

Consultancy on the Methodology of a Pay Level Survey for the Civil Service : first-stage consultancy

Scope of work

The appointed consultant is required to perform the following tasks –

- (a) drawing up a detailed and feasible methodology for the pay level survey according to the guiding principles and broad parameters for the conduct of the exercise drawn up by Civil Service Bureau (CSB) and having regard to best industry practice. The latest set of the guiding principles and broad parameters, which is subject to refinement, is set out in **Annex**.

Our preliminary views on the conduct of the pay level survey are as follows –

- (i) comparison with the private sector should focus on pay only (i.e. the comparison will not cover fringe benefits) although the opportunity can be taken to collect information on non-salary items in the private sector remuneration package to help ascertain an appropriate basis for comparison with civil service pay; and
- (ii) we may need to adopt a combination of survey methodologies to facilitate pay comparison at different pay levels. For pay comparison at the entry level, a possible approach is to adopt the education qualification method to set the benchmark pay for the starting salaries of civil service entry ranks by reference to the entry pay of private sector jobs requiring similar education/professional qualifications for appointment. For pay comparison at levels above entry pay, civil service pay may be compared with private sector pay at specified levels (such as junior, middle and senior levels) in a broadbrush manner with reference to a selection of representative job samples.

The survey approach suggested above represents our preliminary views. The appointed consultant is required to examine the survey approach suggested above as well as other feasible approaches for conducting the pay level survey having regard to the specified guiding principles, broad parameters and best industry practice as mentioned above. Among these possible approaches, the appointed consultant is required to recommend the most credible and feasible one and to devise a detailed

and workable methodology for its recommended approach. The final decision on the choice of the survey methodology rests with CSB which will seek and take into account the views of the Steering Committee and the Consultative Group in the process.

(b) offering advice to CSB on issues relating to the development of the detailed methodology for the pay level survey, including but not limited to the following:

- the most appropriate method for selecting a representative sample of civil service positions and private sector jobs at specified levels (such as junior, middle and senior levels) for effective pay comparison, including the criteria for selection of civil service positions and private sector positions to be covered in the survey;
- availability of private sector analogues for specified civil service positions;
- the sample size of civil service positions and private sector jobs to be included in the survey field;
- criteria for selection of private sector companies to be covered in the survey;
- relevant factors that need to be taken into account in making pay comparison between private sector jobs and civil service positions at different levels, e.g. job nature, specific qualification requirements for certain positions, differences in remuneration policies and practices as well as in organisation structure between the two sectors, etc.; and
- apart from data on salary, any other relevant data that may need to be collected during the pay level survey (e.g. the job descriptions of private sector positions, organisational structures, trends in remuneration policies and practices, etc.) to facilitate a fair and credible comparison between civil service pay and private sector pay which takes due account of the differences between the civil service and the private sector, as well as the method for collecting such data.

- (c) working out the implementation details of the survey to demonstrate that the recommended methodology is feasible and practical from the technical and management perspectives and that it will facilitate an effective and credible pay comparison. Examples of such implementation details include:
- procedures for collecting and verifying data, e.g. principles governing the design of the questionnaire and the conduct of interviews, etc.;
 - method for compilation and analysis of data.
- (d) conducting small-scale trial surveys using existing private sector pay data to ascertain the feasibility of the proposed detailed methodology.
- (e) holding discussions with concerned parties, mainly through the Steering Committee and the Consultative Group, as and when required in the process of developing the survey methodology.
- (f) presenting and explaining the proposed detailed survey methodology to concerned parties, mainly through the Steering Committee and the Consultative Group, as and when required.
- (g) offering any relevant advice on the design of the other constituent components of the improved civil service pay adjustment mechanism (e.g. the pay trend survey methodology) having regard to the detailed methodology of the pay level survey to be devised by the appointed consultant, to ensure that various constituent components will work in coordination under the improved mechanism.

Deliverables

2. The appointed consultant is required to produce and submit an interim report on its preliminary proposal on the detailed methodology of the pay level survey and any information relevant to the development of the methodology (e.g. initial advice on the implementation details of the survey and on the design of the other constituent components of the improved civil service pay adjustment mechanism) as requested by CSB not later than 30 calendar days from the commencement of the consultancy agreement. He is also required to produce and submit a final consultancy report on its proposal on the detailed methodology of the pay level survey with any relevant advice

on the design of other constituent components of the improved civil service pay adjustment mechanism having regard to the proposed methodology not later than 120 calendar days after the submission of the interim report.

Invitation of consultancy proposals

3. The Stores and Procurement Regulations (SPR) provide rules and guidelines for the management and procurement of Government stores and services. SPR 280(c) provides that for procurement of consultancy services of value not exceeding \$1.3 million, procuring departments should obtain written quotations from not less than five contractors. In accordance with the above regulation, on 6 October 2003 CSB invited written quotations from 15 consulting firms which meet the following criteria –

- the consulting firm has experience and expertise in human resource consulting;
- the consulting firm provides services related to pay and have knowledge of pay administration. Prior experience in conducting pay level surveys is preferred;
- the consulting firm is a well-established company and has a good track record of its consulting services;
- the consulting firm has good knowledge of local market and government operation, preferably with experience in providing consultancy services to the Government of the Hong Kong Special Administrative Region on civil service related matters; and
- the consulting firm has a record of business registration in the Hong Kong Special Administrative Region, is on the Efficiency Unit's (EU) consultants' list, or has a record maintained by the Company Registry.

The above criteria have been drawn up having regard to the purpose and requirements of the consultancy so that only those consulting firms with the necessary experience and expertise to undertake the consultancy will take part in the procurement exercise.

Submission of proposals

4. The 15 consulting firms were each invited to submit a technical proposal and a fee proposal. The technical proposal should include, among others, the company's profile; its experience, knowledge and expertise in human resource management (HRM) matters, in particular pay policy and remuneration practices, in both the public sector and the private sector locally and overseas; the consulting team's qualifications, experience, expertise and knowledge in public sector and private sector remuneration practices; and the approach and methods which the consulting team proposes to adopt in taking up the assignment. In the fee proposal, the consulting firms should quote a fixed lump sum fee for all the services required for this consultancy.

Assessment of proposals

5. Three consulting firms submitted consultancy proposals to CSB by the deadline. The consultancy proposals were assessed by an Assessment Panel comprising the following representatives from within and outside CSB:

- Permanent Secretary for the Civil Service (Chairman)
- Director of Administration
- Deputy Secretary for the Civil Service (2)
- Principal Assistant Secretary for the Civil Service (Pay and Leave)
- Principal Executive Officer (Management) of the Civil Service Bureau
- Assistant Secretary for the Civil Service (Pay and Leave) (Secretary)

6. The Assessment Panel assessed the consultancy proposals received from the three consulting firms according to the following assessment criteria:

- (a) the suitability of the consulting firm –
 - in terms of its experience, knowledge and expertise in HRM matters, in particular pay policy and remuneration practices, in **public sector** locally and overseas
 - in terms of its experience, knowledge and expertise in HRM matters, in particular pay policy and remuneration practices, in **private sector** locally and overseas

- (b) the quality of the consulting team –
- in terms of the necessary qualifications, experience, expertise and knowledge in **public sector** remuneration practices
 - in terms of the necessary qualifications, experience, expertise and knowledge in **private sector** remuneration practices
- (c) the approach and methodology of the pay level survey it initially proposed–
- in terms of understanding of the requirement of the consultancy
 - in terms of approach and methodology proposed (including its feasibility and credibility)
 - in terms of detailed work plan (ability to submit the deliverables within the specified time limit set out in the consultancy brief and the allocation of sufficient resources to meet the target)
- (d) the consultancy fee proposed

Appointment of consultant

7. Of the three consultancy proposals received, the proposal from the Hay Group Limited received the highest total score in the assessment. The Hay Group Limited was appointed to undertake the consultancy on 25 November 2003. The fee of the consultancy is HK\$698,700.

Civil Service Bureau
26 November 2003