

EXECUTIVE COUNCIL

CONFIDENTIAL

Title of Report: Remuneration of FIDF Volunteers

Paper No: 171/13

Date: 24th July 2013

Report of: Head of Policy

1. Purpose

- 1.1 To present to members a series of options regarding the remuneration of volunteers with the Falkland Islands Defence Force (FIDF).

2. Recommendations

- 2.1 It is recommended that Hon. Members:

- Remove the 12-hour cap on FIDF earnings in any 24 hour period; and
- Consider whether they wish to also increase hourly rates of remuneration (from the options presented in Section 6 or variations thereof).

3. Summary of Financial Implications

- 3.1 None.

4. Background

- 4.1 During the development of the Minimum Wage legislation in 2013 a number of individuals queried the exclusion of FIDF volunteers from entitlement to Minimum Wage. This issue was addressed in ExCo paper 144/13 in which the exclusion was justified on the basis that FIDF reservists are volunteers.
- 4.2 However, ExCo also requested that a review of FIDF remuneration be undertaken to examine the current cap on reservists' remuneration to 12 hours in any 24 hour period. This is understood to be contentious on occasions where FIDF conducts exercises over a number of days, meaning that volunteers will only receive payment for part of the time that they volunteer (and is considered by some to be inequitable if these voluntary activities are compared to those of FIG casual employees such as retained firefighters and police where there is no restriction on hours remunerated).

- 4.3 The 12 hour cap on payments to FIDF volunteers was a decision made by ExCo in 1998 (see ExCo 155/98 and 127/98). The decision taken in 1998 changed a previous cap of 8 hours pay in any 24hr period to the current cap of 12 hours, and also abolished a previous ceiling of 60 days on the number of training days for which payment could be made.
- 4.4 The 1998 ExCo decision states that the reason for remunerating volunteers was to encourage attendance. The paper, authored by the then OC FIDF, also clearly states that *“it is appreciated that the FIDF is comprised of volunteers who in return for their commitment receive minimal reward”*.

5. Detail

- 5.1 The activities of FIDF reservists are voluntary – and comparisons to retained firefighters and police and debate as to whether individuals such individuals are volunteers or employees are not the basis on which the review of FIDF remuneration is predicated. The issue of the status of FIDF reservists was discussed in ExCo paper 144/13 with reference to the provisions contained within the Minimum Wage Bill, and is mentioned here by way of context but also because some of the options presented are, in part, intended to address perceptions of inequality between FIDF remuneration and that of others.
- 5.2 Hence, in considering the merits of a review of FIDF remuneration Hon. Members are advised to consider this on the basis of the reasons for FIDF remuneration, and not solely in comparison to the activities of other groups of people who are remunerated in a different way reflecting the very different nature of their contractual relationships.

Basis of Remuneration and Impact of Possible Changes

- 5.3 The primary reason then for considering a change to remuneration paid to FIDF volunteers remains as it was in 1998 – a method by which to encourage greater participation and retention of FIDF volunteers and to address perceptions that FIDF reservists were being treated unfairly as a result of the cap on earnings in any one day.
- 5.4 Anecdotal evidence has been provided by CO FIDF suggesting that attendance is declining - the current average number of attendees per month in 2012/13 was 49.
- 5.5 If the intention is to utilise remuneration as a tool to attract and retain FIDF reservists it is questionable how much impact the removal of the 12 hour cap would have. During 2012/13 only 77 individuals over the course of 11 separate days might have volunteered more than the 12 hours for which they were remunerated (without further research it is impossible to determine whether the 12-cap itself meant that individuals chose not to take part in exercises lasting more than 12 hours (though this also emphasises the voluntary nature of activities)). Removal of the cap would certainly have a financial benefit to those who currently engage in such exercises and may lead to an increase in

participation in these exercises in the future. It is questionable as to whether this in itself would attract any new volunteers to FIDF.

- 5.6 If retention and attraction of reservists is the issue, increasing the rates of hourly remuneration would likely have a bigger impact as it would affect all reservists and may make it more attractive for new people to join. Whilst the hourly rates at all FIDF ranks are above the proposed Minimum Wage level, most are below the hourly rates paid to retained firefighters and police (see table below).

Position	Hourly Rate
FIDF Recruit	£6.62
FIDF Private	£6.91
FIDF L/Corporal	£7.11
FIDF Corporal	£7.80
FIDF Sergeant	£8.65
FIDF C/Sergeant	£8.99
FIDF WO2	£9.35
FIDF 2 nd Lieutenant	£9.41
FIDF Lieutenant	£10.13
FIDF Captain	£11.14
FIG Retained Police/Firefighter	£9.82
Proposed Adult Minimum Wage	£5.05

- 5.7 Therefore, Hon. Members may also wish to consider amending the hourly rates paid to FIDF reservists as an alternative (or in addition to) any decision regarding the 12-hour cap.

- 5.8 Specific options and their estimated financial implications are presented below.

6. Options for Consideration

- 6.1 Based on the above analysis there are a number of options for Hon. Members to consider:

- **Option 1: Do Nothing – Leaving the 12-hour cap on hours volunteered in any 24-hour period in place, and hourly rates unchanged.** This option would have zero financial implications, but would do nothing to address concerns regarding participation levels and attraction/retention of FIDF reservists.

- **Option 2: Remove the 12-hour cap on pay. This option would provide greater flexibility for OC FIDF to pay for all hours volunteered.** This option may encourage greater levels of participation in exercises lasting more than 12 hours, and would address the concerns expressed regarding the perceived inequity in pay policy between FIDF and retained firefighters/police. This option is estimated to result in additional annual expenditure of £12,300, however this can be accommodated within existing budget allocations for FIDF i.e. there will be additional expenditure but no requirement to appropriate additional funds.
- **Option 3: Increase Hourly Rates of Remuneration to FIDF Reservists (leaving the 12 cap in place).** This option will have greater impact in terms of increasing the remuneration paid to all reservists; is the more likely option to result in increased participation in FIDF activities; and would serve to close the gap that currently exists between the hourly rates paid to FIDF reservists and retained police/firefighters. Variants and their financial implications are presented below:
 - Option 3a: Increase Hourly Rates by 10%: This would increase the basic hourly rate of an FIDF private from £6.91 to £7.60 per hour. Based on levels of participation and hours volunteered during 2012/13 this would require additional expenditure of £5,000 per annum.
 - Option 3b: Increase Hourly Rates by 20%: This would increase the basic hourly rate of an FIDF private from £6.91 to £8.29 per hour. Based on levels of participation and hours volunteered during 2012/13 this would require additional expenditure of £9,900 per annum.
 - Option 3a: Increase Hourly Rates by 33%: This would increase the basic hourly rate of an FIDF private from £6.91 to £9.19. Under this scenario all ranks at Corporal or above would receive an hourly rate at or above the rate currently received by retained firefighters/police (£9.82). Based on levels of participation and hours volunteered during 2012/13, this would require additional expenditure of £16,300 per annum.
- **Option 4: Remove the 12-hour cap AND increase hourly rates for FIDF reservists.** Whilst the most expensive option, this option is presented as one that would generate the greatest benefits in terms of retaining FIDF volunteers and attracting new members. The financial implications would be the sum of those presented above for option(s) 3 plus those for option 2. Assuming that this option would generate increased attendance, the costs presented also include allowance for additional volunteers to be remunerated:
 - Option 4a: No Cap plus 10% increase in hourly rate: £20,300
 - Option 4b: No cap plus 20% increase in hourly rate: £28,300
 - Option 4c: No cap plus 33% increase in hourly rate: £39,100.
- Hon. Members are asked to note that whilst all of the options, with the exception of 4c, can be accommodated within existing FIDF budget allocations, there is no guarantee that this can be maintained in the future.

Should there be a need at any stage in the future to reduce FIG expenditures (e.g. if cutbacks are needed to achieve the aims of the MTFP), then this may impact on FIDF capabilities. This would be a particular concern if Options 4b or 4c were chosen i.e. reduced funding in future years may limit the number of hours FIDF could fund or the number of individuals participating at the levels proposed under these options.

- 6.2 The options and recommendations presented in this paper have been discussed and agreed with the CO FIDF.

7. Financial Implications

- 7.1 The implications on *expenditure* for each of the options are presented in Section 6 above and summarised below. Hon. Members are asked to note that whilst various options require additional expenditure, only one (Option 4c) will require any additional appropriation of funds. For the last two financial years FIDF has recorded significant underspend against the budget allocation for remuneration of volunteers, in part as the budget assumes a higher number of reservists than are actually active in the Force. Assuming the same level of volunteer hours, it is not unreasonable to expect a similar underspend in the current year and future years (based on the salaries allocation in the current Budget Book and assuming the same number of volunteer hours/bounty payments, there will be an underspend of c£35,000 in the FIDF budget in each year between 2013/14 and 2017/18; no assumptions have been made about potential underspends or overspends in other budget lines).
- 7.2 It is therefore assumed that the additional expenditure will be found from within the existing FIDF budget allocation.
- 7.3 Hon. Members are also asked to note that in previous years underspends on salaries and bounties have been transferred to fund other activities e.g. underspends have been used to fund seconded staff costs and equipment in the past. Increasing the cost of remuneration of volunteers would limit this flexibility in the future.
- 7.4 For this reason, Hon. Members are advised to attach a condition that any additional expenditure will not entail additional budget requests i.e. all additional payments should be found within the existing FIDF budget allocation.

Financial Implications of Options			
Option	Full Year	Achievable within existing budget allocation? (assuming baseline projection of £35k underspend)	Notes
Option 1: Do Nothing	£0	✓	
Option 2: Remove 12hr Cap	£12,300	✓	
Option 3a: 10% increase in hourly rate	£5,000	✓	Assumes same number of volunteer hours as 2012/13
Option 3b: 20% increase in hourly rate	£9,900	✓	Assumes same number of volunteer hours as 2012/13
Option 3c: 33% increase in hourly rate	£16,300	✓	Assumes same number of volunteer hours as 2012/13
Option 4a: Remove cap AND 10% increase in hourly rate	£20,300	✓	Also assumes a 10% increase in hours to reflect additional volunteers
Option 4b: Remove cap AND 20% increase in hourly rate	£28,300	✓	Also assumes a 15% increase in hours to reflect additional volunteers
Option 4c: Remove cap AND 33% increase in hourly rate	£39,100	✗	Also assumes a 20% increase in hours to reflect additional volunteers

8. Legal Implications

- 8.1 Section 53 of the Falkland Islands Defence Force Ordinance establishes that payments to members of the Defence Force will be determined by the Governor advised by the Executive Council. Hence it is within ExCo's remit to advise the Governor of any changes they wish to apply with respect to the remuneration of members of the Falkland Islands Defence Force.

9. Human Resources Implications

- 9.1 None, however Options 4a-c may attract new recruits to FIDF.