

THE ANGUILLA PUBLIC SERVICE

REVISION OF SALARY GRADES
OF PUBLIC OFFICERS

Final Report on Review Carried Out
Between September 2004 and
April 2005

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SUMMARY OF RECOMMENDATIONS

The principle recommendations in this report are that:

1. consideration be given to the development of a pay and reward strategy for the Anguillan Public Service. Included in such a strategy should be an acknowledgement that APS intends to work towards a satisfactory method of linking pay to performance (paragraph 8.5).
2. the number of grades be reduced from 18 to 12 and labelled A to M (excluding I) with A being the most senior grade occupied by Permanent Secretaries and the Attorney General (paragraph 9.1).
3. APS moves to a one per cent incremental pay spine (paragraph 10.2).
4. a regular process of pay review should be included as a key factor in the preparation of a reward strategy. The first such review should also include a post-implementation evaluation of the recommendations contained in this current exercise (paragraph 10.10)
5. Inducement and Responsibility Allowances be consolidated into basic pay and no further awards made. Duty Allowance should not be consolidated (paragraph 11.1)

6. Duty Allowance be abolished, and those posts currently in receipt of Duty Allowance should be re-evaluated as a matter of priority to determine a true rate for the job (paragraph 11.3).
7. those Co-ordinator posts identified in paragraph 7.7 should re-evaluated as soon as possible (paragraph 11.5).
8. Travel Allowance in its present form be abolished. Work should be set in hand to devise a new system which is effective, efficient, auditable, open and transparent (paragraph 11.9).
9. the table of leave allowance contained in Annex J be adopted (paragraph 11.10).

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INTRODUCTION

1 Background

- 1.1 In early 2004, the Anguilla Public Service recognized that there was an increasingly urgent need to review and revise the grading and pay structures that had been established in 1997 and left largely unaltered since. The principal drivers for change were personnel issues generally and compensation issues specifically. In March 2004 a proposal was presented to the UK's Department for International Development (DfID) to secure funding for a consultant to engage in a comprehensive review of the salary grades of senior public officers (Annex A).
- 1.2 In brief, the main outcome of the exercise sought to re-establish a system of salary grades that, in the words of the subsequent Terms of Reference, "...reflected the value of the position to the work of the department, ministry, public service and the country". New salary grades would be expected to reflect in monetary terms the true worth of a job without recourse to allowances, in so far as that was reasonably possible. Where allowances were thought to be justified the rationale for them and the extent of their application should be clearly established.
- 1.3 The original specification (Annex B) for the review identified the following core activities:
 - An examination of the existing grading structure and system of allowances in conjunction with job descriptions for the various positions in the service
 - Consultation with Permanent Secretaries and other strategically placed officers in managerial and supervisory positions in the public service and with staff associations to identify the

strengths and weaknesses of the existing grading structure and system of allowances

- In the light of these consultations, devise a new job evaluation system and grading structure to incorporate existing allowances and to secure the existing strengths and eliminate weaknesses, without creating further complications which could negatively impact the morale of officers. The new job evaluation system and the grading structure would be required to reflect the true worth of each position in the public service.
- The preparation and presentation of a Report, with recommendations, to the Deputy Governor and the Executive Council

1.4 In July 2004 the UK Government's Centre for Management and Policy Studies (CMPS) was invited to put forward a technical proposal for delivering the review. Following an exchange of emails later that month with the Deputy Governor (as Head of the Anguillan Public Service) which clarified that a new Job Evaluation Scheme was not required, the CMPS proposed a three-stage approach:

- A short (3 working days) scoping study carried out in-country in early September 2004
- A research and data-gathering exercise of up to three weeks duration in-country in November/December 2004 and the possibility of some progress on proposals for Grades I to VI
- A final in-country exercise of between three and six weeks to produce recommendations, seek agreement and devise a staged implementation plan covering all Grades from I to XVIII

1.4 At that time, it was difficult to be precise about the exact duration of stages 2 and 3 and the proposal therefore indicated the likely maximum time required. A much clearer idea of the timetable was expected following the scoping study planned for September.

1.5 The Scoping Study was undertaken by Ray Durrant of the CMPS and took place between 7 and 9 September 2004. This was followed by two visits of three weeks duration (15 November to 3 December 2004, and 10 to 28 January 2005) and a one day visit on 25 April 2005 also by Ray Durrant.

2 **Acknowledgements**

- 2.1 Ray Durrant wishes to record his thanks to all those who have given their time to this review and for the helpful and friendly nature of their contributions. In particular, a special thank you goes to Lana Horsford-Harrigan and Aphrodite Lake of the Department of Public Administration for their excellent advice, guidance and support throughout the period of the review.

METHODOLOGY

3 Data collection and analysis

- 3.1 Understandably, much of the effort during the scoping visit and the first of the three-week visits was directed to the collection and analysis of data. This involved setting the relevant issues in context, examining databases and creating spreadsheets of pay and allowances information, familiarisation with *General Orders*, understanding revenue and expenditure data, digesting previous review reports relevant to the review (eg the Charles Bobb-Semple and Stevenson Sarjeant reviews of 1997/98) and seeking advice, guidance and explanations from colleagues in the Public Administration Department.
- 3.2 There was also a major desk-based examination of the effectiveness of the existing job evaluation system and associated processes for the grading of posts. This included a review of a representative sample of job descriptions from the central job bank.

4 Consultation

- 4.1 A key element of the terms of reference for the review, was the requirement to consult widely not only with stakeholders, but also with those who had specific representations to make about individual posts. This process occupied much of the second three-week visit. The main vehicle for stakeholder management was three formal meetings with the Deputy Governor and Permanent Secretaries. These meetings were used to explore options, test reactions, receive representations and explain possible recommendations.
- 4.2 Including individual representations, the full list of those consulted during the review was:
- Hon Deputy Governor
 - Attorney General
 - PS Public Administration
 - PS Home Affairs, Natural Resources & Tourism
 - PS Finance

- PS Economic Planning and Development
- PS MICUH
- PS Social Development (x2)
- Chief Education Officer
- Director, Lands and Surveys
- Principal Planning Officer
- Education Officer CDME
- Education Officer MPSE
- Special Needs, Literacy and Numeracy Co-ordinators
- Principal Environmental Health Officer
- Internal Audit Manager
- DfID Technical Co-operation Officer
- Director of Library Services
- Planner, Social Services
- Education Planner
- Chief Statistician
- Labour Commissioner
- Chief (and Deputy Chief) Immigration Officer
- Director (and Deputy Director) Information Technology
- Executive Assistants (x3)
- Staff Associations

FINDINGS AND OPTIONS

5 Strategic Issues

- 5.1 No evidence could be found of any strategic approach to the subject of "reward" and it is very likely that this has contributed to the somewhat haphazard and short-term approach to the subject in the years since the Bobb-Semple Review. This situation was most clearly articulated in the background to the original proposal for consultant support put to DfID and reproduced here in Annex A. There were also clear messages from the representations made to this review that it had also generated some degree of mistrust and dissatisfaction amongst its beneficiaries about the 'fairness' of its application.
- 5.2 Most business-aware employers in both the public and private sector have developed and published a strategic view about the purpose, content and structure of their reward system. The principal benefit being the establishment of remuneration as a key part of the medium- and long-term Human Resource Management contribution to organisational success.
- 5.3 Typically, such a strategy would contain a clear statement of the purpose of the organisation's reward system and present an expression of where the organisation wishes to position itself in the employment market (ie does it see itself as an employer of choice, a pay-market leader or follower, etc). It would also set out in an open and transparent way its mechanisms for determining, reviewing and consulting on pay, allowances and other components of reward and how these might now, or in the future, interact with individuals' performance. It would also establish a clear relationship between pay and job evaluation, most often through a statement about non-discrimination and a true 'rate for the job', and, finally, set reward in the context of finance, budgets and affordability.
- 5.4 Whilst the organisational benefits that a properly-crafted statement of reward strategy are clear, it is important - if they are to have meaning - that they are seen as something more than vague aims and are carefully contextualised. Furthermore, top management needs to demonstrate strong commitment as promises to openness and consultation can, at times, be difficult to deliver.

6 Pay and Grading issues

- 6.1 Job evaluation, and the grading standards it sets, is important both for individuals and organisations because:
- it demonstrates equity, transparency and equal value,
 - supports pay structures,
 - provides a basis for HR competency (and performance pay),
 - provides a stable structure for job design, and
 - it is essential for planning, bidding and controlling staff resources.
- 6.2 Although pay and job evaluation are separate they are related. The grading structure is determined by several factors. Initially, an organisation identifies how many management levels it needs and what the reward strategies are. Job evaluation is used to provide evidence on the differentials between the jobs and to design a framework that will meet key business strategies. How the jobs are banded together into a 'grade' depends on a range of matters - eg how wide the gaps are between jobs and levels, how flexible the structure needs to be, how tightly the overall cost of salaries must be managed, organisational culture, etc. Job weight will identify where a job is placed in the structure but pay is determined by other elements. *Job evaluation determines the value of the job.* It measures the demands of the job or the process that turns an input into an output. *The value of the individual* is determined by his/her:
- input (eg competence, qualifications, reputation),
 - output (usually performance), and market forces (what the market demands or will tolerate).
- 6.3 The scoping study and the subsequent detailed desk analysis identified the existence in the APS of a sound, modern, factor-based job evaluation system underpinned by a comprehensive and accurate set of job descriptions. The main building blocks were therefore in place, and the work carried out by previous consultants in 1997/98, had provided a solid foundation for both grading and pay structures.
- 6.4 That earlier work had produced a structure with 18 grades and the associated pay scales had 6 incremental steps. The scales and the allocation of individual posts to grades are shown in Schedules I

and II to Annex A. Whilst acceptable at the time, several anomalies had developed since within the grading structure which suggested that there were now - in 2004/5 - too many levels for the effective and efficient conduct of business, particularly in the human resource management field. Areas for examination included existing Grades II to IV where the number of posts covered hardly supported three separate levels and Grades XVII and XVIII where there were only four posts between them!

- 6.5 Unfortunately, little, if any, effort had been made to review and update the earlier work with the consequence that pay and job evaluation had drifted apart, particularly in existing Grades I to VI. The development of these issues was one of the key drivers that led to the proposal to DfID for this current review. The overall position had been worsened by the introduction - for a variety of reasons - of a number of allowances which purported to reflect the degree of difficulty of jobs, but with little, or no, reference to job weights.
- 6.6 There was also plenty of evidence that these allowances had had detrimental effects on incremental scales and differentials. With no connection between pay and performance, it was important for the 1998 model grading structure that the associated pay scales were clear and precise with regular incremental steps and a fairly uniform set of differentials. At the time of this review, the inclusion of 'pensionable' allowances (see below) had distorted to an unreasonable degree incremental progression in some, but not all, pay ranges and stretched differentials between scale maxima in a wholly uncoordinated way. There were also a number of anomalies in the way scales had developed. For example, the minimum of the existing Grade IV scale was the same as the maximum of Grade VI, rendering the Grade V scale more or less redundant. Worse still, the minimum of Grade III was less than the maximum of Grade V.
- 6.7 Since 1998, the practice in some years (most recently in 2000) was to award non-consolidated bonuses (eg an extra months' pay) rather than regularly review or revalorise salaries or carry out any sort of pay comparability exercise. Non-consolidation is a short-term device with little or no recurring expenditure and with low impact on pension benefits. It is often used to provide some reward and motivation for employees at the top of pay scales who otherwise

would achieve no pay progression. However, used in an across-the-board way as it had been in the APS meant that the real (ie after taking account of price inflation) value of basic pay fell considerably from 1998 (by more than 20 per cent to date) and far too many staff were marooned at the top of their respective pay scales.

6.8 A recent development was the introduction of pension-adjusted salary scales. Although, of itself, not an issue, it is a reminder that any upward movement in salaries not only impacts on the paybill, but also on pension costs in future years.

6.9 Last but not least, there was the issue of pay related to performance. General Orders paragraph 6.10 described the granting of an annual increment as automatic and requiring no endorsement from line management. The only exception to this - very rarely used - was where increment was deferred for poor performance or other disciplinary reasons. There was therefore no effective relationship between pay and performance at an individual level either through process or culture. The annual increment was a right rather than something to be earned.

6.10 The questions that these findings raised led to the development of a number of options for change during the course of the review which were discussed with key stakeholders. On grading, there were two principal issues. Firstly, should APS re-establish and preserve a direct link to job evaluation?

6.11 The consultancy reviews of 1998 established a clear link to a modern job evaluation system. Events since had significantly undermined that link, particularly in Grades I to V. Most public service organisations (and many private sector ones) have structures involving a grade-related hierarchy which:

- Provides stability within which work can be organised and planned and staff resources controlled and bid for,
- Underpins pay structures and allows posts to be compared one to another,
- Allows for clear career development systems, promotion policies etc, and
- Meets the requirements of relevant equal pay/equal value legislation (currently, not an issue for APS)

- 6.12 There are alternatives. There is the 'free-for-all' in which individuals negotiate personal terms and conditions directly with the employer. Another is 'cash for points' in which the job 'score' is translated directly into a cash value (eg 1,275 points = \$50,000, 1,300 = \$52,000). These and others have been tried with varying degrees of success in a wide range of business-types, but not, traditionally, in the public service as, amongst other things, they do not offer robust enough control of the paybill. It would, therefore be a radical decision for the APS to move away from its current job evaluation/grading/pay linkages.
- 6.13 What was clear, was that 'do nothing' called into question the integrity of the whole reward process. Integrity, and any perception of fairness, relies heavily on the concept of a 'rate for the job' (ie jobs of similar job weight should receive similar reward).
- 6.14 The second grading issue was should the current grade structure be revised? This was a radical option and one that demanded careful consideration given the potential for increased cost and distorted relativities. Taking a fresh look at the number of Grades in the system and the distribution of job evaluation scores to Grade ranges would also require a more complicated set of transitional arrangements should it be adopted. However, as already said, there were some fairly obvious starting points and, provided it was affordable, this approach could provide enough scope for dealing with several of the human resource management issues that had been identified right at the outset.
- 6.15 Turning now to pay, the following questions were identified by the research:
- should APS revalorise, in whole or in part, its pay ranges?
 - should the allowances that have already been made pensionable be consolidated into basic pay?
 - what, if anything should be done to confirm, revise or repair pay differentials and grading relativities?
 - should incremental scales be retained and revised to provide headroom for those at the top?
 - should reward be directly related to individual performance?
 - should a formal pay review mechanism be established?

- 6.16 On revalorisation, the current pay ranges and absolute levels were established soon after the 1998 reviews. Using the Anguilla Statistics Department's Consumer Price Index as a deflator, the real value of these ranges had, on average, fallen around 20 per cent in seven years. To restore the maximum of the Grade I range, for example, to its original purchasing power required a rise from \$87,096 to \$106,290 (Grade VI would rise from \$59,568 to \$72,695 and Grade XVI from \$26,316 to \$32,115).
- 6.17 The main advantages of revalorisation were that it was simple to deliver and easily understood, would retain the salary and incremental relativities established in 1998, and would be popular with both staff and politicians. Its weaknesses were that it was expensive (full revalorisation would likely add around \$6 million to the paybill, plus the knock-on effect on pensions), did nothing to address other issues such as the impact of allowance payments, the distortion of increments and differentials and the normalisation of 'rogue' posts, and set a potentially awkward precedent for public expenditure in general.
- 6.18 Prior to the commencement of the review, Executive Council(ExCo) had approved a recommendation to make Inducement and Responsibility Allowances pensionable. There was a strong expectation that this review would recommend the consolidation of these allowances into basic pay. It was not, therefore, a particularly difficult decision, but there were advantages and otherwise of consolidation.
- 6.19 The advantages included the fact that it was cheap. The cost was already accounted for and these two allowances were already pensionable. It would provide some small saving on administration costs as once consolidated, there was no need to account for, or administer, separately. On the downside, it would confirm a significant change in the relativities of pay between the top Grades and the rest; there was no acceptable audit trail identifying why the allowances were available to certain posts and not others; nor was there evidence to explain the value of each payment; and it was divisive.

- 6.20 If the expected consolidation of allowances took place, the basic pay relativities established in 1998 would be significantly altered. 1998 set a ratio of 1:4 between Grade XVIII and Grade I. Consolidation would increase that to 1:6, with all of the difference being a widening of differentials between the top half dozen Grades. Whilst there is nothing sacrosanct about the existing ratio, if the new ratio was confirmed there would be a cost associated in recalculating the rate of incremental progression in the top grades from those established in 1998 and which would continue to apply to all Grades below. This would also be a decision which could potentially be seen as divisive.
- 6.21 If the requirement were to be to retain the 1998 ratio, there would be significant movement upward in scale maxima at the lower Grade ranges (eg Grade XVIII maximum would need to increase by around \$8,000pa - almost 40 per cent!).
- 6.22 In the absence of a satisfactory method of linking pay to an individual's performance, some form of incremental progression was usually desirable as:
- It helped control the paybill,
 - It was some sort of reward for experience, and
 - It provided a rudimentary mechanism for reward/punishment (ie accelerated advancement or withholding/withdrawing).
- 6.23 Care needed to be taken in drawing up increments to avoid:
- Too much or too little overlap,
 - Too few or too many in a range, and
 - Creating demotivation and dissatisfaction through too great a proportion of staff at scale maxima with no headroom.
- 6.24 The last of these was a major issue for APS. Significant numbers - almost half in Grades I to VI - were at their scale maxima and concern already existed about their inability to progress. This was one of the effects of not having reviewed salary scales for several years. Some had to be at the top, but a decision was required about what was a reasonable (and affordable) proportion.
- 6.25 One possible solution was annual, non-consolidated payments which had the merit of being relatively cheap and controllable and had no pension implications. This latter point did, however, tend to irritate

those recipients who were approaching retirement age - often a significant proportion of those at the top of scales.

- 6.26 Most public sector organisations have grappled with the issue of performance-related pay (PRP) at various times since the late 1980s, and with varying degrees of success. What was clear from the majority of cases was that achieving anything worthwhile out of PRP relied extensively on the existence of a robust, open and trusted performance appraisal system. Few would argue with the merits of PRP, but many with the mechanics.
- 6.27 For the APS, a decision on whether to move to PRP was, perhaps, any way due. A decision taken now would, at least, benefit from a wealth of accumulated experience. Although it remained an aspiration until a stronger appraisal infrastructure could be established, one recommendation of this review could, perhaps should, be the announcement of the beginning of the transformation.
- 6.28 This review, like many others, had the benefit of hindsight, and a continuing theme of this report is the recognition that the absence of a formal process of evaluation and review was a major factor in undermining the strength of the position established by Bobb-Semple and Sarjeant in 1998. It might be foolish to repeat that omission this time around. Some mechanism which takes a critical look at the implementation of any recommendations that arise from this work to evaluate whether the original objectives have been achieved, if not, why not and what needs to be done about it appears essential if APS wished to avoid another review in another 6 years.
- 6.29 In addition to the evaluation of this work, a decision was also required on whether to establish some formal APS pay review process which would allow for an annual (or whatever period is thought reasonable) exercise to determine, within the constraints of affordability, the rates of pay and allowances for the following 12 months. A difficult decision, as it would raise expectations which may, or may not, be met!

Allowances issues

7.1 This review was indebted to the Internal Audit Department for sharing their work on allowances undertaken in September 2003. Their main conclusions as described in the Summary Report section of draft audit report Ref 7/2003 were:

"We have a number of concerns about the existing scheme of allowances. In particular we discuss in this report:

- The large value of allowances payable to some posts relative to 'basic' salary. This distorts the relevance and effectiveness of the grading structure
- The disincentive to promotion created through the scheme of allowances in some situations
- Conversely the exaggerated differentials created between some posts
- The lack of clarity regarding the purpose or reason for which some allowances are paid
- The need for greater transparency and objectivity in the setting of allowance values payable."

7.2 A full list of allowances payable at the time of this review is at Annex C. This review concentrated on those allowances which purport to relate to the degree of difficulty of the job (ie Responsibility and Duty) and the marketability of the postholder (Inducement). It also looked, however, at Travel Allowance and the non-cash Annual Leave Allowance.

7.3 The two pensionable allowances, Inducement (maximum award to date \$40,000pa) and Responsibility (maximum award to date \$30,000pa), could add 50 per cent to basic pay where both were applicable. There were no objective criteria for the awarding of these allowances or the method of determining the value. As both had recently been made pensionable, there was a strong expectation that this review would recommend their consolidation into basic pay, despite the impact on pay relativities. There was also the ethical issue of the apparently arbitrary way they were awarded in the first place.

7.4 Given that Duty Allowance also related to degree of difficulty the review considered whether Duty Allowance should also be made pensionable. The argument against was that postholders could move

to other jobs which were not allowance-qualifying and it would be difficult to disentangle pension rights etc. This might be true, but seemed equally applicable to those postholders currently in receipt of Inducement and/or Responsibility?

- 7.5 On Duty Allowance, the evidence showed that this was originally approved by ExCo in 1993 and awarded to certain categories of staff in the Education Department - both teachers and administrators - who had taken on additional responsibilities (eg Principals and their Deputies, Senior Teachers, Heads of Department, Heads of Year and Education Officers and their Chief).
- 7.6 Subsequently these posts were evaluated in the 1998 job evaluation exercise and were, indeed, found to have higher job weights than their peer posts. As a result, depending on ranking, they were placed variously in Grades II to V whilst the peers (mostly Graduate Teachers) were placed in Grade VI. The existence of the Duty Allowance appeared to have been largely ignored by the evaluators in 1998 which led to the conclusion that this group were actually being rewarded twice for the extra responsibility they were carrying - once through the Allowance payment and again through the higher grading!
- 7.7 Two other points on Duty Allowance: a claim earlier this year for a new Duty Allowance of \$2,400pa for Co-ordinators of Special Needs, Literacy and Special Educational Needs was rejected by the Department of Public Administration. Whilst accepting that the current Co-ordinator postholders were not appointed through any form of open competition, their case seemed very strong. The second point was that the rates of Duty Allowance were set by ExCo in 1993 and had never been adjusted. Their real value had therefore dropped by over 30 per cent and to restore, for example, the purchasing power of the \$3,600 rate would require it to be raised to \$4,745 in 2004.
- 7.8 Therefore, just as with pay, the real value of allowances in general had fallen over time - some, considerably. The cost of full revalorisation would be great. Just to restore them all to their 1998 values - and many were set well before that - could cost around \$600,000. But some view must be taken on rates -

particularly those such as travel, entertainment and telephone which are intended to reimburse staff for costs incurred during the course of their official duties. If any attempt - even partial - was made to restore the real value of allowances, a further decision would be required about how this might be applied to Inducement and Responsibility should the decision be taken to consolidate.

- 7.9 The anomalies identified by these findings could not be ignored - particularly the suspicion that some posts had been over-compensated for additional responsibilities. A potential outcome could be for the abolition of Duty Allowance payments for Education Department staff above Grade VI. As part of a 'no detriment' implementation, existing arrangements would need to continue for those currently in receipt of the allowance until postholders moved on through normal events.
- 7.10 Travel (or Transport) Allowance was paid to officers who were required to use their own vehicles in carrying out their official duties and recognised that there was no public transport in Anguilla. This special context was important in that it also acknowledged a traditional acceptance by Anguillians that if they wished to move around the island, motor vehicle ownership was, more or less, essential. The issue for this review was the method and rates of payment. Appendix III of *General Orders* contained the 'rules' and rates that currently applied. The rates applicable to each category suggested an average recompense of around \$2.25 to \$2.50 per mile. Yet the mileage allowance available to irregular users who had to use their own vehicles was just \$0.75 per mile!
- 7.11 Just over 150 officers (around 1 in 5 of the total) were in receipt of one or other of a Category A to E allowance and the total cost was over \$0.5million pa. On the evidence available it appeared that 'control' was, at best, superficial, at worst, non-existent and there seemed plenty of potential for abuse. There also existed a substantial pool of government vehicles (annual maintenance cost another \$0.5m) which was under-used.
- 7.12 As a point of principle, no employee should be expected to subsidise his/her employer by incurring travel costs during their

official duties for which they were not reimbursed. The issue was not, therefore, about the concept, it was about the process.

7.13 Despite some clear antipathy to change, the view remained that there were more effective, efficient, auditable, open and transparent systems of reimbursement than those which currently existed. Recommendations for change here would, no doubt, be contentious - but they must be considered. Options include:

- Reimbursement through a vouchered claim, countersigned by a line manager, only,
- A default position as above but certain posts designated as continuing to receive an allowance (eg Permanent Secretaries) and underpinned by a regular scheme of audit,
- Increased use of official vehicles,
- Revision of mileage rates

7.14 Chapter 7 of *General Orders* dealt with the subject of various forms of leave. Vacation (Annual) Leave was one of the categories of allowable absence, although *General Orders* does not specify rates. The review was directed to a draft policy paper on Leave which contained the following paragraph:

- "The rates at which officers earn leave and the extent to which leave may be accumulated are set out below for officers other than teachers.
 - Officers between Grade I point 6 to Grade XII point 4 - 25 working days per annum of which not less than fifteen must be taken annually. The maximum number of working days that an officer can take is 55, accumulated as follows (10 days x 3 years + 25 days).
 - Officers between Grade XII point 3 to Grade XVII point 5 - 20 working days per annum of which not less than fifteen must be taken annually. The maximum number of working days that an officer can take is 35, accumulated as follows (5 days x 3 years + 20 days).
 - Officers between Grade XVII point 4 to Grade XVIII point 1 - 15 working days per annum of which not less than ten must be taken annually. The maximum number of working days that an officer can take is 30, accumulated as follows (5 days x 3 years + 15 days)."

7.15 Most annual leave allowance schemes in the public sector reflect Grade as did this. More often than not, there is also some credit for length of service, but not here. The question for this review was should it?

RECOMMENDATIONS

Reward Strategy

- 8.1 The case for a co-ordinated approach to the whole subject of reward is strong. Realistically, the prospect of any public service being able to outbid the private sector on pay alone is remote - particularly where there is a scarcity of certain knowledge, skills and experience.
- 8.2 It is therefore important to be able to make the most of what is available in both tangible and non-tangible benefits Tangible benefits include:
- Non-pay benefits such as pension contributions, leave above statutory minimum, long service benefits, flexible 'salary-sacrifice' benefits (eg childcare vouchers)
 - Pay, comprising: basic pay (based on grades and pay ranges), a performance element (non-consolidated performance bonuses,etc), in-year rewards (both individual and team) for specific tasks or activities
 - Specialist premia element for recruitment (to be competitive in the external market), retention (when specific external market pressures exist), internal retention (scarce skills with high training costs)
 - Other allowances (eg shift pay, unsocial hours, on-call allowances, pager allowance etc
- 8.3 Non-tangible benefits include:
- Quality of work, the intrinsic interest of the job and that the work done is valued/respected/recognised
 - A positive approach to work/life balance through flexible working hours and family-friendly policies
 - Inspiration and values derived from effective leadership and the public sector culture/ethos
 - A supportive environment with effective management processes and positive physical environment and facilities
 - Future growth and opportunity through investment in long-term learning and development and clear career paths for generalists and specialists

- 8.4 There is little in any of this that is new or radical and many of the messages that underpin this approach are already common currency within APS. Much of it is also aspirational as there is a clear understanding that these developments cannot happen overnight. All that the development of a reward strategy would do in the short term would be to provide a framework which would seek to ensure that the most is made of the resources and facilities that APS has at its disposal.
- 8.5 **It is recommended, therefore, that consideration be given to the development of a pay and reward strategy for the Anguillan Public Service. Included in such a strategy should be an acknowledgement that APS intends to work towards a satisfactory method of linking pay to performance.** Annex D contains a model draft outline reward strategy that could represent a starting point. As a model, it is clearly generic and requires considerable contextualisation.

The Grading Structure

- 9.1 On the evidence available to this review and the representations made by key stakeholders, the current grading structure with 18 levels is not sustainable. Apart from the findings that some levels are already under-populated, there are serious human resource management issues relating to motivation and progression/promotion that need to be addressed. Fewer levels would also facilitate a more flexible approach to incremental and differential problems inherent in the existing pay scales. In the light of this, **it is recommended that the number of grades be reduced from 18 to 12 and labelled A to M (excluding I) with A being the most senior grade occupied by Permanent Secretaries and the Attorney General.** A table indicating where all posts appear in the new structure is at Annex E. In addition to the benefits mentioned above, this recommendation would firmly re-establish a direct link between grading and the value of a job.
- 9.2 Inevitably, some problems will arise in this reallocation. This is most obvious in the Education area where posts that were previously in different grades now appear in the same level (eg Education Officers are now in the same grade (D) as Coordinators and Head Teachers Primary). However, there have already been

representations about the relative job weights of a number of Education posts, even before this review and some senior manager posts have already been identified as requiring new job descriptions and re-evaluation. Work will also have to be undertaken to determine the relative weights of Deputy Principals at Campus A and Campus B who now appear in different grades (C and D). Some thought will also have to be given to the need for so many levels of Technical/Specialist Teacher as some of these posts now appear in the same Grade (F).

- 9.3 Another area where some work is necessary is at the Airport where consideration will have to be given to the need all of the levels for Security Officers, Air Traffic Control, Fire etc.
- 9.4 Even with these changes, there remains scope for a further reduction in the number of grades in the future. Grade K, for example, is mostly populated by Police Constables. If concurrent work on the structure of the Royal Anguilla Police Force concludes that police should be taken out of the Public Service, Grade K would be vulnerable as so few posts would be in it. Similar vulnerability applies to Grade B. Already lightly-populated and containing a majority of posts that are on contract, the removal of the Police Commissioner post could be the catalyst for a further review.

The Pay Structure

- 10.1 The review has considered a number of options for revisions to the pay structure in an attempt to deal with the many issues that the findings identified. The factors to be considered included:
- Consolidation of Inducement and Responsibility Allowances
 - Incremental scale length and differentials
 - Encouraging progression
 - Reducing the overlap in pay scales
 - Improving pay in the lower grades in a meaningful way, whilst ensuring that middle managers are not squeezed out
 - Making provision for those who have reached scale maxima
 - Affordability
- 10.2 In the event, it has proved impossible to cover all bases in the way that some stakeholders have advocated, so the review

recommendations on pay represent something of a compromise. **It is recommended that APS moves to a one per cent incremental pay spine.** The proposed new pay scales are at Annex F. The main driver for this the intention to provide much greater flexibility to manage future adjustments, pay awards, progression/promotion/appointment awards and is open and transparent.

- 10.3 For Grades C to M there is a 12-point scale within the spine with a two point overlap at the top and the bottom. The middle 8 points represent the Main Rate for the job. The two points above the Main Rate allow for some performance progression - subject to management approval - for postholders at the top of the Main Rate scale, whilst the two points below Main Rate allow for more flexibility in appointment salaries.
- 10.4 For Grades A and B, in recognition of the significantly higher degrees of responsibility at that level, incremental steps are set at two per cent but there is nothing outside the Main Rate scales. This is also a reflection of the fact that consolidation of Inducement and Responsibility Allowances has most impact at these levels.
- 10.5 The new scales represent an average across-the-board immediate increase of around 5 per cent, with more for those in Grades J to M and less in A to D. After assimilation to the new grades and pay scales, it is anticipated that only a small proportion of staff - less than 10 per cent - will be at the maxima of their new scales. This guarantees year-on-year progression - albeit only one per cent - for many staff who have not experienced any movement for some time. There is no overlap in Main Rate scales, so staff should see a real return on promotion to the next level - a minimum of three per cent.
- 10.6 As already indicated, there are some areas where the review has not been able to deliver as much as it would have liked. To provide the levels of flexibility in pay that are desirable, increments have had to be set lower than previously and the number of steps increased. It will therefore take longer to move from the bottom to the top, and the differential between the top and bottom of Main Rate scales is less than before. The expectation is that the

impact of this will be offset by the disappearance of scale overlapping.

- 10.7 The review has given much consideration to - and received a lot of representations on - the subject of differentials between the pay scale maxima of senior and junior grades. Not surprisingly, some have seen them as too narrow, others as too wide apart. There is no magic formula to determine what is the right level, it is often a matter of market forces determining what is both desirable and affordable. The 1998 pay scales established a 4:1 ratio and, on balance, this review has found no compelling evidence to change that. This despite the fact that the ratio had increased to almost 6:1 as a result of Responsibility Allowances for the most senior posts.
- 10.8 Turning now to the assimilation of existing postholders to their new grades and rates of pay, the tables produced at Annexes G and H assume that each existing pay point has a read-across to a new one. Most postholders will fall into the appropriate Main Rate scale, but a significant number will not and will require transitional arrangements to facilitate their speedy progression on to Main Rate. Postholders whose assimilation is shown in italics in Annex G should follow the italicised accelerated progression to Main Rate. Even with acceleration, a very few will require some time to achieve Main Rate status.
- 10.9 Finally, there is the issue of pay review. During the consultation process, representations were received both for and against some form of regular review. Not surprisingly, the different views were inclined to reflect the opinions of those who felt they had done reasonably well since 1998 and those that felt they had done less well! The dilemma was, on the one hand, the raising of expectations amongst staff that might not be met, whilst, on the other, creating the belief that the organisation's approach to pay was un-co-ordinated and - worse still - unfair.
- 10.10 This review recommends elsewhere the preparation and implementation of a strategic plan for the whole subject of reward in the APS. Having weighed the possibilities, it seems wholly reasonable that some process of examining remuneration in a regular, structured and inclusive way should form part of that

strategy. It is, therefore, recommended that a regular process of pay review should be included as a key factor in the preparation of a reward strategy. The first such review should also include a post-implementation evaluation of the recommendations contained in this current exercise.

- 10.11 The emphasis here is on the word 'regular' rather than 'annual' or some other period. It is for top management to decide on the periods between review, but this report believes they should be no longer than 24 months. This should have the dual effect of reducing expectations and ensuring affordability. The new pay structure based on a pay spine offers a number of possibilities for the advancement of pay (eg changes to scale maxima/minima, shortening pay scales, accelerated progression, revalorisation, etc). But not just pay should be under review, the total reward package should be tested.

Allowances

- 11.1 **It is recommended that Inducement and Responsibility Allowances be consolidated into basic pay and no further awards made. Duty Allowance should not be consolidated.** There should be no new money required to implement this recommendation as they have already been made pensionable. The principal beneficiaries of these allowances are the most senior postholders and the recommended new pay scales for Band A incorporate these allowances.
- 11.2 A number of other postholders receive these benefits but their revised rates of pay cannot include them. In these cases, the assimilation arrangements identify which pay spine point they should be allocated. The expectation is that these postholders would mark-time unless there is a general revalorisation. These are therefore 'personal to holder' pay points and there should be no further awards of either of these allowances.
- 11.3 Paragraphs 7.5 and 7.6 describe the anomalies that have arisen with Duty Allowance. This review has subscribed to the need to identify a 'rate for the job' and that there should be a direct and auditable link between pay and grading. The way that Duty

Allowance has developed over time has worked against that principle and in the light of this it is **recommended that:**

- **Duty Allowance be abolished, and**
- **Those posts currently in receipt of Duty Allowance should be re-evaluated as a matter of priority to determine a true rate for the job.**

- 11.4 Under the 'no detriment' arrangements, any postholders currently in receipt of a Duty Allowance should continue to receive the allowance even if the re-evaluation of the post does not recommend that it is re-graded to a higher level. The expectation is that any postholders who are in a post that is regraded would be temporarily regraded pending a competition for substantive promotion.
- 11.5 **It is also recommended that those Co-ordinator posts identified in paragraph 7.7 should re-evaluated as soon as possible.**
- 11.6 The review considered the issue of the revalorisation of allowances and concluded that the potential cost - around \$600,000 - could not be justified.
- 11.7 Paragraphs 7.10 to 7.13 set out the issues that were identified during the review concerning Travel Allowance. Whichever viewpoint one took, the existing system - although simple to administer - was costly, divisive and open to abuse. Culturally, the Allowance had come to be seen as either a perk of the job or a device for increasing salary rather than a legitimate means of remunerating individuals for travel undertaken during the course of official duties.
- 11.8 Other issues included: under-utilisation of vehicles provided for some departments when the same staff were in receipt of the Allowance; no criteria for award; officers in receipt of allowance when no travel was required; officers receiving an Allowance but not maintaining a vehicle; etc.
- 11.9 In the light of this it is **recommended that Travel Allowance in its present form be abolished. Work should be set in hand to devise a new system which is effective, efficient, auditable, open and transparent.** Paragraph 7.13 sets out the main

components which this review sees as important to the success and acceptability of any new arrangements.

- 11.10 On Annual Leave, the review has concluded that leave entitlement is one of those elements of reward that should be based on a combination of grade and years of service. **It is recommended that the table of leave allowance contained in Annex J be adopted.**

