

CHAPTER 3

GENERAL PRINCIPLES

3.1 In the Consultative Document views were sought on the broad guidelines to be followed as well as the general principles which should govern eligibility for job-related allowances and the way in which they should be paid. Many different views were expressed and we have examined them as well as the existing pattern of payments of job-related allowances and the objectives of the allowance system as described in Chapter 2. We consider that the general principles described in this chapter should be adopted in order to improve the system.

Eligibility for Job-related Allowances

3.2 The criteria governing the payment of job-related allowances to civil servants are not well defined except in the case of Shift Duty Allowances where eligibility is confined to staff on or below MPS 37 except for members of the administrative and professional grades.

3.3 The majority of respondents to the Consultative Document thought that eligibility for job-related allowances should apply to whole ranks, although opinions differed on the salary level which should be used to determine eligibility. The Administration, on the other hand, considered that for standard allowances, MPS 37 should be the cut-off point but that eligibility for non-standard allowances should not be restricted. Private sector organisations felt that management staff should not be eligible for allowances.

3.4 We examined the distribution of allowances amongst officers at different levels and noted that only a small number of officers on or above MPS 38 or the equivalent were in receipt of job-related allowances. It is, in fact, the current practice to broadband pay scales above MPS 37 to take into account variations in the duties of equivalent ranks so that the payment of allowances is not considered to be necessary. In the case of salary scales whose maximum is MPS 37 or below, the practice is to adjust pay scales to take account of job factors affecting 75% or more of the staff in any rank but, otherwise, to pay allowances where appropriate. We noted that MPS 37 has been the cut-off point used to determine eligibility for a number of benefits. In the case of private tenancy allowances paid to local officers, only those who are on or above MPS 38 are eligible and this is appropriate because they are comparable to management staff in the private sector. In Report No. 10 we recommended that MPS 37 should be the highest level at which staff should be eligible for various allowances since officers above this level are concerned with senior management and administration rather than operational matters.

3.5 In the light of these considerations, we recommend that, as in the case of Shift Duty Allowances, eligibility for job-related allowances should be determined by reference to a cut-off point at MPS 37, i.e. staff on or below MPS 37 or the equivalent should be eligible for job-related allowances. We also recommend that members of the administrative and professional grades should not be eligible for job-related allowances, whatever their salary level.

Occasional Performance of Minor Additional Duties

3.6 As far as possible, pay scales in the civil service are designed to cover the main duties generally performed by a particular rank or grade and also to take account of minor variations in them performed by individual officers. However where additional duties take up a significant proportion of an officer's time, the payment of an allowance may be appropriate.

3.7 We therefore recommend that job-related allowances should not be paid to officers unless extra or unusual duties take up a substantial part of their time.

3.8 We have considered whether there is a need to prescribe a specific number of hours as the definition of what constitutes a "substantial part of their time". After careful consideration, we concluded that it would be extremely difficult to lay down a minimum period which would be appropriate in all cases. In the circumstances, we decided that it would be advisable to leave it to the Administration to adopt appropriate measures to ensure that there is uniformity of practice in the administration of the various categories of allowances.

Inherent Duties

3.9 Job-related allowances are additional payments designed to motivate staff and to remunerate them for undertaking jobs which are not normally performed by a particular grade or rank. They should not be paid for duties inherent in the work of a grade or rank.

3.10 However, we have noted that situations do exist in which duties inherent in the work of a rank are not fully covered by its pay scale. This arises mainly where the structure of the rank is broadbanded and does not take into account variations in the duties of different ranks on the same pay scale. A case in point is the four broadbanded segments on the Model Scale 1.

3.11 We recommend therefore that allowances should not be paid for inherent duties unless the pay structure of the grades concerned is such that these duties cannot be reflected in the pay scale.

Changes in Duties due to Improvements in Technology

3.12 Respondents to the Consultative Document had different views on whether job-related allowances should be paid for changes in duties due to improvements in technology. Having regard to the views expressed, we consider that, in general, job-related allowances should not be paid for changes in duties resulting from improvements in operational methods and the introduction of new technology. Where such changes occur, the posts concerned should be reviewed and, if the changes have had a permanent effect on the nature of work of the whole rank or grade, we consider it would be appropriate to adjust the basic pay scale rather than to pay job-related allowances.

3.13 In the light of these considerations, we recommend that job-related allowances should not be paid where changes in duties have resulted from the introduction of new technology or improvements in operational methods.

Use of Extra Skills or Qualifications on Jobs

3.14 At present, a number of job-related allowances are paid to staff who acquire extra skills or qualifications regardless of whether or not they actually use them in the course of their work. We agree with the view expressed by a respondent to the Consultative Document that this situation is unsatisfactory.

3.15 We consider that a distinction should be made between the need to offer some incentive to staff to obtain extra qualifications or skills and the payment of job-related allowances as compensation for the performance of additional or unusual duties. Where the award of a bonus to staff who have successfully acquired additional qualifications is thought to be necessary, this should be made on a one-off basis. Such bonuses should not be regarded as job-related allowances and we consider that the latter should be paid only if the extra skill or qualification acquired is applied reasonably often on the job.

3.16 We therefore recommend that : -

- (a) job-related allowances should not be paid simply for the acquisition or possession of a skill or qualification; and
- (b) where an officer is called upon to make use of an extra skill or qualification in the course of his job, consideration should be given to the payment of allowances only if he does so reasonably often.

Regular Duties

3.17 At present, allowances are sometimes paid to officers for carrying out duties which have become a regular part of their work, and as a result, the allowances have come to be regarded as part of their regular income. We consider that, where staff are regularly required to spend more than 50% of their time on duties which are regarded as extra or additional and for which job-related allowances are paid, this is an indication that their work is not typical of the rank or grade as a whole. In such circumstances, it may be more appropriate to regrade the posts, up-date the duties for the ranks or to schedule staff to work in these posts in rotation rather than continue to pay job-related allowances.

3.18 We recommend therefore that in such cases the posts concerned should be reviewed in the first instance to determine whether any of these measures should be adopted. Only if they all prove to be impracticable or inappropriate should it be necessary to continue to pay job-related allowances.

Payment of Allowances on a Continuing Basis

3.19 The general view expressed by departmental managements, staff associations and the Administration is that allowances should continue to be paid as long as staff are required to perform duties which justify them. On the other hand some private sector organisations suggested that allowances should only be granted occasionally and that they should not become part of an officer's regular income.

3.20 We consider that, in general, the payment of allowances to a particular officer on a continuing basis could be avoided by one of the following measures : -

- (a) the adjustment of the pay scale of his rank to incorporate the allowances paid;
- (b) the regrading of the post occupied by the officer into a different or new rank with a pay scale which would obviate the need to pay allowances; and
- (c) the rotation of staff to take up the post.

3.21 However, we recognise that, given the principles which underlie the pay structure of civil service grades, it may not be appropriate or practicable to take any of these measures because of the cost or for practical or operational reasons.

3.22 We therefore recommend that the need to pay job-related allowances to officers on a continuing basis should be accepted if the adjustment of their pay scales is not justified and the regrading of posts or the rotation of staff to fill them is not practicable.

Multiple Allowances

3.23 At present, there is no specific rule prohibiting staff from drawing more than one allowance. There are, in fact, about 700 officers in the civil service who receive multiple allowances on a continuing basis, almost all of whom draw two allowances.

3.24 The majority of the representations from departmental managements and staff associations supported the payment of multiple allowances though a few suggested that claims should be restricted to certain combinations of them. The Administration, on the other hand, did not favour a limit on either the number of allowances which could be claimed or on their total value.

3.25 We have examined the distribution of multiple allowances in detail. We consider that their payment on a continuing basis is not on an unduly large scale and, provided that a set of consistent principles and eligibility criteria is applied to the payment of each individual allowance, that there is no need to impose an arbitrary limit on either the number of allowances that may be claimed or the amount received as a proportion of an officer's total take-home pay.

3.26 We therefore recommend that no limit should be placed on the number of allowances which an officer can claim but that care should be taken to approve payments only if each of the individual allowances claimed can be independently justified as being in accordance with the principles and criteria applicable to that allowance.