending of Joint Appointments

An employee who leaves on efficiency grounds may be awarded a compensation payment of up to 60 weeks payment, based upon actual weeks pay. Each case will be considered individually and a decision made upon the merits of its case. Normally they will only be approved where it can be demonstrated to be in the employer's interest to do so unless there are special factors which justify a departure from such a policy.

These arrangements will also apply to situations where a joint appointment ends because one of the holders leaves.

In all circumstances payments will be made to all employees who have 2 years completed service.

5 **Reduction of Annual Compensation and Effect of Cessation of New Employment** (Regulations 17 and 19 - The Local Government (Early Termination of Employment) (Discretionary Compensation)(England and Wales) Regulations 2006)

5.1.1 Regulation 17 - On re-employment, the employing authority must ensure that the annual rate of new pay plus the financial benefits under the pension regulations are no greater than the annual rate of pay had the person remained in the terminated post.

5.1.2 Regulation 19 - Where a person who has been awarded a credited period has ceased to hold a new employment in which they were a Scheme member or an assumed member, and the total membership for the purpose of calculating under the Pension Regulations exceeds the total membership which would have been used for the purpose of that calculation if the person had held the terminated employment until their 65th birthday, the employing authority must reduce their annual compensation by such amount as they consider appropriate.

5.1.3 A reduction in pension or full abatement as appropriate will occur, the operation of which is delegated to the Chief Fire Officer.

- 6 **Early Payment of Pension Benefits and Waive Any Reduction to Early Retirement Benefits** (Regulation 31 of the LGPS 1997 as amended by Regulation 30(2) and 30(5) of the LGPS Benefits, Membership and Contributions Regulations 2007).
- 6.1 Under this regulation a member of the LGPS can apply for voluntary early retirement if they are 50 years of age or over. If they are under 60 the agreement of their employer is needed.
- 6.2 All applications in accordance with these Regulations for the Authority's consent to an election for immediate payment of retirement benefits and/or for the Authority's agreement, including the agreement to waive any benefit reductions, will be considered individually and a decision made on the merits of each case. Normally, applications will be refused unless approval can be demonstrated to be in the employer's interests (financial or otherwise) and there are exceptional circumstances by reason of which approval can be objectively justified. Where applications for release are made on compassionate grounds, retirement benefits will not be reduced.
- 7 **Regulation 52 of the LGPS 1997**
- 7.1 This regulation allows the Authority to award up to a maximum of 6 2/3rds added years to members of the LGPS, known as augmentation.
- 7.2 This discretion will not be exercised.
- 8 **Contributions Payable by Active Members** (Regulation 3 - The LGPS (Benefits, Membership and Contributions) Regulations 2007)
- 8.1 Each active member shall make contributions to the Scheme at the contribution rate from their pensionable pay in each employment in which they are an active member. The appropriate administering authority may decide the intervals at which the contributions are made. Contributions are currently payable in accordance with the timing and frequency of salary or ad-hoc payments.
- 9 **Power of Employing Authority to Increase Total Membership of Active Members** (Augmentation) (Regulation 12 - The LGPS (Benefits, Membership and Contributions) Regulations 2007)
- 9.1 This Discretion will not be exercised.
- 10 **Power of Employing Authority to Award Additional Pension** (Regulation 13 - The LGPS (Benefits, Membership and Contributions) Regulations 2007)

- 10.1 This Discretion will not be exercised.
- 11 **Discretion to Extend the Time Limit to Combine Previous Local Government Pension Scheme (LGPS) Service** (LGPS Administration Regulations 2008 Regulation 16)
- 11.1 This discretion with evidence allows the Authority to extend the 12 month time limit for members to aggregate two periods of LGPS membership, beginning with the date he/she became an active member, in circumstances beyond the member's control, or where it is in the employer's interest to do so.
- 12 **Discretion to Extend the Time Limit to Combine Previous Pension Scheme Service (Non LGPS Service)** (LGPS Administration Regulations 2008 Regulation 83)
- 12.1 The discretion to extend the 12 month time limit for members to aggregate periods of service which are in respect of transfers of service from non LGPS Pension Funds, be delegated to the Chief Fire Officer/Chief Emergency Planning Officer in consultation with the Finance Officer.
- 13 **Establishment of Shared Additional Voluntary Contributions (AVCs) Scheme** (Regulation 15 - The LGPS (Administration) Regulations 2008)
- 13.1 This Discretion will not be exercised.
- 14 ***Deduction and Recovery of Members Contributions*** (Regulation 45 - The LGPS (Administration) Regulations 2008)
- 14.1 An employing authority may deduct from a person's pay any contributions payable by them under these Regulations or the Benefits Regulations.
- 15 **Election to Pay Optional Contributions** (Regulation 22 - The LGPS (Administration) Regulations 2008)
- 15.1 A scheme member may elect to pay optional contributions to cover a period of authorised absence from duty providing the option is made within 30 days of return to work/cessation of employment or such longer period as the employer allows. This Discretion is delegated to the Chief Fire Officer.

- 16 **Refund of Pensions Contributions** (Regulation 45 The LGPS (Administration) Regulations 2008)
- 16.1 Where a scheme member is paid a refund of pension contributions, the employer must pay a Contributions Equivalent Premium (CEP). An element of this is recovered from the refund paid to the scheme member. The balance may be recovered from the fund. This Discretion is delegated to the Chief Fire Officer.
- 17 **Exclusion of Rights to Return of Contributions** (Regulation 47 The LGPS (Administration) Regulations 2008)
- 17.1 A person is not entitled to a repayment of contributions under Regulation 46 (Rights to return of contributions) if they left employment because of an offence of a fraudulent character, or because of grave misconduct, in connection with the employment. Where this applies, the employing authority may direct the payment out of the appropriate fund to the person, or in the case of a fraudulent character, to the person or their spouse, civil partner, nominated co-habiting partner or any dependant of them, of a sum equal to all or part of their contributions. This Discretion is delegated to the Chief Fire Officer.
- 18 **Forfeiture of pension rights after conviction of employment-related offences** (Regulation 72 The LGPS (Administration) Regulations 2008)
- 18.1 If a scheme member is convicted of, and ceases employment as a result of an offence in connection with their employment which was gravely injurious to the State or is liable to lead to a serious loss of confidence in the public service, the employer can apply to the Secretary of State for the issue of a forfeiture certificate. If the Secretary of State issues a certificate the employer may direct that any of the person's rights be forfeited. This Discretion is delegated to the Chief Fire Officer.
- 19 **Interim Payment Directions** (Regulation 73 The LGPS (Administration) Regulations 2008)
- 19.1 Where the Secretary of State has issued a forfeiture certificate but the employer has not applied the certificate nor notified the scheme member of an award of benefits under the LGPS the employer may direct that interim payments are made out of the Pension Fund until such time as it decides to apply the forfeiture certificate or to make an award of benefits This Discretion is delegated to the Chief Fire Officer.

- 20 **Recovery or retention where former member has misconduct obligation** (Regulation 74 The LGPS (Administration) Regulations 2008)
- 20.1 Where a member ceases employment in consequence of a criminal, negligent or fraudulent act or omission in connection with that employment and has incurred a monetary obligation arising out of that omission to the employing authority and is entitled to pension benefits under the LGPS, the employer may recover the amount of monetary obligation or the value of the members pension rights, if less (other than transferred in pension rights) from the Pension Fund and reduce the members benefits accordingly This Discretion is delegated to the Chief Fire Officer.
- 21 **Transfer of sums from the pension fund to compensate for former member's misconduct** (Regulation 76 The LGPS (Administration) Regulations 2008)
- 21.1 Where a member ceases employment in consequence of an offence involving fraud or due to grave misconduct in connection with that employment, and the employer has suffered a direct financial loss arising from the offence or misconduct, and the member is entitled to benefits under the LGPS and a forfeiture certificate has been applied, or the pension member is entitled to a refund of contributions, the employer may direct that the direct financial loss (or the refund of contributions, if less) be recovered from the pension fund. This Discretion is delegated to the Chief Fire Officer.
- 22 Reporting and Approval Arrangements**
- 22.1 In order to demonstrate 'prudence and propriety' it is important to have in place a robust reporting mechanism to ensure that fully informed decisions are taken. The following sets out the procedures to be followed.
- 22.2 To ensure a fair and consistent application of discretionary award across the Authority, in all cases where redundancies are proposed or exit or retirements on the grounds of efficiency, proposals will be referred to the Chief Fire Officer who will consult with the Finance Officer and Personnel Advisor in the first instance. The following arrangements will then apply:
- 22.2.1 In cases of early retirement on the grounds of efficiency and the exercising of the Discretionary Elements for all 'Green book' employees, the Human Resources Committee will be requested to consider the full circumstances of each case. All such requests should be submitted to the Chief Fire Officer in the first instance.

22.2.2 In cases of early retirement on the grounds of redundancy, the Human Resources Committee will be requested to consider the full circumstances of each case. All such requests should be submitted to the Chief Fire Officer in the first instance.

