

CHAPTER FOUR

CIVIL SERVICE PAY STRUCTURE

(The principles and practices governing the pay structure of the civil service and the determination of internal relativities between grades are set out in this Chapter)

I. System Used in Establishing Internal Relativities

Background

4.1 In the 1979 overall review, we adopted the 'educational qualification method'* to establish the link between civil service and private sector pay. Under this method, private sector pay for jobs usually requiring a particular qualification were reflected in civil service pay for jobs requiring a similar qualification.

4.2 Qualifications have since been one of the major considerations in determining the starting rate of pay for entry ranks in the civil service.

4.3 In practice, this system involves establishing benchmark pay points for essential educational qualifications which are stipulated as normal requirements for appointment. The starting pay for an entry rank requiring a particular qualification is then set with reference to the relevant benchmark, having regard also to other factors relating to the nature of the job.

4.4 Grades with a similar qualification requirement for appointment are then 'broadbanded' into 'qualification groups' in each of which a common pay structure prevails. Broadbanding is the concept of not trying to reflect minor differences in job content in pay scales. The pay scales

*Note : See paragraph 5.5

of grades within the same group, while broadly comparable, are 'fine-tuned' on the basis of the particular features of the grade and other relevant factors.

4.5 Pay relativities between grades in different qualification groups are mainly set by the respective group benchmarks and group pay structures.

4.6 While the qualification benchmark is the key factor in setting the starting pay of an entry rank, the major consideration in determining the pay scale of higher ranks in a grade* is the level of responsibility exercised by officers of those ranks. As the pay scale of upper ranks is mainly determined on the basis of the level of responsibility exercised and the special features of individual grades become even less important in determining pay at these levels, further broadbanding is applied to upper ranks within a qualification group. For the highest ranks, broadbanding is extended to grades in different qualification groups.

4.7 At present, there are 16 qualification groups in the civil service pay structure (excluding the disciplined services). They are established mainly by reference to academic and professional qualifications, but in a few cases also having regard to the experience required for appointment and the nature of work performed. There is an additional 'group' of 'other grades' where the application of the qualification system is considered unsuitable and for which benchmarks cannot be assigned. A brief description of these groups is set out at Appendix I.

Qualification Benchmark System

4.8 Since its adoption in 1979, the qualification benchmark system is considered to be generally effective in providing a fair and transparent framework within which pay relativities between grades are determined. While most of the submissions received by us favour the retention of the system, some have represented that under the existing

*Note : A grade may consist of a number of ranks. Each rank normally represents a separate level of responsibility, and is designated by a specific rank title with a specific pay scale.

system, too much emphasis is placed on educational qualifications. Other factors, such as skills and experience required, complexity, intensity of effort, and responsibility that relate to the content of particular jobs (collectively called 'job weight') are not taken into account in determining the qualification benchmark and, therefore, the starting rate of pay for entry ranks.

4.9 This appears to us to be a misconception. The existing system actually consists of three basic elements :-

(a) Pay for the job

The rate for a job is assessed on the basis of its collective job weight, working conditions and other relevant factors.

(b) Qualifications

The level of qualification required for a job is the minimum level considered necessary for the competent performance of the job. This is determined largely by the collective 'weight' carried by the job. (For Model Scale 1 grades, it refers to the level of skill, trade or craft and experience instead of to the level of academic attainment.)

(c) Broadbanding

One common pay structure and common pay scale is generally applied to all grades whose job weights are, taken overall, broadly comparable and whose normal requirements for appointment (i.e. qualifications) are broadly similar. Such grades together form a qualification group. The common pay structure becomes the norm for the group.

4.10 Some representations point out that the existing differentials between certain qualification benchmarks are difficult to justify. They argue, for example, that there is a nine-point gap between the School Certificate and the Matriculation benchmarks (MPS point 5 versus point 14) although the differential represents only an additional two years' general education. This is contrasted with the six-point differential between the Matriculation and Degree benchmarks (point 14 versus point 20) for another three years' study at university level. Two points need clarification here. First, the relative values of particular qualification benchmarks are to some degree determined by reference to private sector practices. Second, under the 'pay for the job' principle, the

differential between two qualification benchmarks applicable to particular groups should not be determined purely by the number of years of additional academic work normally required to acquire the higher qualification. Instead, what essentially matters should be the difference in job weights between grades in the respective qualification groups.

4.11 Having regard to the considerations that :-

- (a) qualifications still provide a well-defined and workable yardstick in broadbanding the pay of civil service grades and in linking civil service and private sector pay,
- (b) it is impracticable to attempt to differentiate between minor differences in job weight in the pay of individual grades, and
- (c) the benchmark approach is favourably received by the majority of departmental management and staff,

we affirm that the existing qualification benchmark system in determining internal relativities between grades should continue to be employed. We further propose that the existing civil service pay structure and pay relativities between grades should be taken as the starting point in the 1989 salary structure review. We believe this to be a more rational approach as the system has proved to be generally workable. It is also in keeping with our objective of maintaining a stable civil service.

4.12 Our recommended approach should certainly not prevent the staff or the management of any grade from proposing that their grade be transferred from one qualification group to another. If the job weight of the grade has been increased to an extent that justifies the employment of staff with higher qualifications, it ought to be transferred to the relevant qualification group with a corresponding pay adjustment. On the other hand, depending on the evidence supporting the proposal, it may be considered appropriate to retain the grade in the original group but its pay scale could be adjusted to take account of relevant new features.

Job Evaluation

4.13 It is arguable that under the 'pay for the job' principle, the job weight of each grade should first be determined by job evaluation using more scientific methods such as factor analysis before grades are classified under

particular qualification groups. Indeed some representations from staff suggest that such an exercise should be conducted in the current review. While agreeing that job evaluation is desirable, we reiterate our view expressed in our Report No. 1 that it may not necessarily be a panacea for all relativity problems. This is because in conducting a job evaluation exercise, the factors to be used, the weights to be attached and their application to particular jobs are still a matter of judgement. We have also carefully considered whether factor analysis should be employed to evaluate jobs in the current review, but having regard to the desire to complete the review as expeditiously as possible, the need for thorough consultation with staff on the methodology for such an exercise and the need for expertise for performing the task, we have decided against such an approach. Nevertheless, we feel that the subject is very important and certainly warrants further examination.

Exceptions to General Practice

4.14 While the existing considerations of 'pay for the job', qualifications and broadbanding should normally apply in determining internal pay relativities, there are two general exceptions.

(a) Motivation

4.15 Although the principle of 'pay for the job' should generally prevail, we recognize that different holders of the same job may have varying standards of performance. Some officers may perform the job more effectively or efficiently than others. Many respondents have made suggestions on how civil servants could be motivated to perform better, for example, by introducing performance-related pay and by granting long service awards. These relate to the general question of motivators, which will be examined in more detail in Chapter 6. As a general principle, we accept that pay differentials based on performance can be introduced for holders of the same job for motivation purposes.

(b) Recruitment or retention difficulties

4.16 In situations where a grade experiences persistent difficulties in recruitment or retention, it may be necessary to alleviate them by introducing pay-related measures. We consider that flexibility should be exercised in these situations and the application of the three basic considerations for determining relativities between grades may be relaxed. This subject will be examined in greater detail in Chapter 7.

Separate Pay Scales

4.17 Staff of some grades facing acute recruitment and retention problems attribute the problems to their substantially lower pay relative to that of their private sector counterparts. They propose that a separate pay scale should be established for their own grade. We are aware of the problems facing those grades. We are however conscious that any move to introduce pay scales separate from the common structure for individual grades or groups of grades would have serious repercussions on the rest of the civil service, and would give rise to great confusion and arguments about relativities between grades. We shall therefore need to examine carefully each case on its own merits when individual grades are reviewed.

II. Factors for 'Fine-Tuning' Pay Scales of Individual Grades in a Qualification Group

4.18 As explained in paragraph 4.4, under the broadbanding approach minor job differences between grades in the same qualification group are not reflected in the pay scale. However, substantial variations between grades are still taken into account in fine-tuning the relevant pay scales.

4.19 In the 1979 review, the Commission specified a number of factors as such major variations. They included dangerous or obnoxious duties, enforcement duties, job content and shift work. In addition, age, qualifications over and above the minimum, and required experience were factors applicable for adjusting the minimum of the scale only. On the other hand, the Commission held the view that competitive entry, outside work in all weathers, requirement to wear uniform and requirement to work on public holidays and weekends should not be taken into account in setting pay scales.

4.20 Because of possible variations in duties, some of these factors may not apply to all the members of a rank. The Commission used the general rule that such factors should not be reflected by adjusting the pay scale unless they applied to a minimum of 75% of staff in the rank. Where any of those factors applied to less than 75% of the rank, consideration should be given to the payment of an allowance.

4.21 A considerable number of grades submit that their pay scales should be revised to take account of new

circumstances. Indeed, developments since 1979 indicate that a fresh look at the factors affecting salary scales is required. We have therefore carried out a comprehensive review of the subject.

Job Factors : General Considerations

(a) Reference to the group norm

4.22 The first principle in considering whether a particular job factor is relevant to the determination of the pay of a grade should be its comparability with the group norm. In other words, the main criterion is whether or not a particular feature, in terms of a requirement of the job or on the job-holder or both, is materially over and above that normally expected of similar grades in the group. This is appropriate because the objective is to establish relativities among grades with broadly comparable job weights under a common pay structure.

(b) Factor must be related to duties regularly performed

4.23 A factor should be reflected in the pay scale only if it is inherent in duties constituting an appreciable part of the normal work of officers in that rank or grade, instead of being incidental to or constituting a small part of their duties only.

(c) Permanent features versus transient phenomena

4.24 In determining whether a particular factor is relevant, it is necessary to consider whether the factor concerned is a permanent feature of the job or merely transient. Only a permanent feature merits consideration as a relevant job factor. We consider that a transient feature should more appropriately and flexibly be dealt with by granting a temporary allowance. The allowance should moreover be applied in a simple manner and without undue restrictions.

(d) Increase in workload

4.25 We recognize that for various reasons, the workload of particular grades has increased significantly since 1979. However, to tackle the problem by simply revising the pay scale concerned is not entirely appropriate. In principle, it would be undesirable to allow staff to take on a workload beyond a reasonable level persistently. Increase in workload should be tackled generally by suitably increasing the number of staff or by improved methods of working as and when necessary, and not by an adjustment to the pay scale.

(e) Pay scale versus allowance

4.26 At present, where a factor applies to less than 75% of staff in the rank, consideration may be given to the payment of an allowance, instead of adjusting to the pay scale. Such an allowance is commonly referred to as a job-related allowance.

4.27 In 1985, we reviewed whether job-related allowances should be abolished and all the factors relevant to the determination of pay reflected in the pay scale, but concluded that the prevailing system should be retained. We see no reason for any change.

4.28 We have re-examined whether the 75% threshold should be lowered or increased. In our view, lowering the percentage to, say, 50% would mean that a substantial proportion of staff will receive extra pay without the additional responsibility. On the other hand, raising the trigger-point beyond 75% to, say, 90% would mean a large proportion of staff may have to be paid an allowance individually and this may not be more cost-effective in administering the system. On balance, we consider that the existing threshold should continue.

Broad Categories of Relevant Factors

4.29 Against the general considerations set out in paragraphs 4.22 - 4.28, factors that are relevant in determining pay relativities between grades in a qualification group can be broadly divided into three categories :-

- (1) entry requirements exceeding the group benchmark qualification;
- (2) duties extraneous to or responsibilities over and above those normally expected of equivalent ranks in the group; and
- (3) conditions of work substantially different from the group norm.

Each category will be examined in detail in the following paragraphs.

Job Factors : Category 1 - Entry Requirements

4.30 The benchmark qualification of a group represents the minimum level of qualification normally necessary for the competent performance of jobs in that group. In addition, it is not uncommon for other entry requirements to be stipulated for individual grades.

4.31 The stipulation of additional entry requirements for some grades does not necessarily mean that those grades are performing more complex or onerous duties than others which require only the standard entry qualification. The disparity in entry requirements reflects that the specific skills required of jobs in the grade with the normal entry qualification are largely acquired on-the-job, while those demanding additional qualifications, to the extent of the extra requirements, must be obtained beforehand.

4.32 It follows that recruits meeting those additional requirements can bring their skills directly onto the job and discharge their duties with greater proficiency in their early years of service. Consideration should be given to raising the starting pay of the rank concerned. However, in the absence of other relevant factors, these requirements should not affect the maximum of the rank scale.

4.33 There are several types of additional entry requirements which may be relevant for making adjustment to the minimum of the scale :-

(a) Age

4.34 Age requirement is a relevant factor in adjusting pay but the adjustment should not be based purely on the number of years by which the age required exceeds the normal age of entry. Instead, it should be based on the specific circumstances of the grade concerned.

(b) Post-qualification experience

4.35 Where the entry requirement of a grade stipulates a period of post-qualification experience, the starting pay should be adjusted on the basis of the number of years of relevant work done by a person after he has fully acquired the normal qualification. Moreover, relevant work should mean work in a relevant field at a level broadly comparable to that of equivalent ranks in the group.

4.36 There is a distinction between adjusting pay for post-qualification experience as an additional entry requirement and granting pay increments to recruits for their relevant previous experience.

4.37 At present, increments for relevant previous experience, which is not a stipulated requirement for appointment, are granted to new recruits where the grade concerned is experiencing serious recruitment problems.

Awarding increments in such circumstances can attract qualified and experienced persons to join the civil service. This practice should therefore continue in order to help alleviate recruitment difficulties.

4.38 A number of representations submit that this practice should be extended to all entry ranks irrespective of whether there are recruitment difficulties. We are however unable to find sufficient justification for providing this additional incentive where there are no recruitment difficulties.

(c) Special skills or knowledge

4.39 Where the possession of special or unusual skills and knowledge on top of the general qualification for the group is necessary for appointment to a grade, adjustment to the starting pay may be considered. We however consider the specific technical or professional skills and knowledge associated with the prescribed qualifications for entry to individual grades in the 'technical' or 'professional' qualification groups should not be taken as an additional factor in setting pay. Generally speaking, special skills or knowledge as a factor should apply only to grades where the group benchmark is related to a general educational qualification, such as those in the School Certificate Group and the Matriculation Group.

(d) Qualifications over and above the minimum

4.40 We consider that where an additional qualification is of particular value in a specific rank and this qualification is stipulated as an extra entry requirement, the starting pay may be adjusted according to the value of the additional skills or knowledge that the officer can bring onto the job.

(e) 'Relevant degree'

4.41 In Group III of the Professional, Degree and Related Grades (i.e. Degree Group), the benchmark qualification is a recognized university degree. Apart from the basic qualification, additional requirements are also stipulated for entry to a number of grades. Usually, those grades require candidates to possess a degree in a subject considered relevant to the nature of work of the grade concerned. At present, such additional requirements are generally not taken into account in setting their pay scales.

4.42 For some of them, the requirement of a 'relevant degree' only serves to indicate broadly an applicant's general aptitude or possession of relevant background knowledge for carrying out the functions of the grade. A substantial part of the subject matter of the relevant degree will not be directly applicable to the job.

4.43 On the other hand, there are grades where the 'relevant degree' is of particular value for the competent performance of the grade's work. The subject matter of the candidate's training in the university is of direct relevance to the work he is expected to perform, and to a considerable extent the basic skills required for the job have been obtained before appointment to the grade.

4.44 We take the view that the two kinds of 'relevant degree' should be differentiated. To the extent that candidates can bring the necessary skills and knowledge onto the job and therefore become more proficient in their early years, we consider that an upward adjustment to the starting pay should be made for a degree that is of direct relevance to the job. On the other hand, the possession of a relevant degree which only serves as a broad indicator of an applicant's general aptitude or possession of background knowledge should not be given recognition in pay.

4.45 We recommend that the basic guidelines for determining whether a 'relevant degree' should be given credit should be :-

- (a) an appreciable part of the subject matter of the relevant degree is directly relevant to a substantial part of an officer's normal duties; and
- (b) the skills or knowledge acquired through the relevant degree will clearly enable an officer to discharge his duties more proficiently than one who has to acquire them on the job.

(f) Period of training

4.46 At present, for Group I of the Professional, Degree and Related Grades (i.e. Professional Group), the starting pay for the first full professional rank of different grades varies according to differences in the training period and experience normally required to obtain the full professional qualification.

4.47 In our view, the starting pay of the first full professional ranks in this group should be determined on the basis that appointees operate as full professionals, with due regard to the level of professional accountability, complexity of work and other relevant considerations. We consider therefore that the existing practice should not be applied rigidly and in isolation.

(g) Honours degrees

4.48 Following the recommendation of the 1971 Salaries Commission, the benchmark pay points for an honours degree and a pass degree were set at MPS 21 and MPS 20 respectively. In 1979, the Commission abolished this pay differential, setting MPS 20 as the benchmark entry point for grades in the Degree Group. Although a few respondents suggest that a differential should be re-introduced, we consider that the existing arrangement is consistent with the principle of 'pay for the job' and that there is no justification for reverting to the earlier practice.

4.49 Group II of the Professional, Degree and Related Grades, with the benchmark entry point at MPS 31, is commonly referred to as the 'Honours Degree Group' because grades in this group normally require candidates to possess an honours degree for appointment. In contrast, Group III is called the 'Degree Group' as grades in this group only require a pass degree for entry.

4.50 In our opinion, the term 'Honours Degree Group' is a misnomer as it gives the impression that the differential in entry points between grades in Groups II and III is determined primarily on the basis of the 'honours' requirement. In fact, Group II has a pay structure related to that of Group I. Adding to the confusion is the provision in Group II for candidates without an honours degree to enter at the assistant rank with starting pay at MPS 20 which is the benchmark for Group III. To avoid further misunderstanding, we recommend that the term 'Honours Degree Group' should be abandoned.

Entry with Lower Qualifications

4.51 In reviewing entry requirements as a relevant factor affecting starting pay, we have re-examined the existing practice of appointing exceptionally candidates with qualifications slightly below the normal requirement. This provision has been introduced, mainly for grades requiring a degree for appointment, so that candidates should not be turned away merely because they do not