

## CHAPTER THREE

### FACTORS

#### **Introduction**

3.1 In our Preliminary Report we said that we intended to follow the same approach to all the services as the Edmund-Davies Committee did in respect of police pay in the United Kingdom in 1977-78. They decided that the best way to proceed was to review all the relevant factors and make the best judgment they could. None of those who responded with comments on the Report have suggested that we should modify that simple approach though several have pointed out that the Edmund-Davies Committee's observations elsewhere in the relevant passage related uniquely to the police. As we went on with our work we were confirmed in our view that despite the obvious difficulty that this approach throws a very heavy burden on the Committee's judgment it remained the proper way for us to proceed, in respect of all the services covered by our terms of reference.

3.2 In Chapter 9 of the Preliminary Report we set down the factors we proposed to consider. We tried hard to make the list comprehensive : we did not quite succeed. One factor which we did not list was intensity and continuity of effort while at work. It was pointed out to us by more than one respondent that the extent to which staff were under continuous pressure and the degree of that pressure varied between services, and in some cases between jobs. Both from the evidence we received and especially from what we saw on our visits, we are entirely satisfied that this is a factor that deserves considerable weight in our deliberations.

3.3 The only comments we received about any of the factors suggesting that they should not be taken into account concerned three which might or might not form part of the factor we called "Other earnings and benefits", being quarters, welfare benefits and promotion prospects. Police responses suggested that neither quarters nor welfare benefits should be taken into account at all in pay determination. Correctional Services responses took the view that it was right to take provision of quarters into account provided operational quarters were excluded. Civil Service Branch drew attention to the established principle that promotion prospects were traditionally not accepted as a factor in pay determination.

#### **Welfare benefits**

3.4 We have obtained information from all the services about the welfare benefits they enjoy. These vary very greatly. The bulk of the variation in welfare income (shown

in **Annex 3.1**) is attributable to proceeds accruing under the rules by which the Fire Services Department and the RHKPF are allowed to retain for welfare purposes the proceeds resulting from the hire of their services and facilities. The much appreciated generosity of donors and voluntary contributions from staff, together with interest on invested funds, also account for some of it. The variation in welfare income from the highest to the lowest is under \$19 per month per head.

3.5 This difference, though not insignificant, is small in relation to the other factors we are considering; and it stems mainly from the Government's contribution, albeit an indirect one, since the provision of services and facilities is paid for out of Government funds as part of the normal expenditure on the services concerned. We consider that if the Government wishes to redress the balance in welfare benefits among the disciplined services it should do so directly and not through staff pay packets. In addition, we do not wish to make any recommendation that might cause donors to think that their gifts might have an adverse effect, however small, on the staff they were concerned to help. In the light of these considerations we have decided to exclude welfare benefits from our calculations.

#### **Quarters**

3.6 Quarters are much more important than welfare benefits, in the minds of those in the services as well as in value, as is well borne out by the submissions we received and the numerous comments made to us on the subject in the course of our visits to the services. It is apparent from these representations that quarters are seen both by staff who have them and those who do not as a major factor among the compensations provided to staff by the Government. Strong complaints were frequently made by those who did not have quarters or had quarters which were below the standard to which they were officially entitled. These complaints were often cast in terms of monetary values. In **Annex 3.2** we have tabulated the information we have obtained about the supply of quarters in the various services.

3.7 Quarters may be divided into non-departmental quarters and departmental quarters. Entitlement to non-departmental quarters is service-wide, the criterion being either to reach a certain pay level or specific provision in the terms of appointment, and does not differ between the disciplined and non-disciplined services. Since we are required to frame our recommendations in relation to the rest of the civil service, in view of the general availability of these quarters we do not require to consider them further.

3.8 Departmental quarters may be operational or non-operational, and operational quarters have a further very small sub-division, that of post-tied quarters. We have found the utmost difficulty in making sense of the division between operational and non-operational quarters. In several services, officers living in what are listed as operational

quarters will remain in these quarters even though posted to the other end of the territory. It is not for us to say that it is wrong to describe such quarters as "operational". That is merely a matter of terminology which we find confusing; but we are not prepared to take the further step which says that because these quarters are defined as operational quarters they can be disregarded as part of the package of benefits that the officers concerned receive from their employment.

3.9 It is clear to us, on the other hand, that post-tied quarters are operational quarters in the fullest sense of the word : they are provided for the purposes of a specific job, the holder of which is required for operational reasons to live in the quarters provided. We had no difficulty in deciding that they should be excluded from consideration.

3.10 It has been argued that because the distinction between operational quarters and non-operational quarters is not clearcut, and because in most services some staff have quarters and some do not, we should not take quarters into account at all. We think that this argument justifies us in giving relatively little weight to the quarters factor in our consideration; but because the variation in provision of quarters between the different services is so very wide we simply cannot ignore it entirely.

3.11 We concluded that the approach most consistent with the averaging approach which we are adopting in reference to our recommendations about basic pay was to take all departmental quarters except post-tied quarters into account, whether they are classified as operational or non-operational, but give this factor small weight in our judgment. Thus no service need fear that the pay levels we recommend have been lessened by a figure even remotely approaching the notional value of the quarters they occupy.

### **Promotion prospects**

3.12 Traditional pay policy proceeds on the view that promotion prospects should not be taken into account in determining pay levels; but this tradition has always had exceptions, particularly in the disciplined services, where exceptionally long scales and long service increments have been used to help retain and maintain the motivation of long-serving officers with no prospects of promotion. We consider that in the interests of recruitment, retention, and motivation, it is necessary to take promotion prospects into account in considering scales at certain levels. Where promotion prospects are known to be low salary levels may require to be higher for the purposes of recruitment as well as for retention and motivation.

### **Other factors**

3.13 The other factors we have taken into account are discussed in the Preliminary Report. They are know-how, problem-solving, and accountability; age and qualifications;

hours of work, shift patterns, and unpredictable calls upon staff time; stress, risks, in which we include in particular the element of danger, and hardship; social segregation, discipline, and other restrictions upon freedom. In addition to these factors which concern what the employer gets and what the employee gives (or endures) in return for his pay, we have also reviewed the important considerations of recruitment, motivation and retention, which are specifically mentioned in our terms of reference, together with effectiveness and efficiency.

3.14 We record in Chapter 2 above that we made little headway in considering how we might bring effectiveness and efficiency into pay determination, though we also record the general impressions we formed, which have naturally had some influence on our views. Considerations of recruitment, retention and motivation came into play when we were examining specific proposals for new pay scales, prepared on the basis of our review of the other factors we have listed, and these are discussed at the appropriate points in Chapters 4 and 5. The ways in which we have brought the other factors referred to in the preceding paragraph into consideration are described in the remainder of this chapter.

#### **Reviewing the factors**

3.15 Our terms of reference instruct us that our review is to be conducted as far as possible in two distinct parts, dealing first with the police, and thereafter with the remaining disciplined services. In reviewing the factors which we have listed, we found it quite impossible to make sense of our task except by considering each factor in turn and examining the facts we had collected and the representations we had received to enable us to make a judgment about the extent to which it applied to each service, and in this process to make comparisons between the services. As a brief examination of the nature of the factors we had to consider will show, this could not be a process which simply took statistical information and turned it into rankings. Though we received (and extracted) a lot of statistical information from the services, even where the statistical information was most comprehensive we had to use our judgment carefully in formulating our conclusions. In this part of the review we concentrated on the rank and file and junior officer ranks, where the effect of those factors that most differentiate the disciplined services from the rest of the civil service is most strongly felt.

3.16 A very important question which we had to decide was how to deal with factors which might very strongly affect a part of a service, while affecting other parts only to a limited extent or not at all. This issue relates not only to the special factors such as hardship and risk but also to factors common to the whole public service such as know-how and problem-solving. In our Preliminary Report we indicated that we favoured the use of job-related allowances as a flexible and economic method of responding to changing

circumstances, and a practical and cost effective way of rewarding extra work and responsibility; and it was suggested to us in some submissions that we should encourage fuller use of pay additions related to the specific demands of specific jobs. This is a topic to which we devoted a good deal of consideration, and discussion where appropriate when taking oral evidence. We hoped to be able to make a contribution to increasing effectiveness, efficiency and motivation by more accurately reflecting actual job demands in the pay of individuals; and we identified some areas of work which we discussed closely with management representatives to see whether we could make progress on these lines.

3.17 We were obliged to conclude that we could not within the scope of our task produce any worthwhile recommendations in this area; and as our study progressed, we came more and more to the view that we should, to the fullest extent that was reasonable, adopt an "averaging" approach for each service, in which we took into account both the degree to which a factor affected the staff concerned and the proportion of the staff of the service affected by it. As a result of this approach, there are bound to be cases where some staff on particularly demanding duties are paid less than they deserve and some on less demanding duties more. We consider this is in some degree inescapable, and that generally speaking the rotation of staff between posts over the years may be expected to restore the balance. This is also the firm view of departmental managements, and the staff associations and unions.

3.18 Though we have found for the purposes of this review that the averaging principle is the right approach, and elsewhere in this Report we recommend that a number of allowances should be terminated and replaced through the general adjustment of basic pay, we do not wish the managements of the services to take the view that new allowances should not be proposed where circumstances justify them, though we believe the criteria should be strict. The criteria which we think should be met before any such proposals are approved are to be found in the discussion in paragraphs 7.16 to 7.24.

3.19 We divided the factors into two broad groups. First we looked at the group which might broadly be considered as what the employer gets in return for pay. These factors are know-how, problem-solving and accountability; age and qualifications; hours of work; and continuity and intensity of effort. We consider these factors in combination provide a measure of the quantity and quality of work. For the hours of work factor we have used the best estimate we could make of the actual hours habitually worked in each service, not the conditioned hours (see **Annex 1.3**).

3.20 The second group were factors which express the advantages and disadvantages of the job for the employee, in addition to the quantity and quality of the effort his job requires. These are shift patterns, and unpredictable calls

upon staff time; stress, risks, and hardship; social segregation, discipline, and other restrictions upon freedom; and promotion prospects and quarters. We recognised that several of those factors were inter-related, for example shift patterns and risks are significant causes of stress. We found it helpful therefore to consider these and other factors together as a group.

3.21 In our first reviews we tried to put together all the factors concerning time, i.e. hours of work, shift patterns, and unpredictable calls upon time, because as a group these seem to be closely related; but as we examined the matter further we found it best to separate and re-group them with other factors in the way we have described. We deal with the question of overtime in Chapter 7, where it will be noted that we have included an element in basic pay, reflected in the factor we have called unpredictable calls upon staff time, to cover the general liability to work irregular and extra hours, a liability which of course varies between the services. We do not consider that shift working, which is a requirement for the great majority of the staff in all the services, should be compensated for by allowances, but rather that it should be a factor in the determination of basic pay; and that is how we have treated it.

3.22 Our examination of the two groups of factors in combination provided us with a clear ranking of the services into three broad groups, as follows :-

**Group 1** Royal Hong Kong Police Force

**Group 2** Fire Services (Operational)  
Correctional Services  
Customs and Excise Service

**Group 3** Immigration Service  
Fire Services (Ambulance)  
Fire Services (Control)

3.23 The order in which the individual services are shown above in Groups 2 and 3 is immaterial : in our estimation the services in Group 2 rate the same ranking, and similarly for the services in Group 3. We are in no doubt, after reviewing all the factors in several ways, that this is a robust grouping of the services for pay purposes. The grouping also reinforces the conclusion, which we had reached on other grounds, that the police can suitably be placed on a pay scale of their own, separate from that for the other services. We should add that one result of our review of the factors is that the differences between the scales that we are recommending for the three groups are less than the present range.

3.24 We wish to make some comments on these groupings, because we received strong representations from many sources that all the disciplined services, including the police, should be paid the same; and we believe that many of those who

represented in that sense would also take the view that even if the police were excluded the rest of the services should be paid the same. Earlier in this chapter we explain our decision to adopt the principle of "averaging" to the fullest extent possible. In this instance, it is our view after full and careful examination of the factors in the light of the wealth of information we have assessed about each service, that if we extended the principle of averaging to cover in one set of scales all six sub-groups listed above we should be recommending unjustifiably low levels of pay for those in Group 2 and unjustifiably high levels for those in Group 3.

3.25 There are two significant changes in the grouping we recommend as compared with placings on the existing Disciplined Services Pay Scales (DPS). In the first place, we have grouped Correctional Services and Customs and Excise together with Fire Services (Operational), in which the Officers have traditionally enjoyed a lead over those of the other two services. Our considered view, as a result of our review of the factors, is that the previous placements did not do justice to the complex and arduous duties of Officers of the Correctional and Customs and Excise Services, particularly in the light of continuing developments in their work and responsibilities since 1979.

3.26 In the second place, we have separated the Control and Ambulance sections of the Fire Services Department from the Operational section, and grouped them with the Immigration Service in Group 3. This reflects several points. The first is that our review of the factors grouped these services closely together. The second is that our review has satisfied us that FSD Control and FSD Ambulance staff merit a material increase in pay on average, if not quite so large as some of those we are recommending for other groups; and the third is that despite strongly-urged representations to the contrary our review convinced us that some of the factors that gave the Operational section of FSD a very high ranking in pay terms did not apply to the same extent to FSD Control or to FSD Ambulance staff, and that though there were countervailing factors these did not nearly outweigh the lead that the Operational staff had. For pay purposes, therefore, we concluded FSD staff had to be split into two categories. We appreciate that this will not be welcomed by those affected, but we are satisfied about the facts on which we base this recommendation. The final point is that we are satisfied as the result of this examination of the factors that the Immigration Service merits a substantial increase in pay.