

Report of Chief Fire Officer

Senior Officers Pay Review

Purpose of report

1. To request that Members review the pay of the Chief Fire Officer (and consequently of all Principal Officers), review the current allowance paid for the Treasurer function and to establish salaries for separate part time Treasurer and Monitoring Officer roles.
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Recommendation

It is recommended that Members:

- i. Review the recent Gold Book pay award and determine if it should be increased to match the recent Grey Book pay award;*
- ii. Review the pay of the Chief Fire Officer against the national pay of Chief Fire Officers;*
- iii. Review the current allowance for the Treasurer function; and*
- iv. Determine appropriate salaries for standalone part-time Treasurer and Monitoring Officer roles*

Introduction and Background

2. In accordance with the approved Pay Policy, the salaries of all Principal Officers are determined by reference to the Chief Fire Officers (CFO) pay based on a percentage proportion:
 - a. Deputy Chief Fire Officer (DCFO) 80%
 - b. Assistant Chief Fire Officer (ACFO) 75%
 - c. Director of Finance and Director of Prevention 60.1% (determined as 80% of the ACFO)
3. The uniformed Principal Officers come under terms and conditions called the 'gold' book which is different to the majority of staff who fall under the 'grey' book for operational staff or the 'green' book for support staff. The Director of Finance and Prevention (non-uniformed) are under the 'green book' but their pay is directly linked as a proportion to gold book pay.
4. Gold book staff receive an annual pay award (January) through the national LGA led pay negotiating mechanism, alongside grey (July) and green (April) book colleagues.

5. The Hereford and Worcester Fire Authority also reviews the gold book pay through a mechanism referred to as the 'twin track' approach, to ensure senior officer pay is appropriate, has parity with the wider market forces and with other Chief Officers/Executives.
6. The Authority should undertake a 'twin track' review annually, however the last such review was undertaken by the Authority in 2017. It should be noted that in each year since 2017 it was agreed with Officers not to undertake a twin track review during that period.
7. The current Director of Finance is also employed in combined role as the Treasurer, and therefore receives an allowance to undertake the duties of Treasurer as part of his full-time employed role. For this role he receives an allowance which has not been reviewed since it was established in February 2012.
8. In addition to these Principal Officers, the Monitoring Officer is also a statutory role, however this is a combined role with the Head of Legal post which is a green book role (not aligned to gold book pay) and has a combined salary rather than an allowance for the role of Monitoring Officer, based on the higher green book pay scales.

Areas for Consideration

Annual Pay Award

9. The gold book pay award has recently been determined and backdated to January 2022, as there had been no award since January 2021. This has been determined nationally as 4% for January 2022 and 3.5% for January 2023. All Chief Fire Officers nationally in the UK should receive this pay increase. Appendix 1 outlines the current pay including the recent award for all UK Chief Fire Officers.
10. The grey book pay award for 2022 and 2023 (including staff up to and including uniformed Area Managers) awarded 7% for 2022 and 5% for 2023. When the national pay award mechanism awarded a significantly lower award for the gold book staff it did recognise and specifically state that in their view, the matching of the gold book award with the grey book award was a matter for individual Fire Authorities' 'twin track' mechanism.
11. As this Authority's current senior officer pay structure is based on an operational and uniformed Chief Fire Officer with a lower differential already being applied to the non-uniformed Directors within the pay structure, it is wholly appropriate that the grey book pay levels and awards are used in the comparison above and not the green book pay awards or the awards of other

public sector Chief Executives. Operational gold book staff (Fire), are on a continuous duty system and can be recalled to duty at any time, they also have to pass regular, fitness, medical, driving and command assessments to retain their employed role.

12. An important factor to consider is that a grey book uniformed Area Commander (the level just below Assistant Chief Fire Officer, ACFO), has received a two year 12% pay award and thus closed the pay differential with ACFO, that only received a 7.5% two-year award. Maintaining pay differentials is a key requirement to ensure staff and external applicants are incentivised to take promotions and progress into the most senior roles in HWFRS.

- ***The Committee is asked to consider increasing the gold book pay award up to or to match the grey book pay award. If this increase is awarded it is proposed that it could come into effect from the 1st July 2023 to coincide with the second-year grey book pay award coming into effect.***

Therefore, if approved, this would equate to an overall increase over two years of:

- *4% backdated to 1st January 2022* } *as per national*
- *a further 3.5% backdated to 1st January 2023* } *settlement*
- *an additional 4.5% w.e.f. 1st July 2023*

Note: Appendix 2 outlines what the salaries would be for all gold book and green book linked posts against the proposal above.

Review of CFO Comparative Pay

13. Members will see in Appendix1 that the HWFRS CFO pay is ranked at 38th from 47 potential salaries of CFO/Chief Executives of UK Fire Services, and 20th out of 22 (third lowest) of non-Metropolitan stand-alone Fire Authorities. The upper 50% of CFOs nationally earn at least £163k, with the recent national pay award - see Appendix 2 for HWFRS CFO pay details.
14. It should also be noted that 7 out of 13 County Council run Fire Services, where the Chief Fire Officer is not the Authority Chief Executive, pay the role at a higher rate than HWFRS. HWFRS pay is currently less than 90% of the average for all non-Metropolitan stand-alone authorities
15. From the approved Pay Policy, it can be seen that the HWFRS CFO salary is around 6.8 x of the lowest paid member of full-time HWFRS staff. This is far below the guideline that Chief Executive pay should not exceed twenty times that of the lowest paid member of staff, as referred to in the Hutton Review of Fair Pay in the Public Sector 2011.
16. CFO pay in itself is a matter for the Fire Authority to determine and can be determined based on such considerations as job or organisation size, risk

levels, geographic size, local cost of living or market forces for future attraction of high-quality candidates as Chief Fire Officers and other gold book or pay linked staff. The LGA publishes the minimum salary levels for CFOs primarily based on population of Authority area, however all CFOs receive higher salaries than the minimum specified by the LGA.

17. However, Members are asked to consider this matter more widely than just the CFOs salary. As outlined above a number of other officers' salaries (DCFO, ACFO and non-uniformed Directors) are linked to the CFO's pay. In order to attract and encourage high quality candidates to take these challenging roles both internally and externally it is important that the salaries of these officers are attractive to recruit and retain the best possible staff.
18. In recent years whilst HWFRS has been successful in developing high quality internal candidates but applications from external candidates to HWFRS gold book roles (uniformed and support) have been extremely low, with most external candidates not holding the minimum required skills or experience to be successful. Competitive salaries are essential to ensure in future processes the Service has the best possible chance of attracting high quality external candidates, in an increasingly competitive national market.
19. It is also equally important that these key senior leadership roles have a clear pay differential that is maintained from non-gold book roles. Encouraging high quality internal and external candidates to apply and stay in these highly stressful and challenging gold book senior roles requires the appropriate remuneration and differential in pay from the roles just below gold book posts.
20. It should be noted that as a comparator the Area Commanders (uniformed, after July 2023) will receive a total salary of £89,790-£90,067 including operational on-call allowances and the ACFO (uniformed) with the recent pay award now receives £109,529-£109,883. The current Directors of Finance and of Prevention receive a salary of £87,866-£87,769 (albeit without an on-call element). The pay differential has reduced recently by 6% due to the lower gold book pay award for 2022 and 2023.
21. CFO and senior officers whilst having larger salaries will also pay larger pension contributions, have significantly higher personal taxation rates (including the loss of all taxation personal allowances in the higher earners), and despite recent changes to pension tax rules Principal Officers can annually still receive significant in-year pension tax charges. All of which proportionally significantly reduces the actual amount of pay and pension benefits directly received by the individual.
22. It is important to note that whilst the gold book and linked salaries are the highest in the organisation they are also the roles that require the highest levels of skills, experience and expertise in management and leadership, and hold the highest levels of accountability. The public sector environment has never been

under more scrutiny than today and the individuals willing to apply for these high pressure and demanding roles appears to be reducing. This could be attributed to longer working careers (age) and lower pensions benefit upon retirement, due to recent changes in pensions schemes, alongside higher pension and taxation contributions at this level.

- ***The Committee is asked to consider the CFO's pay (which is proportionally directly linked to the pay for all other principal officers), to ensure HWFRS CFO pay is competitive and taking into account the pay of the upper 50% of UK CFOs and any decision made on recommendation (i) of this report (see Appendix 2).***

Treasurer Pay and Allowance

23. The current allowance of the role of Treasurer is £3,000 and has not been reviewed since 2012.

- ***It is proposed this allowance is reviewed and increased, as it has not increased in over twelve years, and based upon the market demand for experienced public sector financial and pension experts. A suggested level of 10% of the current postholders pay may be considered (circa £8,800) for the allowance, and would therefore in future be increased with the pay of the 'green book' Director post.***

24. It should be noted this is an allowance for the role of Treasurer and the time taken to undertake this role is paid for and provided within the role of the Director of Finance as a combined post. Any implications of the above proposals should be reviewed to ensure they are not prejudicial to the current contractual arrangements, by the CFO

25. Should the current Treasurer retire in the medium term, the CFO strongly recommends that the Authority has the option to retain the individual as Treasurer (including Pensions) in a standalone role for a period, to assist with succession and transition

- ***The CFO recommends the Committee identify a suitable separate salary to the Director of Finance role, based upon a part time experienced Treasurer (and Pensions) post of 1.5 days per week. This currently equates to around £26K proportionally of the current salary paid to the 'green book' Directors, subject to any other decision made in this paper and should increase in line with any future pay awarded to these posts.***

26. By supporting this paper, the Committee will have created options for the longer term that enable the appointment of a separate Treasurer role to the Director of Finance role, or to continue to appoint a joint role as per the current model.

Monitoring Officer Pay and Allowance

27. The current Monitoring officer role is structured differently to the Treasurer role, as it is combined with the Head of Legal role in a single salary with no specific Monitoring Officer allowance.
28. The current post holder moved into a part time role last year.
 - ***The CFO recommends the Committee identify a suitable salary based upon a part time role for an experienced Monitoring Officer and Legal Oversight role, of around 1 day per week. It is proposed that this equates to around £17k. This figure is in direct relation to the recommendation (iii) and is proportional of the current salary paid to the 'green book' Directors, subject to any other decision made in this paper and should increase in line with any future pay awarded to these posts.***
29. Should the above recommendation be approved, the CFO can then determine when the role of Head of Legal and Monitoring Officer could be divided and provide options for the current postholder.
30. Should the current postholder fully retire then the Committee will have both determined options in the future to appoint a separate Monitoring Officer or appoint a joint role as per the current model.

Conclusion/Summary

31. It should be noted that should either the current Treasurer or Monitoring Officer fully retire the appointment of a new employee to either post will be an Authority appointment. However, the roles of Director of Finance and Head of Legal are within the CFOs remit to appointment, should the roles be separated.
32. This paper covers four options for the committee to consider which addresses the need to review senior officer pay and certain structural issues in regard to the employment of two of the statutory officer roles.
33. The Treasurer has confirmed that potential pay awards detailed within this paper are affordable within the current medium-term financial plan.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	This paper can be resourced within the pay budget and MTFP
Strategic Policy Links & Core Code of Ethics (identify how proposals link with current priorities & policy framework and align to the Core Code of Ethics)	None
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	None
Consultation (identify any public or other consultation that has been carried out on this matter)	N/A
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A this paper does not require an impact assessment.
Data Protection Impact Assessment (where personal data is processed a DPIA must be completed to ensure compliant handling)	Not Required as all this information is available in the annual pay policy statement

Supporting Information

Appendix 1 – List of UK CFO salaries

Appendix 2 – Details of HWFRS Principal Officer salaries and impact of pay awards

Appendix 3 – Extract from NJC Gold Book Conditions of Service for Brigade Managers