

Decision title

## Local Pay Policy

Recommendation by

Assistant Director, People Services

Decision Number

LFC-0177-D

Protective marking: **NOT PROTECTIVELY MARKED**

Publication status: Published in full

### Summary

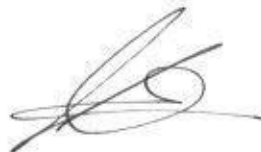
LFC-0177 sets out a formal pay policy statement for 2019/20 to be adopted by the London Fire Commissioner in accordance with the requirements of the Localism Act 2011, section 38.

### Decision

The pay policy statement (Local Pay Policy) set out in Appendix 1 of LFC-0177 is approved.

**Dany Cotton QFSM**

London Fire Commissioner



Date

21/6/19

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LONDON FIRE BRIGADE

Report title

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## Local Pay Policy

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Report to

Commissioner's Board  
London Fire Commissioner

Date

8 May 2019

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Report by

Assistant Director, People Services

Report number

LFC-0177

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Protective marking: **NOT PROTECTIVELY MARKED**

Publication status: Published in full

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### Summary

This report sets out a formal pay policy statement for 2019/20 to be adopted by the London Fire Commissioner (LFC) in accordance with the requirements of the Localism Act 2011, section 38.

### Recommended decision

That the pay policy statement (Local Pay Policy) set out in Appendix 1 to the report be approved.

### Background

1. The Localism Act 2011 (the Act) sets out an obligation on all Local Authorities and all Fire and Rescue Authorities, including the LFC, to publish a formal pay policy statement. This statement must set out the LFC's policies and approach to the remuneration of chief officers and its lowest paid staff and must be reviewed and approved annually, and applied in practice. The first pay policy statement was set out in FEP 1906 and approved by LFEPa in March 2012; in 2018, following introduction of the new governance arrangements, the LFC approved the 2018/19 pay policy statement (LFC-0015) for the first time.
2. DCLG published guidance (the 'guidance') in respect of these provisions of the Act in February 2012, and supplementary guidance in February 2013. The definition of "chief officers" used in the Act includes Directors, Assistant Commissioners, and Heads of Service. In March 2012, LFEPa agreed to extend its pay policy statement to also cover Deputy Assistant Commissioners (DACs) and other non-operational staff whom it is anticipated may constitute the LFC's 'top management group' (TMG). This goes beyond the strict requirements of the Act but supports the recommendation, set out in paragraph 17 of the guidance, that the LFC should consider whether it "would be appropriate to extend the scope of their pay policy statement to include highly paid members of staff who would not come within the definition of chief officers". All such posts are governed by the same policies applicable to pay and reward, and the extension of the pay policy statement to cover these staff does not affect either their remuneration or conditions of service, nor does it alter the information within the public domain.
3. Pay policy statements between 2012 and 2017 also included the Commissioner for Fire and Emergency Planning within its definition of "chief officers" as the Commissioner for Fire and

Emergency Planning was previously an employee of LFEPA. However, with effect from 1 April 2018, the individual holding the office of LFC is appointed by the Mayor of London and is not an employee of the LFC. Accordingly, the LFC office holder is excluded from this pay policy statement, as was the case for the 2018/19 pay policy statement adopted in 2018.

4. Changes to the 2018/19 pay policy statement are shown as tracked change for ease of reference. These changes will be 'accepted' for the pay policy statement to be approved by the LFC and subsequently published.

#### **Finance comments**

5. The Chief Finance Officer has reviewed this report and has no comments.

#### **Workforce comments**

6. The recognised trade unions have been consulted on the proposed pay policy statement. Questions received have been responded to, and no amendments have been sought to the proposed policy.

#### **Legal comments**

7. The Localism Act 2011 (the Act) sets out an obligation on all Local Authorities and all Fire and Rescue Authorities, including the LFC, to publish a formal pay policy statement, which sets out its policies and approach to the remuneration of chief officers and its lowest paid staff and must be reviewed and approved annually. DCLG published guidance published in 2012 (as amended) provides the definition of 'chief officers'. In March 2012, LFEPA agreed to extend its pay policy to all members of its top management group.
8. Under the Local Government Transparency Code 2015, the provisions relating to senior salaries, the LFC publishes the following:
  - The number of employees whose remuneration is at least £50,000 in brackets of £5,000;
  - Details of remuneration and job title of 'senior employees' whose salary is at least £50,000 (i.e. the top three levels of the organisation, as set out in the last top management review (2015)); and
  - The names of employees whose salaries are £150,000 or more.

This information is published on the LFC website (About us/Transparency/Information we publish/(i) Senior staff information and (ii) Senior employees with remuneration over £50,000).

#### **Sustainability implications**

9. There are no direct sustainability implications arising from this report.

#### **Equalities implications**

10. The terms and conditions of chief officers, including the policies and approach to remuneration, apply equally to all members of the Top Management Group. The race/gender breakdown of Top Management Group employees as at 1 April 2019 is as below, which demonstrates the work to be done to achieve a more representative workforce at this level.

**Table 1: Race/gender breakdown of LFB Top Management Group – 1 April 2019**

<b>Occupational group</b>	<b>Women</b>	<b>Men</b>	<b>BAME</b>	<b>White</b>	<b>Total</b>
<b>Operational</b>	3	21	4	20	<b>24</b>
<b>Non-operational</b>	5	19	1	23	<b>24</b>
<b>Total</b>	<b>8</b>	<b>40</b>	<b>5</b>	<b>43</b>	<b>48</b>

**List of Appendices**

<b>Appendix</b>	<b>Title</b>	<b>Protective Marking</b>
1.	Pay Policy statement 2019/20	Not Protectively Marked

## Pay policy statement 2019/20

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New policy number: **821**  
Old instruction number:  
Issue date: **31 March 2013**  
Reviewed as current: **23 May 2019**  
Owner: **Assistant Director, People Services**  
Responsible work team: **HR Advice and Employee Relations Policy Team**

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### Contents

1	Introduction.....	2
2	London Fire Commissioner's strategic objectives.....	2
3	Definitions.....	2
4	Top management pay determination.....	2
5	Pay progression and performance related pay.....	3
6	Changes to terms and conditions.....	3
7	Benefits and expenses.....	3
8	Enhancement at termination.....	4
9	Abatement of pensions.....	4
10	Re-employment.....	4
11	Tax avoidance - 'IR35'.....	5
12	Lowest paid staff.....	5
13	Pay multiple.....	5
14	Review.....	6
15	Related documents.....	6
	<b>Document history.....</b>	<b>7</b>

# 1 Introduction

- 1.1 This policy sets out the London Fire Commissioner's (LFC's) pay policy statement in accordance with the Localism Act 2011 (the 'Act') and DCLG's guidance under section 40 of the Localism Act 'openness and accountability in local pay' (the 'guidance').
- 1.2 It brings together in one statement and supporting documents the policies regarding pay and core terms and conditions of both the LFC's most senior managers and its lowest paid employees.
- 1.3 Under the Local Government Transparency Code 2015, the provisions relating to senior salaries, the LFC publishes the following:
  - The number of employees whose remuneration is at least £50,000 in brackets of £5,000;
  - Details of remuneration and job title of 'senior employees' whose salary is at least £50,000 (i.e. the top three levels of the organisation, as set out in the last top management review (2015)); and
  - The names of employees whose salaries are £150,000 or more.
- 1.4 The LFC's "chief officer" pay policy has been extended from those chief officers defined in the Act to cover all of its top management group.
- 1.5 Links to all relevant LFC documents mentioned in this pay policy statement are set out below in the 'related documents' section of this statement.

# 2 London Fire Commissioner's strategic objectives

- 2.1 The LFC is committed to transparency in regards to the employment of all its staff. This policy meets the statutory requirements in part 1, chapter 8 of the Act to publish a pay policy statement.

# 3 Definitions

- 3.1 In this policy "chief officers" means the top management group, i.e.:
  - the deputy commissioners/operational directors (2),
  - the non-operational director (1),
  - the assistant commissioners (5),
  - the deputy assistant commissioners (17)
  - the assistant directors and other non-operational heads of service (9)
  - the other non-operational members of the top management group (15).
- 3.2 In this policy "lowest paid" means the definition set out in paragraph 12.1 below.

**Note.** Figures in brackets ( ) in this paragraph represent the number of established posts with effect from 01 April 2019.

# 4 Top management pay determination

- 4.1 The top management group (TMG) pay structure which applies with effect from 1 April 2016 was agreed by the London Fire and Emergency Planning Authority (LFEPA) in March 2016 (FEP 2591). The pay structure is based on a recommended structure submitted by Hay consultants and involves different tiers in the structure. Hay have undertaken a job evaluation of all these senior roles.
- 4.2 All new posts or changes to existing posts arising from changed responsibilities within the top management group are submitted to Hay consultants for evaluation and allocated to the appropriate grade in the structure. Where staff within the grade group take on additional

responsibilities they may receive a special responsibility allowance in accordance with the LFC's [Policy number 563](#) – Special responsibility allowances.

- 4.3 The pay structure uses the London public and not-for-profit sector median as the benchmark.
- 4.4 General pay reviews, and increases to salary range maxima and minima, apply on 01 January each year, with the next review taking place on 1 January 2020. The pay formulae are set out within FEP 2591, Appendix B. Under the general pay review, the 2016 agreement was for basic pay for top managers to increase by the Government's public sector pay policy for the duration of the current parliament. Up until September 2017 this was 1%, however in that month the government announced the end of the 1% pay policy. With the ending of Government public sector pay policy, TMG pay is negotiated locally with 'Prospect', the sole trade union recognised for collective bargaining purposes. The pay settlement effective from 1 January 2019 was 2%; as set out in the LFC 2019/20 Budget report (LFC-0133), March 2019, LFC has made a budget provision for a 2% pay award for all staff in each of the next four years 2019/20 to 2022/23. Salary maxima and minima increase by the greater of the long-term trend increase in either (a) the median of London public and not-for-profit sector salaries, or (b) government pay policy.

## 5 Pay progression and performance related pay

- 5.1 Pay progression arrangements for all TMG employees are set out in FEP 2591, Appendix B. In addition to the general pay review as described in paragraph 4.4, there is a performance related pay progression scheme. All staff are appraised using the society of local authority chief executives (SOLACE) scheme. There is a three grade rating system and pay progression is applied to those staff in the top two grades. The scheme provides for line manager appraisal; there is, therefore, no automatic right to salary progression for this group of staff.
- 5.2 Where staff have reached the salary maximum and have performed within the top two ratings on the SOLACE scheme they are eligible for a non-consolidated performance payment.

## 6 Changes to terms and conditions

- 6.1 The terms and conditions of staff within the top management group are determined through the Joint Committee for top managers where, as noted above, paragraph 4.4, the sole trade union recognised for collective bargaining purposes is Prospect.

## 7 Benefits and expenses

- 7.1 Operational officers within the scope of this statement are required to have a suitable vehicle for the conduct of their operational duties. They are contractually required to either use their own vehicle, in which case they will belong to the essential car user scheme or they will lease a car, in which case they will belong to the LFC's lease car scheme. Non-operational officers who are required to use their vehicle on LFC business normally belong to the LFC's casual car scheme. The terms and conditions are as set out in the LFC's car schemes [Policy number 770](#) – Brigade car schemes and mileage rates.
- 7.2 All officers within the scope of this agreement are entitled to receive payment for membership of one professional association in accordance with the LFC's professional associations membership [Policy number 604](#) – Subscriptions to professional bodies/associations policy. Individual staff with a prior contractual agreement to the payment of more than one membership subscription will maintain this commitment on a personal basis.
- 7.3 Officers are entitled to recompense of receipted expenses in accordance with the LFC's expenses [Policy number 514](#) - Subsistence and public transport expenses policy.

## 8 Enhancement at termination

- 8.1 In cases of redundancy affecting non-operational staff within the scope of this policy statement, such staff are covered by the LFC's redundancy compensation scheme (LFC Policy Number 562, section 8). That scheme provides that staff who agree to severance are entitled to receive redundancy pay based on their actual weekly rate of pay multiplied by the statutory multiplier, plus an additional £10,000 lump sum (pro rata for part-time employees). In cases where an employee does not agree to accept severance then they will receive statutory minimum redundancy pay. The LFC has published policies in regard to the exercise of discretion within the Local Government Pension Scheme (LGPS) which could be applied on request to members of the LGPS.
- 8.2 The provisions set out in paragraph 8.1 will be subject to the Government's issuing of regulations following the enactment of a £95,000 cap on the total value of exit payments made to an individual in relation to their exit from public sector employment<sup>1</sup>, and legislation which follows the consultation from HM Treasury, 'Consultation on reforms to public sector exit payments', see 'Reforms to public sector exit payments, response to the consultation', September 2016.
- 8.3 Operational officers have no access to a redundancy compensation scheme and therefore statutory provisions would apply in the event of a redundancy. It has been agreed to extend the scheme applicable to FRS staff to operational staff in the event that regulations are enacted enabling the LFC to pay enhanced terms (FEP2023).

## 9 Abatement of pensions

- 9.1 LFC's policy is to abate an employee's pension where the scheme rules provide for it, where the employee is a pensioner of the LFC and the combined remuneration from pay and pension exceeds the final pensionable salary of the employee.

N.b. From November 2017, the LFC will not apply abatement in the case of retired Fire Safety Inspection Officers who are re-employed in the same or similar role on a fixed term contract. This exception will be reviewed in November 2019 (see FEP 2795). In November 2018 it was agreed to extend this exception to cover the re-employment of suitably qualified fire safety specialist officers, to be reviewed in September 2020 (LFC-0075-D).

- 9.2 In cases where the pensioner is not an ex-LFC employee the LFC will seek to secure employment on terms whereby the rate of pay and pension received by the individual does not exceed their final pensionable salary.

## 10 Re-employment

- 10.1 The LFC endorses the Home Office's policy position which is included in the Fire and Rescue National Framework (May 2018), i.e. fire and rescue authorities must not re-appoint principal fire officers after retirement to their previous, or a similar, post save for in exceptional circumstances when such a decision is necessary in the interests of public safety. Any such appointment must be transparent, justifiable and time-limited. In the exceptional circumstance that a re-appointment is necessary in the interests of public safety, this decision should be subject to agreement by a public vote of the elected members of the fire and rescue authority, or a publicised decision by the appropriate elected representative of the fire and rescue authority, taking into account the legislative requirements of PCC (Police and Crime Commissioner) FRA (Fire and Rescue Authority) Chief Fire Officer appointment procedures. The reason why the re-appointment was necessary in the interests of public safety, and alternative approaches were deemed not

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<sup>1</sup> Statutory Instrument 2017 No. 70 (C.7), 24/01/17, enacted s.41 of the Enterprise Act 2016.



appropriate, must be published and the principal's fire officer's pension must be abated until they cease to be employed by the fire and rescue authority.

- 10.2 Otherwise, staff who have retired or been made redundant are entitled to apply for any openly advertised role on the same basis as any other potential candidate and will be offered appointment if they are the best candidate for the role.
- 10.3 The Home Office's policy position also states that, to ensure greater fairness and the exchange of talent and ideas, all principal fire officer posts must be open to competition nationally, and fire and rescue authorities must take account of this in their workforce planning, and that fire and rescue authorities are expected to have regard to this principle when re-appointing at any rank. This policy position is also endorsed by the LFC: all operational Director, Assistant Commissioner, and Deputy Assistant Commissioner positions are open to competition nationally.

## **11 Tax avoidance - 'IR35'**

- 11.1 The LFC's policy is not to directly engage staff who work through their own personal service company (PSC). The LFC's policy is to comply with all HM Revenue and Customs (HMRC) guidance and rules, and therefore complies with the 'IR35' (the 'intermediaries legislation') changes, introduced in April 2017. The intention of this legislation is to ensure that individuals who work through their own company in the public sector, but in an employee-type role, whether contracted directly by an organisation or through an intermediary such as an agency, pay employment taxes in a similar way to direct employees.

## **12 Lowest paid staff**

- 12.1 The lowest grade of non-operational permanent employees is FRS B which has an inclusive salary range of £24,671 to £29,244 p.a. (subject to a pay review wef. 01/04/19). The lowest role/grade of operational staff is Trainee Firefighter which has a spot rate salary of £26,882 p.a. (subject to conclusion of the pay reviews wef. 01/07/17 and 01/07/18), inclusive of £3,974 p.a. London Weighting (subject to settlement of London Weighting pay claims wef. 01/07/17 and 01/07/18). The lowest grade of Control staff is Trainee Control Room Operator which has a spot rate salary of £29,453 p.a. The LFC's approach to the reward of its lowest paid has been to ensure that its lowest permanent rate of pay exceeds the London Living Wage and that all its non-operational FRS staff are employed on single status conditions of service. It negotiates the remuneration of its lowest paid staff with its recognised trades unions – for non-operational staff this is the GMB and Unison, with the FBU also recognised for Control staff; for operational staff this is the Fire Brigades Union (FBU). The LFC operates a business apprenticeship scheme and these apprentices are paid at the London Living Wage.

## **13 Pay multiple**

- 13.1 Under the guidance, it is recommended that local authority pay policy statements should include the authority's policy on pay dispersion – the relationship between remuneration of chief officers and the remuneration of other staff. The guidance recommends that the pay multiple (sometimes called 'pay ratio') is included in these statements as a way of illustrating the authority's approach to pay dispersion.
- 13.2 Under the Local Government Transparency Code 2015, local authorities must publish this pay multiple, defined as the ratio between the highest paid taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) and the median earnings figure of the whole of the authority's workforce. The measure must:

- cover all elements of remuneration that can be valued (e.g. all taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind);
- use the median earnings figure as the denominator, which should be that of all employees of the local authority on a fixed date each year, coinciding with reporting at the end of the financial year; and
- exclude changes in pension benefits, which due to their variety and complexity cannot be accurately included in a pay multiple disclosure.

13.3 Based on the above, the pay multiple between the highest paid employee and median earnings for 2018/19 (i.e. coinciding with the end of the 2018/19 financial year) was: **4.6**.

13.4 The maximum multiplier in 2019/20 for the relationship between the highest paid employee and median earnings is set at: **5.0**.

13.5 The LFC will seek to keep within this multiplier. This is regarded as sufficient to cover any changes which may naturally occur in regard to staff movements or pay awards which might affect the multiplier during the twelve months.

## 14 Review

14.1 This pay policy statement will be reviewed annually by the London Fire Commissioner (LFC) in April each year, and the pay policy statement may be amended by the LFC at any time during the course of the year and will be updated to reflect any statutory changes between annual reviews.

## 15 Related documents

15.1 The following documents are referred to in this policy statement:

- [FEP2591](#) – Top management pay and grading review (this includes the performance related pay scheme for top managers).
- [Top Management Group salary bands](#).
- [Senior officer remuneration](#) published under the Transparency Code.
- [Policy number 563](#) - Special responsibility allowances.
- [FEP1578](#) - redundancy compensation scheme.
- [Policy number 770](#) - Brigade car schemes and mileage rates.
- [Policy number 514](#) - Subsistence and public transport expenses policy.
- [Policy number 604](#) - Subscriptions to professional bodies/associations policy.
- [Policy number 562](#) – Redundancy and Redeployment Code.
- [Policy number 676](#) - policy related to flexible retirement in the local government pension scheme
- [FEP1397/FEP1311](#) - policy related to flexible retirement in the local government pension scheme.
- [FEP2234](#) - published scheme of delegations in the 2014 local government pension scheme.
- [FEP1856](#) - published scheme of delegations covering discretions applicable within the Firefighters pension scheme (1992), the new firefighters pension scheme (2006) and the 2008 local government pension scheme.
- [FEP2429](#) - includes published scheme of delegations applicable within the 2015 firefighters pension scheme.
- [FEP2280](#) - which sets out the additional voluntary severance payment now incorporated into the Redundancy Compensation Scheme

## Document history

### Assessments

An equality, sustainability or health, safety and welfare impact assessment and/or a risk assessment was last completed on:

EIA	13/06/2019	SDIA	11/06/2019	HSWIA	04/06/2019	RA	
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### Audit trail

Listed below is a brief audit trail, detailing amendments made to this policy/procedure.

Page/para nos.	Brief description of change	Date
Throughout	This policy has had major changes please read to familiarise yourself with the content.	14/05/2013
Page 2 para 1.5	Related documents section has been reinstated in this paragraph.	15/05/2013
Page 5 para 15	Links updated to related documents.	20/06/2013
Throughout	Head of Communications post has been deleted, content updated to Head of Media and Internal Communications to reflect changes.	28/02/2014
Throughout Page 4 para 6 Page 5 para 9.1 Page 5 para 12.1	Staff numbers, appropriate figures and dates altered to reflect current positions. Heads of Service rolled in to one title and role of CAMS Project Director added. Additional sentence re extension of redundancy enhancement. Altered lowest comparator to FRS B, adding the Apprentices in too.	31/03/2014
Page 5 para 10.1	Typo corrected to accord with FEP2231, para 20.	15/04/2014
Page 7	'Subjects list' table - template updated.	05/12/2014
Throughout	Policy updated throughout, please re-read to familiarise yourself with content.	31/03/2015
Page 6, para 13.3 – 13.5	Minor amendment to update financial year.	21/04/2015
Throughout	Amendments to reflect Authority decisions on the Top Management Pay and Grading review (FEP 2591), plus other minor updates, including for the financial year. Reviewed as current.	31/03/2016
Throughout	General updating as agreed by the Authority (FEP 2712), plus 2016/17 pay multiple data.	31/03/2017
Page 6, para 14.3	Correction of Pay Multiple (Ratio) to be consistent with the Pay Multiple published for the Mayor's Annual Report for 2016/17.	27/10/2017
Throughout	General updating as agreed by the LFC, also reflecting the governance changes implemented on 01/04/18.	20/11/2018
Throughout	This policy has been reviewed as current with minor changes made throughout. Please re-read to familiarise yourself with the content.	23/05/2019

# Subject list

You can find this policy under the following subjects.

Pay	Salaries

# Freedom of Information Act exemptions

This policy/procedure has been securely marked due to:

Considered by: (responsible work team)	FOIA exemption	Security marking classification