

**GOVERNMENT WHITE PAPER  
ON THE  
SINGLE SPINE PAY POLICY**

**NOVEMBER 2009**

**WP. NO. 1/2009**

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## **1.0 INTRODUCTION**

The Single Spine Pay Policy (SSPP) has been put forward to restore equity and transparency in public service pay administration.

The new pay policy is to be implemented in phases over a five-year period effective January 01, 2010.

The first six months of the implementation process will be used to address some persistent technical problems to ensure that the SSPP does not re-introduce inequities which it was designed to address.

The paper is in four parts. It begins with an Introduction. This second part deals with the background to the SSPP. The third part addresses the introduction of the New Pay Policy stating the rationale for it, its objectives, key elements of the policy and establishment of the Fair Wages and Salaries Commission (FWSC) which is to oversee the implementation of the SSPP. Section four articulates Government's position on the subject. Government is grateful to its social partners, especially organized labour, for its co-operation in working to bring about equity and transparency in national pay administration.

## **2.0 BACKGROUND**

### **2.1 Past Attempts at Public Service Pay Reform.**

Over the years, pay reforms and reviews have been undertaken by past Governments with the goal of improving Public Service salaries and managing the recurring canker of disparities and inequities in the Pay Administration System. Attempts to redress these problems included reviews by Commissions and Committees such as the Mills-Odoi (1967); Issifu Ali (1973); Justice Azu-Crabbe (1979-1983) and Gyampoh (1992—1.993) Commissions or Committees.

Despite these attempts, distortions, inequities and low incomes continue to persist within the Public Services.

### **2.2 The Ghana Universal Salary Structure**

A comprehensive 22-Level Ghana Universal Salary Structure (GUSS) was introduced in 1999. It was intended for implementation in all institutions in the Public Services, to deal with salary inequities and distortions. However, the objective of universality underpinning the GUSS could not be realized, particularly since sections of the Public Services were allowed to opt out without any sanctions being applied. Its failure could also be attributed to the fact that the Central Management Board and the Appellate Body that were to manage its implementation were not backed by any legal instrument and were also not adequately resourced.

## **3.0 THE NEW PUBLIC SERVICE PAY POLICY**

### **3.1 Rationale for a New Pay Policy**

The Single Spine Pay Policy (SSPP) has been proposed against the backdrop of a debate that has been ongoing for several years around four important issues in public sector pay in Ghana, namely;

- (a) pay disparities that have emerged within the public services; r
- (b) rising cost of the public sector wage bill;
- (c) large number of public sector pay negotiations; and
- (d) linkage of pay to productivity.

### **3.2 Development of the Single Spine Pay Policy**

The Pay Reform component of the broader Public Sector Reform Agenda (2006 — 2011) is the latest initiative by Government to re store fairness in the Public Service Pay Administration System.

Listed below are the steps taken to develop the SSPP.

#### **(a) Appointment of a Consultant**

COEn Consulting Ltd. was engaged in May 2006 to, among others:

- (i) develop a pay regime that is fair, transparent and equitable;
- (ii) design a Pay Policy framework that is sustainable;
- (iii) include all Public Service institutions and employees on a unified Grading and Pay Structure; and
- (iv) design a Pay Structure for implementation over the medium term which could attract the requisite skills and competencies to the Public Services and be managed within the national budget.

#### **(b) Activities undertaken by the Consultant**

The consultant;

- (i) conducted an initial review which revealed the lack of a pay administration framework with mandated responsibility and authority to implement pay reforms, as one of the weaknesses in achieving pay reform objectives.

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(ii) grouped Public Service institutions based on similarities of jobs in terms of requirements for education, skills and training to perform their work and other institutional roles. Consequently, nine (9) Service Classifications were created as follows:

- Public Policy, Planning, Service, Administration and Related Services;
- Health Services;
- Education (Non—Tertiary);
- Education (Tertiary), Science & Research;
- Revenue and Accounting Services;
- Security Services;
- Legal and Judicial Services;
- Sub-vented (Commercial & Non—Commercial); and
- Regulators.

(iii) conducted Job Analysis and Evaluation exercises in all Public Service institutions under Article 190 of

- the 1992 Constitution of Ghana, including,
- the Civil Service;
- the Judicial Service;
- the Audit Service;
- the Education Service;
- the Prisons Service;
- the Parliamentary Service;
- the Health Service;
- the Statistical Service;
- the National Fire Service;
- the Customs, Excise and Preventive Service;
- the internal Revenue Service;
- the Police Service;
- the Immigration Service;
- the Legal Service; and
- the Local Government Service;
- ❖ Public Corporations, other than those set up as commercial ventures;
- ❖ Public Services established by the Constitution; and
- ❖ Other Public Services that Parliament has by law prescribed.

The Job Evaluation determined the value of all Public Service jobs; established internal relativities across and within Services Classifications with the object of enabling Government to reward its employees in accordance with the principle of "equal pay for work of equal value" consistent with Article 24 (1) of the 1992 Constitution of Ghana and Section 10 (b) of the Labour Act, 2003, (Act 651).

The result of this exercise provided the basis to begin placing Public Service jobs onto a Single Spine Salary Structure.

(iv) produced the following key outputs:

- Nine (9) Service Classifications;
- Results of Jobs Evaluation;
- A 25-Level Grade Structure;
- Results of Analysis of Pay Differentials and Allowances in the Public Service; and
- A 25-Level Single Spine Salary Structure.

### **3.3. Objectives of the New Pay Policy**

The ultimate goal of the SSPP is to ensure equity, fairness and transparency in Public Service Salary Administration as well as enhance performance and productivity.

The specific objectives of the Pay Policy are to

- (a) place all public sector employees on one vertical structure;
- (b) ensure that jobs within the same job-value range are paid within the same pay range (i.e. "equal pay for work of equal worth");
- (c) allow Government the ability to manage the wage bill more efficiently;
- (d) ensure compliance and ease of monitoring the pay structures of self-accounting institutions;
- (e) minimize industrial-relation tensions related to low pay and distortions across the Public Services; and
- (f) link pay to productivity.

### **3.4 Key Elements of the Pay Policy**

The SSPP which is intended to drive the Public Service Pay Administration System has important features as follows:

- (a) its development involved extensive stakeholder consultation and participation from the design through to its finalization. The policy is, therefore, built on consensus and ownership;
- (b) provision of legal backing for Pay Administration i.e. promulgation of the Fair Wages and Salaries Commission Act, 2007 (Act 737);
- (c) the Fair Wages and Salaries Commission as the Pay Policy regulatory, oversight and implementation institution has been established;

- (d) a Grading Structure for Public Service jobs, based on the results of the Job Evaluation exercise has been designed;
- (e) a 25-Level unified salary structure for the Public Service has also been designed;
- (f) it lays emphasis on linking pay to productivity;
- (g) classification of Public Service jobs has been prepared based upon requirements for education, skills and training to deliver their mandates;
- (h) categorisation of Allowances in the Public Services into four (4) distinct types, with a proposal to harmonise and standardise them has been prepared; and \_
- (i) market Premiums and inducements, as strategies to attract and retain critical skills in short supply and deployment of public servants to deprived areas have been identified.

### **3.5 The Role of the Fair Wages and Salaries Commission in Streamlining Remuneration In Public Sector Organisations**

In anticipation of the New Pay Policy, the Fair Wages and Salaries Commission, Act 2007 (Act 737) was promulgated. This is to serve a dual purpose: to provide an institutional home for Public Service Pay implementations and a legal backing to deliver on its mandate. This is reckoned as a significant improvement upon previous arrangements.

The objectives of the Commission are to

- (a) ensure a fair, transparent and systematic implementation of Government Public Service Pay Policy;
- (b) develop and advise Government on Pay Policy issues and ensure that decisions relating to such matters are implemented;
- (c) undertake negotiations where compensation is financed from public funds; and
- (d) mandate of the Commission does not include the determination of emoluments for the category of public officers specified under Article 71 of the 1992 Constitution.

## **4.0 GOVERNMENT'S POSITION**

### **4.1 Single Spine Pay Policy**

Government accepts, in principle, the recommendation that the Single Spine Pay Policy (SSPP) serve as basis for Public Service Pay effective January 01, 2010, subject to the correction of the technical problems associated with the current proposal.

To achieve an ideal SSPP, Government recognises that a review of the proposed Pay Policy should be undertaken to address the technical issues (service functions, job content, scheme of service, job descriptions, job evaluation performance indicators ,productivity indices, among others) to enhance the effective implementation of the SSPP.

In addition, necessary complementary public sector reforms should be undertaken to promote the achievements of the objectives of the SSPP.

### **4.2. The Single Spine Salary Structure**

Government has taken note of the 25-Level Grade Structure designed for Public Service jobs.

Government accepts the 25-Level Salary Structure as the basis for the implementation of the New Pay Policy. The Salary Structure may be reviewed from time to time to ensure equity.

### **4.3 Coverage of the Policy**

Government accepts that the SSPP shall be applicable to the Public Service institutions specified under Article 190 of the 1992 Constitution and which subsist on the Consolidated Fund, except those under Article 71 of the 1992 Constitution, and the Ghana Armed Forces. Government further endorses the recommendation that other public service institutions cannot opt out of the SSPP.

### **4.4 Establishment of a Legal Body**

Government accepts that the Fair Wages and Salaries Commission (FESC), as established, is the institution responsible for the implementation of Public Sector Pay Policy, facilitating the collective bargaining process, and providing a monitoring and advisory role.

As provided in Section 29 of the FWSC Act, 2007 (Act 737) all the other arrangements for determining Salaries and Conditions of Service in the Public Services shall cease to exist. However, institutions such as the Office of the President, the Ministry of Finance and Economic Planning (MOF EP), the Public Services Commission (PSC) and the Ministry of Employment and Social Welfare (MESW) that have been involved in reviewing salaries and allowances of Public Service institutions over the years should support and cooperate with the Commission in the delivery of its mandate.

Government recognises that F WSC has to be able to discharge its mandate if this new Public Services pay administration system is to succeed. FWSC as a regulator must have capacity to

police the new system and sanction offenders. It must also have capacity to promote best practices in pay administration to be applied by human resource practitioners, who are to be empowered as implementers of this new Pay Policy in public service organisations.

Government therefore endorses measures to empower the Commission to deliver on its mandate. In the interim, the FWSC will be required to develop guidelines and standards to guide human resource managers in the various institutions in all aspects of the implementation of SSPR.

Government hence acknowledges that the FWSC will be highly instrumental in the effective implementation of the New Pay Policy and is, therefore, committed to adequately resourcing the Commission to deliver on its mandate.

#### **4.5 Negotiations**

Government notes the need for negotiations with respect to

- (a) base pay,
- (b) relativities of the Single Spine Salary Structure (SSSS), and
- (c) standardisation of Categories 2 and 3 Allowances. \_

Government further notes that negotiations for the base pay and relativities of the SSSS shall be carried out between FWSC, MOFEP and MESW on one hand and Organised Labour Associations on the other.

The issue of multiple rounds of negotiation by various services, which would in time erode any gains made and defeat the principle of equity, is one of the inherent flaws of the current proposal which should be corrected.

Also, unlike normal single spines, which need only one round of negotiations, the proposed structure calls for ten (10) rounds of negotiations (one central on consolidated base salary and nine service-based negotiations on other conditions of services), this misses out on one of the key benefits of a standard single spine that of fully centralized wage bargaining.

Government, recognizing the importance of correcting this and other aspects of the proposal, will work with its social partners at all stages for the proposal to become an ideal single spine structure eliminating multiple negotiations for "other" pay, which will reintroduce the very inequities which the proposal has been made to deal with.

Government therefore endorses an approach leading to a one round negotiation, as soon as possible, also to reduce transaction cost.

#### **4.6 Performance Management and Productivity**

Government did not find any linkage in performance management and productivity in the Single Spine Salary Structure.

Government recognises that improved compensation must be driven by improved performance or productivity. In effect, there would be the need to establish a link between the new salary policy and performance management. This aspect of the policy is what Government will actively engage its social partners to accomplish and thereby properly orient Single Spine Pay Policy as a fair and equitable way of remunerating public servants.

Government endorses the introduction of a robust public service wide performance management, monitoring and evaluation system. Once the system is in place, annual salary increments for public servants will no longer be automatic, but based on annual performance assessment.

#### **4.7 Allowances and Remuneration**

Government recognises the four (4) categories of allowances that have been proposed.

Government notes that, to ensure equity, **Category 1 Allowances**, which have been incorporated into the base pay as an outcome of the Job Analysis and Evaluation exercise, should not be re-introduced.

Government accepts the recommendation that Categories 2 and 3 Allowances should be standardised to ensure equity and effective management of the wage bill.

Government notes the recommendation that Category **Allowances** and **Benefits** be discontinued to make the Personnel Emoluments component of the National Budget more transparent and manageable.

Government takes note of the proposal for conversion of in kind benefits to cash. This will be carefully studied and subjected to intense cost-benefits analysis after which an appropriate decision will be made.

#### **4.8 Market Premiums and Inducements**

Government acknowledges that the attraction and retention of the right mix of skills to deliver public goods and services is central to its overall human resource strategy.

Government recognises that, Market Premiums should be used to attract and retain critical skills which are in short supply.

However, not all jobs within a particular Service Classification will be eligible. To avoid abuse of this facility, clear guidelines for identifying jobs which qualify for market premiums will be developed and reviewed periodically.

Government further notes that inducements for working in deprived areas should be allowed for those areas designated as deprived.

Government accepts that regular Labour Market Surveys should be undertaken to inform the determination of Market Premiums and Inducements.

#### **4.9 Sustainability of the Pay Policy**

To ensure that the cost of SSPP does not disrupt the macroeconomic stability agenda, the financial burden on Government will be phased in a pyramid manner such that as the outer years of implementation are approached, more resources will be made available to public sector workers until the pay policy is fully implemented in the fifth year.

#### **4.10 Transitional Issues**

Government notes that placement onto the Single Spine Salary Structure will involve a transition from the existing salary structures. Government expects the FWSC, in collaboration with MoFEP, MESW and the Controller and Accountant-General's Department (CAGD), to develop comprehensive guidelines to manage the transition.

Government notes that a Conversion Difference would be paid to an employee whose salary, prior to the implementation, is higher than his entry point on the SSSS. This is to ensure that the employee is not made worse-off as a result of the implementation of the new Pay Policy. The Conversion Difference amount would reduce annually as the employee's pay increases from time to time.

The Conversion Difference should no longer be paid when the pay point is equal to, or higher than the consolidated salary at conversion.

FWSC will have a significant role to play in disposing of such cases. To enable it resolve the problems expeditiously, alongside other transitional problems, all institutions covered by the policy should submit their Collective Bargaining Agreement (CBA) and other relevant information on their conditions of service to the FWSC. The information should be sent to FWSC within a month upon receipt of the request.

#### **4.11 Conclusion**

Government continues to appreciate the valued cooperation and collaboration of its social partners. In furtherance of this cooperation, it will support intensive public information, education and communication campaign by the Fair Wages and Salaries Commission (FWSC), and other social partners, including the Ministry of Information and the leadership of Organised Labour and Associations.