

**AGENDA ITEM:**

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| <b>REPORT TO:</b>          | <b>MERSEYSIDE FIRE &amp; RESCUE AUTHORITY</b>                                   |
| <b>DATE:</b>               | <b>23<sup>RD</sup> MAY, 2006</b>  |
| <b>REPORT NO.</b>          | <b>CFO/90/06</b>  |
| <b>REPORTING OFFICER:</b>  | <b>CHIEF FIRE OFFICER</b>   |
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| <b>OFFICERS CONSULTED:</b> | <b>ELT</b>  |
| <b>TITLE:</b>              | <b>LONG SERVICE INCREMENT (LSI) AND<br/>CONTINUING PROFESSIONAL DEVELOPMENT</b> |

Purpose of Report

1. To establish the net savings available to the Authority, which are available by virtue of the 2003 Pay Agreement and the phasing out of the Long Service Increment (LSI) to reinvest in its staff through Continuous Professional Development (CPD) arrangements.

Recommendation

2. Members agree the definition of net as applied to the June 2003 pay agreement and identify the net savings available for CPD for all employees on the basis that if any further national agreement is realised as to such matters, then the Authority will adopt and apply that agreement.

Information

3. Following the 2003 pay deal for firefighters; the Joint Secretaries issued a position statement attached to circular NJC/13/03, which dealt with much of the detail of the Pay and Conditions Agreement 2003. Paragraphs 4.27 and 4.28 dealt specifically with the introduction of Continual Professional Development payments.

**“4.27 By 1<sup>st</sup> July, 2006 the NJC will negotiate the introduction of payments based on the principle of rewarding continual professional development. All employees would have an equal opportunity of access to such payments, which would be outside both the IPDS basic pay structure in paragraphs 4.14 and 4.24 above and the provision for additional responsibility payments in paragraphs 4.40 to 4.41 below. The payments would also be compatible with appropriate guidance published by the Equal Opportunities Commission.**

- 4.28** These payments will be funded from the net savings resulting from the 15-year long service increment being phased out over the life of the five-stage pay settlement set out in the Fire Service Pay and Conditions Agreement 2003. The increment will be frozen at £990 per annum (£940 for control-specific roles) with effect from 7<sup>th</sup> November, 2003 and phased out on the following basis, ceasing to apply with effect from 1<sup>st</sup> July, 2007.

|  | <u>Firefighting<br/>Roles</u> | <u>Control<br/>Roles</u> |
|--|-------------------------------|--------------------------|
| 7 <sup>th</sup> November 2003 – 30 <sup>th</sup> June 2006 | £990                          | £940                     |
| 1 <sup>st</sup> July 2006 – 30 <sup>th</sup> June 2007     | £495                          | £470                     |

The NJC has set up a joint working party to take this matter forward.

4. It is, however, important if our staff are to be able to access CPD opportunities, for the Authority to identify those 'net savings' mentioned in the circular. An element of the Gross Savings from LSI was included into the significant pay increases awarded to Grey Book staff that were significantly above both inflation and government grant increases. However, the Authority is asked to consider using a significant proportion of the Gross savings to the benefit of staff through some existing 'fixed' schemes and also through supporting individual schemes, some of which are suggested in paragraph 11.

What LSI Efficiency Will Merseyside Have Available?

5. As at March 2006, the Authority had 562 staff who were being paid the Long Service Increment of £990 pa. Therefore, the total gross payment included within the broad overall budget is £723,000. Again, it is worth repeating that the pay deal agreed by the FBU and the Employers assumed that a proportion of these savings would be available to help fund the pay increase.
6. The LSI efficiency arising from this being phased out will accrue to the Authority over the next 3 years as forecast below.

|                 | 2006/07<br>£'000 | 2007/08<br>£'000 | 2008/09<br>£'000 |
|-----------------|------------------|------------------|------------------|
| LSI Net Savings | 271              | 632              | 723              |

## **What Costs Should Be Netted Off Against These Savings?**

7. The circular refers specifically to the net savings, which by definition and self evidently are different to the gross savings (ie lower). It is officers' view that the clear intention of the negotiations in 2003 were that the additional costs of the overall pay arrangement not already anticipated should be "netted" off. Notwithstanding this, the Authority has anticipated significant pay rises in its medium term plan, so any amount above this must come from the gross amount.
8. In addition, the Authority has worked with all of the representative bodies to introduce investments back in the workforce.
9. In the light of these issues, it is considered that the following items need to be deducted from the gross savings to identify the net savings available for CPD payments.
  - (a) The costs of improving attendance in accordance with the requirements of the National Framework and the Grey Book , by enabling employees to maximise their attendance at work and length of service (£40K).
    - (i) The costs of any pay awards for staff which are greater than the projected pay increase levels set in 2003. In June 2003 when the pay deal was agreed, the Chancellor set public sector pay increase targets of around 2%. It could be argued that the costs of any pay award above this 2% figure should be met from the gross savings of the phasing out of the LSI payment.
    - (ii) Alternatively if we are able to identify what pay projection figures were used in the calculations at a national level in 2003, then again it could be argued that the costs of any pay award above this national figure should be met from the gross savings of the phasing out of the LSI payment. We are unable to ascertain what pay award percentage figures for 2006/07, were used in the calculations made back in 2003.
    - (iii) At a local level the Authority have set a pay award percentage figure of 3% and therefore it is suggested that the Authority may wish to use this figure in the calculation of net savings, in that any pay awards above 3% should be funded from the gross savings from phasing out LSI. Members are asked to note that this means that in all probability there will be more funding available for CPD payments.
  - (a) The administration costs of the CPD scheme (£35K).
  - (b) The costs of Business Continuity Planning for resilience to future industrial action in accordance with the national framework (£50K) .

The net savings after these efficiencies from the gross savings would then be available for CPD for staff to apply for.

## What Would the Net savings be Applied To?

10. Clearly before any payment, the Authority need to await national guidance on the CPD scheme and its application, and agree a local process for CPD. It is also important to recognise that the national agreement provides for any such scheme to be available for all staff.
11. There are many potential ideas being circulated about the use of the CPD pot, and those which officers are particularly interested in include: -
  - Paying for skills used for the benefit of the Service e.g. mentoring colleagues, voluntary work in the community – outside of the skills we already pay for as part of the role maps or as Additional Responsibility Allowances.
  - Rewarding effective performance as measured against the Personal Qualities and Attributes relevant to each particular role. Line managers would be responsible for assessing individual performance against the PQA's that are relevant to the objectives of that particular employee's role.
  - Use the net savings to fund 'Awards for Innovation'. Themes that might attract awards could be decided at the beginning of the year e.g. a diversity initiative, working with young people to prevent arson.
  - Making a payment to individuals for the membership subscriptions of professional organisations where there is evidence that they have done more than just pay the membership. Such organisations could include the IFE, Institute of Managers, CIPFA, AAT who generally expect their members to do some CPD e.g. by attending meetings or seminars for which they receive a certificate.
  - Using the CPD pot to award bursaries for study. These would be awarded following a selection process and could be linked to development topics that could be determined locally or nationally. Examples might include change management, equality and diversity, performance management, quality assurance or communications management.
12. In addition, it is expected that the scheme will :-
  - Be defined in a national framework which can be interpreted and adapted at local level;
  - Be fair and transparent and consistent with good practice in equalities;
  - Be equally accessible to all (but not necessarily paid to all) and stretching to achieve;
  - Be distinct from additional responsibility allowances;

- Be distinct from the existing CPD element of the agreed role maps;
- Be removable/renewable on an annual basis;
- Not payable to people in development.

#### Equality & Diversity Implications

13. The payment would be available to all staff.

#### Financial Implications

14. It is intended that the phased in removal of LSI will fully fund the CPD payments.
15. The Authority will still have to meet its challenging dynamic staff savings targets but remains on target to do so.

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