

**TO:** Cambridgeshire and Peterborough Fire Authority

**FROM:** Deputy Chief Executive Officer - Matthew Warren

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## **EQUAL PAY AUDIT – NEW MANAGEMENT BAND PAY STRUCTURE**

### **1. Purpose**

- 1.1 The purpose of this report is to update the Fire Authority on the work being done to progress the main recommendation made in the 2019 equal pay audit and to seek approval for the proposed new management band pay structure for professional support staff and the proposed implementation plan.

### **2. Recommendation**

- 2.1 The Authority is asked to approve the proposed new pay structure for management band professional support staff and the proposed implementation plan.

### **3. Risk Assessment**

- 3.1 **Political** – there may be political risk in not properly implementing the recommendations from the equal pay audit, particularly given that our commitment to undertaking the audit is set out in the Integrated Risk Management Plan (IRMP) 2017 to 2020.
- 3.2 **Economic** – it is anticipated that there will be implementation and on-going costs associated with executing the recommendations from the equal pay audit. Both are assessed by Officers to be affordable and are built into the draft budget for the new financial year.
- 3.3 **Social** – implementing the recommendations from the equal pay audit will demonstrate to both current and prospective employees that the Authority is committed to ensuring equality, transparency and a feeling of fairness across the organisation. As well as directly contributing to our work to recruit and retain a more diverse workforce, research shows that this will also contribute to employee morale and engagement levels.
- 3.4 **Legal** – not pursuing the recommendations in the audit may place the Authority at risk of legal claims from employees that relate to equal pay issues. The independent equalities analysis completed on the proposed new management band pay structure indicates that a slight disproportionate

impact on the basis of gender would be objectively justifiable as a proportionate means of achieving legitimate aims (paragraph 5.6 refers).

#### **4. Background**

- 4.1 A paper was brought to the Policy and Resources Committee meeting in July 2019, providing information about the equal pay audit conducted in the earlier part of the year and the actions that were recommended within the audit report; these recommendations are attached at Appendix 1 for reference.
- 4.2 The most notable recommendation was to review the management band pay structure for professional support staff (those staff currently paid at grades MB1 to MB5).
- 4.3 Work on this has continued over the past few months in conjunction with a specialist consultancy commissioned to advise on the design and implementation of a new pay structure that would address the concerns raised in the equal pay audit report.

#### **5. Proposed New Management Band Pay Structure**

- 5.1 The proposed new management band pay structure is shown at Appendix 2; the current structure is also shown for reference.
- 5.2 The proposed new structure meets the recommendations set out in the equal pay audit as follows:
  - the span of each grade within the structure is reduced to 15% (30% in current pay structure);
  - there is no overlap between grades (overlap between bands in current structure is around 35%);
  - the proposed new grades align better with the Hay job evaluation reference points (meaning jobs of different sizes are better aligned to different grades; in the current structure some 'clusters' of jobs that should be in the same grade are in different grades).
- 5.3 The proposed new pay structure provides the following further advantages:
  - the increment steps within each grade are even at 1%;
  - there are the same number of steps within each grade.
- 5.4 The proposed new structure is accompanied by a proposed change in approach to performance related pay for management band professional support staff. Currently, between zero and four pay increment increases are awarded annually dependent on assessment of performance, as moderated by Chief Officers. These are consolidated into base pay, permanently impacting on pay costs. It is proposed that in future, annual assessment of

performance will result in award of a non-consolidated bonus of between zero and 4%.

- 5.5 This proposed change of approach provides better cost control for the longer-term, as well as the ability to better set relative salaries for staff within the same salary banding bracket in accordance with market rates. For staff, it will offer the opportunity of a more noticeable 'lump sum' monetary payment per annum in recognition of performance, rather than what amounts to a small monthly increase (even at the highest level of performance award). For those staff whose salary is placed at the top end of the salary banding bracket, it also allows for on-going annual monetary recognition of performance (under current arrangements, no further payment can be made in recognition of performance once individuals reach the top point on their pay grade). It is a combination of the impact of annual consolidated performance awards over a number of years, combined with the significantly overlapping pay grades in the current pay structure, which created the equal pay risk identified in the independent audit.
- 5.6 Independently conducted equality analysis of the proposed new structure has been conducted. This confirms that the proposed new pay structure would remove the concerns about equal pay that exist within the current management band pay structure. The lowest grade in the proposed new structure (MB1) is assessed to have a slightly disproportionate impact on the basis of gender, in that a higher percentage of women are assessed to fall within the new MB1 grade (59%) compared to the proportion of women in all the MB bands (53%). Advice and recommendation from the specialist consultancy we have engaged with is that this can be objectively justified as a proportionate means of achieving legitimate aims, namely to:
- differentiate between standalone technical/advisory roles and roles with greater accountability for the management of services/resources (the former would fall into the proposed new MB1 grade, the latter into the proposed new MB2 grade);
  - align more closely to market pay rates for the above different types of roles;
  - help control costs for the largest group of employees in the manager cohort.
- 5.7 Re-evaluation of some job roles that will be required as part of implementation (see paragraph 6.1 below) is expected to remove the disproportionate impact however further independent equality analysis will be conducted to confirm this and to ensure sustainability of the proposed new pay structure.
- 5.8 The proposed new structure is projected to be more cost effective over five years than the current structure (a cumulative increase of 3.3% on current cost, compared to a cumulative increase of 6.6% on current cost if the current structure is maintained). Projected additional costs are caused by the cost impact of performance increments balanced by staff turnover).

## **6. Proposed Implementation Plan**

- 6.1 Some job roles will require re-evaluation as part of the implementation, due to their current evaluation being out of date in relation to the current requirements of the job role. Once this has been completed, no individual employee is expected to lose out when transitioning across to the new structure. Only a very small number of proposed reductions in pay are identified when mapping individuals across to the new structure based on their job evaluation score (all less than £1,000). These will be indefinitely pay protected for individuals.
- 6.2 The majority of employees are expected to receive a small increase in pay when mapped across to the proposed new structure. Mapping occurs because the proposed new pay structure introduces a new pay spine (the individual points on the scale are numerically different to the individual points on the current pay structure). Mapping is a one-off implementation cost and is expected to be approximately £25,000.
- 6.3 All current management band professional support staff have been initially briefed about the proposed new pay structure. Further consultation with affected individuals will be undertaken as part of the implementation. It is not believed that any of the affected staff are members of UNISON, the representative body for professional support staff. However Officers will still seek to consult with UNISON, in pursuance of general good industrial relations and in recognition of the fact that future management band employees may be union members.
- 6.4 Subject to Fire Authority approval and completion of consultation, it is proposed to implement the new management band pay structure with effect from 1 April 2020, or as soon thereafter as is practically possible.

## BIBLIOGRAPHY

Source Documents	Location	Contact Officer
IRMP 2017-2020	Available online at <a href="https://www.cambsfire.gov.uk/media/2266/irmp-document-2.pdf">https://www.cambsfire.gov.uk/media/2266/irmp-document-2.pdf</a>  or hard copy from  Service HQ Hinchingsbrooke Cottage Brampton Road Huntingdon	Jon Anderson Assistant Chief Fire Officer 01480 444500 <a href="mailto:jon.anderson@cambsfire.gov.uk">jon.anderson@cambsfire.gov.uk</a>
Full report from Equal Pay Audit	As above	Sam Smith Head of Human Resources 01480 444500 <a href="mailto:samantha.smith@cambsfire.gov.uk">samantha.smith@cambsfire.gov.uk</a>
External report on proposed new management band pay structure	As above	As above

## **Appendix 1 – Findings and Recommendations from Equal Pay Audit**

### **Part A – Professional Support Staff**

	<b>Findings/Conclusions</b>	<b>Recommendations</b>
1.	There is considerable grade overlap in the MB Grades. This has caused the average pay of female employees in Grades MB3 and MB4 to be considerably lower than male employees in those grades.	To review the grade structure with a view to reducing the span (and therefore overlap) of MB Grades.
2.	The grade boundaries do not follow the standard Hay reference points. This means that some 'clusters' or jobs that should be in the same grade are in different grades.	To review the grade structure with a view to aligning the grade boundaries closer to the Hay standard reference points.
3.	There are some pay differences in Grade Scales 4 and SO1 but these are explained by length of service or re-gradings.	No recommendations.
4.	There are very few instances of pay gaps in the race analysis. There is one large pay gap in Grade MB1, which again is due to the wide span of the grade.	To review the grade structure with a view to reducing the span (and therefore overlap) of MB Grades.
5.	The value of allowance paid to support staff is relatively low. The only concern is the combination of allowances that some jobs (predominately or exclusively male) attract.	Review the allowances highlighted in the report to ensure they pass the 'proportionate means to achieve a legitimate aim' test.

### **Part B – Uniformed Staff (including Combined Fire Control)**

	<b>Findings/Conclusions</b>	<b>Recommendations</b>
1.	There are few gender or race pay gaps within grades in the fire service. Any pay gaps identified are due to employees being on the development rate compared to the majority who are on the competent rate.	No recommendations.
2.	Some allowances are paid disproportionately to the gender profile.	Review the use of some allowances. Review how employees are selected for specific additional duties that attract allowances for example, acting up.
3.	There are some Officers who receive a combination of allowances.	Review the use of these allowances to ensure they meet the 'proportionate means to achieve a legitimate aim' test (for example some Officers receive *FDS, CPD, PO FDS, Telephone Allowance and Honoraria) which adds a third extra pay every month plus an annual addition of £2000.

**\*FDS (Flexi Duty System), CPD (Continuous Professional Development), PO FDS (Principal Officer Flexi Duty System)**

Appendix 2 – Proposed New Management Band Pay Structure for Professional Support Staff

Current Management Band Payscale

	MB1 01-Apr-19	MB2 01-Apr-19	MB3 01-Apr-19	MB4 01-Apr-19	MB5 01-Apr-19
M001	31330				
M10	31724				
M20	32114				
M30	32506				
M40	32895				
M50	33285				
M60	33670				
M70	34065				
M80	34457				
M90	34846				
M110	35235	35235			
M120	35632	35632			
M130	36019	36019			
M140	36408	36408			
M150	36807	36807			
M160	37189	37189			
M170	37585	37585			
M180	37972	37972			
M190	38363	38363			
M200	38750	38750			
M210	39145	39145			
M220	39529	39529			
M230	39925	39925	39925		
M240	40320	40320	40320		
M250	40702	40702	40702		
M260	41094	41094	41094		
M270	41488	41488	41487		
M280	41879	41879	41879		
M290	42271	42271	42271		
M310		42665	42665		
M320		43047	43047		
M330		43437	43437		
M340		43837	43837		
M350		44221	44221		
M370		44612	44612	44612	
M380		45004	45004	45004	
M390		45393	45393	45393	
M400		45779	45779	45779	
M410		46176	46176	46176	
M420		46565	46565	46565	
M430		46960	46960	46960	
M440		47342	47342	47342	
M460		47735	47735	47735	
M470			48128	48128	
M480			48515	48515	
M490			48910	48910	
M500			49305	49305	
M510			49689	49689	
M520			50079	50079	50079
M530			50474	50474	50474
M540			50858	50858	50858
M550			51257	51257	51257
M560			51643	51643	51643
M570			52033	52033	52033
M580			52426	52426	52426
M590			52809	52809	52809
M600			53208	53208	53208
M620			53593	53593	53593
M630			53991	53991	53991
M640			54378	54378	54378
M650			54770	54770	54770
M660			55163	55163	55163
M670			55554	55554	55554
M680			55938	55938	55938
M690			56334	56334	56334
M700			56725	56725	56725
M710			57110	57110	57110
M720			57503	57503	57503
M730			57893	57893	57893
M740			58282	58282	58282
M750			58673	58673	58673
M760			59067	59067	59067
M770			59456	59456	59456
M780			59839	59839	59839
M790			60238	60238	60238
M800				60635	60635
M810				61030	61030
M820				61411	61411
M830				61795	61795
M840				62187	62187
M850				62583	62583
M860				62970	62970
M870				63361	63361
M880				63759	63759
M890				64153	64153
M900				64535	64535
M910				64923	64923
M920				65315	65315
M930				65703	65703
M940				66094	66094
M950				66487	66487
M960				66884	66884
M970				67274	67274
M980				67663	67663
M990				68053	68053
M980				66336	66336
M990				66719	66719

Proposed Management Band Payscale

MB1	MB2	MB3	MB4	MB5	MB6
31020					
31330					
31644					
31960					
32280					
32602					
32928					
33258					
33590					
33926					
34265					
34608					
34954					
35304					
35657					
36013	36013				
	36373				
	36737				
	37104				
	37475				
	37850				
	38229				
	38611				
	38997				
	39387				
	39781				
	40179				
	40580				
	40986				
	41396				
	41810	41810			
		42228			
		42650			
		43077			
		43508			
		43943			
		44382			
		44826			
		45274			
		45727			
		46184			
		46646			
		47113			
		47584			
		48060			
		48540	48540		
			49025		
			49516		
			50011		
			50511		
			51016		
			51526		
			52041		
			52562		
			53087		
			53618		
			54155		
			54696		
			55243		
			55795		
			56353	56353	
				56917	
				57486	
				58061	
				58641	
				59228	
				59820	
				60418	
				61022	
				61632	
				62249	
				62871	
				63500	
				64135	
				64776	
				65424	65424
					66078
					66739
					67406
					68080
					68761
					69449
					70143
					70845
					71553
					72269
					72991
					73721
					74459
					75203
					75955