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Pay Policy

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Framework and principles

Introduction

- 1.1 We aspire to be an employer of choice at Audit Wales¹, attracting and retaining great people by providing attractive terms and conditions, interesting and challenging work, and a supportive culture creating a great place to work.
- 1.2 We recognise the importance of a pay system that treats everyone fairly, a system that is appropriate and transparent, provides value for money, and rewards employees for the work they perform. This policy sets out our approach to pay, with the objective of ensuring we have a diverse workforce, with the right people where we need them in order to deliver the work programmes of Audit Wales. This policy applies to all employees – permanent, fixed term and casual – employed by Audit Wales (the Wales Audit Office).

Legislative framework

- 2.0 Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions. Audit Wales is not a legal entity. The Auditor General has the auditing and reporting functions described above. The Wales Audit Office's main functions are to provide staff and other resources for the exercise of the Auditor General's functions, and to monitor and advise the Auditor General.
- 2.1 Part 5 of Schedule 1 to the Public Audit (Wales) Act 2013 provides for employment of staff by the Wales Audit Office and for that employment to be on such terms as the Wales Audit Office may determine. Other employment and equality legislation also applies.
- 2.2 Whilst not mandated for the Wales Audit Office, we have prepared this policy having regard to guidance produced by the Public Services Staff Commission and the Welsh Government.

¹ Where we refer to Audit Wales within this policy, this means the Auditor General and the Wales Audit Office. However, the WAO is the legal entity with employment functions.

- 2.3 The remuneration of the Auditor General for Wales and non-executive members of the Wales Audit Office (the Board) is determined by the National Assembly for Wales, under the Public Audit (Wales) Act 2013.
- 2.4 The Board determines the remuneration, and terms and conditions of employment of Wales Audit Office employees. Minutes of the Board are published.
- 2.5 The non-executive members determine any allowance payable to employee members of the Board.

Principles

- 3.1 Arrangements adhere to the principles set out below:
 - **consistency and fairness** – our employees are fairly rewarded, heard and represented, secure and able to progress in a healthy, inclusive environment where rights are respected. We pay our employees the rate for the job, commensurate with responsibility and role, with equal pay for equal value roles. We use job evaluation and our own Felt Fair Panel to help us achieve this.
 - **transparency** – accountability for pay arrangements is clear and forms part of our governance structure.
 - **accessibility** – to support effective scrutiny of our spending of public money, we publish this policy on a single, prominent and easily accessible place on our website.
 - **affordability and value for money** – our pay arrangements are designed to be affordable and ensure the best use of public funds, while supporting a motivated and valued workforce.
 - **compliance and equality** – we ensure that we comply with employment law and collective bargaining agreements so that all employees, including those on non-guaranteed hours, receive their full rights, terms and benefits. We are a Living Wage employer and we undertake equal pay audits to identify any pay gaps for protected characteristics and we publish an annual equality report. We produce these documents in accordance with good practice guidance.

Audit Wales pay structure

- 4.1 To ensure we can attract and retain great people, we offer an attractive and balanced package of pay and other benefits.
- 4.2 The pay and benefits structure is reviewed periodically under strategies set by the Board. When determining pay strategies, the Board considers:

- the need to recruit, retain and motivate suitably able, qualified and high-calibre people;
- overall affordability within available resources;
- pay practices in the wider public sector and comparator organisations; and
- relevant legal obligations including equality and anti-discrimination requirements.

4.3 Employee pay is pensionable under the Civil Service Pension Scheme.

4.4 The pay structure consists of set pay bands, with each role at Audit Wales allocated to a specified pay band. We publish current pay bands on our website. The structure is based on a job evaluation scheme agreed with the trade union partners that is designed to meet equality objectives and provide equal pay for work of equal value. Any changes to the pay structure are equality impact assessed. Equal pay audits are undertaken annually and published in our and published in our Equality Annual Report.

4.5 Job evaluation provides a score for a post or role, with scores grouped into ranges that equate to a specific pay band. Scoring is normally undertaken by a member of HR who is trained in the application of the scheme. A Felt Fair Panel, comprising management and trade union representatives, reviews the evidence for each score and may determine changes to the score if appropriate. There is no appeals mechanism against these scores.

4.6 Subject to satisfactory performance, assessed annually through a Performance Appraisal Scheme, an employee will progress through the increment points within their allocated pay band. There is no other form of performance-related pay.

4.7 The pay structure has been agreed with trade union partners and any changes to it are subject to consultation and negotiation with them under a collective bargaining agreement.

Transparency of senior staff remuneration and remuneration of Board members

5.1 Senior staff are defined as those in the director pay bands. Of those, the remuneration of senior staff in Audit Wales's Executive Leadership Team is reported in the annual report and accounts.

5.2 The remuneration of members of the Board is also reported in the annual report and accounts.

Pay relativities

- 6.1 The lowest pay within Audit Wales is the starting rate in the pay band for work placements. The highest pay is Director pay band A, unless the Board were to determine an arrangement by exception. We publish pay relativity comparisons between the highest and lowest-paid employees in our annual report and accounts.
- 6.2 Pay agreements will ordinarily take account of any particular focus needed for lower-paid employees or in helping to address any issues flagged through equal pay audits.

Reviewing this statement

- 7.1 This policy will be reviewed by HR in line with periodic pay agreements, or when other changes are considered appropriate. All changes to policy are consulted on with our trade union partners and undergo an equality impact assessment before decision.

Appointments, development and exit arrangements

Salary on appointment or internal promotion

- 8.1 All new employees will normally be appointed at the minimum of the appropriate pay band.
- 8.2 The appointing manager may exercise discretion to appoint up to the second incremental point above the minimum in a pay band, subject to a business case for exceptional circumstances, to be approved by the relevant Executive Director taking account of HR advice. Exceptional circumstances might include, for example:
 - previous failure to have recruited at a particular salary, grade, specialism and/or location;
 - requirement to recruit where there is a known market premium;
 - to secure the best candidate on the day following an assessment centre, taking in to account that candidate's current circumstances; and
 - overall value for money when considering the costs of a further recruitment exercise.
- 8.3 All discussions with the preferred candidate on the starting salary must be undertaken by HR. Recruiting managers do not have the authority to

negotiate with the preferred candidate on the salary offered either during or after the interview process, even where a starting salary range has been agreed.

- 8.4 On internal promotion to a post, an employee will move to the incremental point in their new pay band that results in at least a 5% increase in their basic salary.
- 8.5 This is subject to the overall maximum of the pay band and ignores any element of their current salary that is subject to pay protection or a temporary allowance.

Pay progression

- 9.1 Employees (including those on outward secondment) will receive an incremental uplift in April each year provided that their performance for the most recent performance period has been assessed as satisfactory (via the Performance Appraisal Scheme), that is employees must not be subject to informal or formal capability arrangements.
- 9.2 New starters and new promotees will need to be in post on or before 30 September of the previous year to be eligible for an incremental uplift in the following April. Employees recruited after this date will not be eligible for an incremental uplift until the year after, e.g. an employee recruited in December 2016 will not be eligible for an incremental uplift until April 2018.
- 9.3 For those new starters and new promotees recruited before 30 September, their performance will be assessed through their probation or development plan review. Where it is necessary for a probation period or development plan to be extended to further assess an individual, no incremental uplift will be applicable for that performance year.
- 9.4 Employees absent on maternity/adoption/shared parental leave, sick leave, territorial armed forces duty or career breaks for caring responsibilities will be awarded an incremental uplift if their performance for the reporting period preceding their departure was assessed as satisfactory, in line with the Performance Appraisal Scheme guidance.
- 9.5 Employees who are absent from work for more than six months in any financial year will not be eligible for incremental progression in the following financial year except in the circumstances outlined above.
- 9.6 Employees on a contract of one year or less or employees on temporary promotion of 12 months or less will not normally be eligible for an incremental uplift in that position. However, subject to satisfactory

performance, an incremental uplift is applied to their substantive post and will be applicable following their return to their substantive role.

Wider benefits package

10.1 In addition to an employee's salary, we offer a range of both financial and non-financial workplace benefits. This includes membership of the Civil Service Pension Scheme, access to advance of salary and salary sacrifice arrangements, excellent learning and development opportunities and employee well-being schemes; all set against a modern flexible working environment. Our employee benefits statement is published on our website.

Internal talent management

11.1 We have excellent learning and development arrangements in place to enable all of our employees to be the best they can be. Opportunities for promotion or secondment are advertised internally in order to ensure equal opportunity for all. We advertise externally for roles at Manager/Director level and for below that level where we do not believe we have a pool of candidates internally. We agree a personal development plan with all employees.

Voluntary exit, voluntary redundancy and compulsory redundancy

12.1 To support organisational change, we may from time to time elect to run severance schemes. In such circumstances, employees will be offered compensation based on the Civil Service Compensation Scheme terms, though we may negotiate reduced terms for voluntary exits. All severance activity must be supported by a business case which includes cost benefit analysis.

12.2 We maintain a separate Workforce Design Policy, published internally for staff on the Hub, our intranet.

Training contracts, non-permanent contracts and temporary arrangements

Apprentices and Graduate Audit Trainee Scheme

13.1 We run Apprenticeships and a highly regarded trainee scheme, developing participants to be the finance professionals of the future. We provide fixed-

term training contracts, linked to studying a professional technician/accountancy qualification whilst developing on-the-job audit skills. We are founders of a pan-Wales public services secondment programme, providing opportunities for our apprentices/trainees to work in other organisations as part of their development journey.

- 13.2 Whilst we do not guarantee employment beyond the training term, we certainly hope to provide some permanent opportunities as well as helping them to move on to successful careers elsewhere, ideally in the public sector.
- 13.3 Other than for the specifics of the trainee scheme, such as additional provision for study time, all other terms and conditions are as standard across Audit Wales. The pay band for the apprentice/trainee schemes form part of the overall pay structure of Audit Wales.

Non-guaranteed-hours contracts – fixed-term or casual employees only

- 14.1 We operate a pool of employees on non-guaranteed-hours contracts in order to secure the necessary audit expertise in delivering the Auditor General's work programme. They provide for qualified/experienced audit contractors to undertake specific pieces of audit work, complementing the in-house workforce as and when needed. They are not permanent employees.
- 14.2 Appointments to non-guaranteed-hours arrangements will be based on merit through fair and open recruitment processes.
- 14.3 We will provide as much notice as possible when asking individuals to undertake work. Individuals will not be under any obligation to accept work offered to them. We will give reasonable consideration to their other responsibilities such as studies, childcare or other caring responsibilities when discussing work programmes. Where work is cancelled at short notice, we will consider covering reasonable costs incurred by individuals, for example caring costs and travel costs, subject to the production of valid receipts to evidence the expenditure.
- 14.4 Individuals who do not accept work for whatever reason will not suffer a detriment as regards being offered work in the future.
- 14.5 Individuals who have been undertaking regular hours over an extended period of time will be able to request a contract review. We state this in the recruitment arrangements and terms and conditions of engagement.

- 14.6 Individuals will be allocated a named 'line manager' for reporting and performance purposes. There will be opportunities for two-way feedback during and/or at the end of assignments, as appropriate.
- 14.7 Individuals undertaking a non-guaranteed-hours role will have access to appropriate induction, training and development support to enable them to undertake their roles effectively. We will fund agreed training and development time and costs we deem necessary.
- 14.8 Individuals will be able to take annual leave, as set out in their terms and conditions of employment. Where it is not possible to arrange leave during the period of work, a payment will be made to reflect the individual's entitlement to statutory holiday pay at the end of the period of work or at the end of the individual's annual leave period.
- 14.9 Individuals will be able to apply, through fair and open competition, for relevant permanent vacancies where such opportunities arise.

Employees on temporary promotion / temporary allowances

- 15.1 Circumstances will periodically result in an employee being absent from their post for a significant amount of time. Alternatively, there may be vacant posts that for various reasons take a considerable amount of time to fill. Additionally, Audit Wales may decide to ask an employee to temporarily undertake some specific additional duties and responsibilities of a higher graded post, or to temporarily undertake project work of a specific nature, which significantly alters the level of responsibility currently held.
- 15.2 In order to ensure working priorities can continue to be met, Audit Wales may ask an employee in a lower graded post to temporarily undertake the partial duties resulting in a higher level of responsibility for the post holder. The employee will receive a temporary allowance when, for any other reason than the annual leave of another, they agree to a request by the Manager or Director to temporarily undertake the full or partial duties and responsibilities of a higher graded post for a continuous period of 4 weeks or more.
- 15.3 The employee will not receive an uplift in salary until they have undertaken the full or partial duties and responsibilities for a continuous period of a minimum 4 weeks (unless under exceptional circumstances approved by the Head of HR). Following this period, where approved, payment will be backdated to the date of commencement of the additional duties and responsibilities.

- 15.4 The Manager will prepare a Business Case for submission, which should include the following information:
- The reason for the proposed arrangement and why the person concerned is suitable for the duties.
 - Start and anticipated end date for the arrangement.
 - Indicative financial implications of the arrangement including confirmation that budgetary provision is available.
- 15.5 Business Case approval will require the signature of the Executive Director / Director and Head of Human Resources.
- 15.6 In order to have a systematic and transparent means of determining when a payment should be awarded to an employee, every application for a payment to temporarily undertake additional duties and responsibilities will be assessed by a HR Partner under the guidance of Audit Wales job evaluation scheme.
- 15.7 Where it is impossible to specify an end date, the payment will be reviewed after six months to ensure the temporary allowance payment is still relevant. The appropriate HR Partner will review the acting up arrangements in line with the information given by the Manager, and in the cases of a further extension, fresh approval will need to be sought. If the temporary allowance arrangement ceases prior to the six-month review the manager should inform the HR Partner to stop the temporary payment.
- 15.8 A payment will not be granted in the following circumstances:
- Demonstrating an increase in workload rather than duties and responsibility.
 - Where an employee is undertaking the temporary additional duties and responsibilities and those duties do not result in an increase in grade under the Audit Wales job evaluation scheme.
- 15.9 Payment will only be granted where the duties being temporarily assigned to the individual result in an increase to the job evaluation score under the Audit Wales evaluation scheme, placing the postholder in a higher grade in the pay and grading structure. The score attained is final and there is no right to appeal.
- 16.0 The employee will receive a temporary duties allowance to raise in line with this higher grade as stated in the Pay on Promotion part of this policy. Any post that attracts additional allowances eg.travel allowance will be eligible to receive the same in line with qualifying criteria, no protection period will be given if duties cease.

- 16.1 Business Cases should be processed as soon as possible to ensure there is no delay in the additional payment to the employee following the 4-week qualifying period. Where circumstances result in a delay in the completion of the Business Case and the authorisation of the additional payment, payments can be backdated up to a maximum of three months.
- 16.2 The temporary allowance payment and any associated additional allowances will cease if the employee is absent for a period of 4 weeks² or more but will resume immediately if the employee returns directly to a post attracting the allowance.
- 16.3 All payments will be reviewed on an ongoing basis by the HR Team.

Pay protection arrangements

- 17.1 On occasion, employees may become subject to pay protection arrangements. This situation may occur:
- due to changes to pay ranges, for example following a job evaluation which reduces the pay band of the role; or
 - if an individual's job is declared redundant or disappears through restructuring and they are undertaking work at a lower grade.
- 17.2 Pay protection means that an employee's salary will be held at their current level of pay, for a period of time, even where this salary exceeds the maximum of the pay band for their revised post (the substantive salary).
- 17.3 Pay protection will be for four years at full pay from the date that the negative change in pay comes into effect plus a further two years of equal tapering of the salary to the new target salary rate.
- 17.4 A shorter period may apply in specific circumstances, for example if an individual has requested redeployment to a lower-paid post or such redeployment is the result of capability proceedings. Any such protection will be considered on a case-by-case basis as provided for in the relevant HR policies.

² This will be reviewed case by case to eliminate any disadvantage to an individual

Appendix A

Furloughing

As a result of the Government's Coronavirus Job Retention Scheme, Wales Audit Office could pay 80% of your wages through the Coronavirus Job Retention Scheme, up to a monthly cap of £2,500. Wales Audit Office might be able to keep you on the payroll if we are unable to operate or have no work for you to do because of coronavirus (COVID-19). This is known as being 'on furlough'. To qualify you must have been in post on 19th March 2020 and you and Wales Audit Office must both agree to furlough status.

If agreement is reached, you'll still be paid by Wales Audit Office and pay taxes and pension from your income. Furloughed workers cannot undertake work Audit Wales while on furlough.

Terms of Furlough

Both Wales Audit Office and the employee must agree to place an individual on furlough. Individuals are unable to apply for the scheme themselves. Once agreed Wales Audit Office will write to you confirming you have been furloughed to be eligible to claim. This scheme does not apply if you are self-employed or to any income from self-employment.

Sickness Absence and Furlough Worker Status

If you're on sick leave or self-isolating because of coronavirus (COVID-19), you will be eligible to receive Statutory Sick Pay (SSP), but you can be furloughed after this.

Eligible Roles

Only positions that are not centrally funded are eligible to be placed on furlough. In the first instance centrally, funded staff will be redeployed to assist with the coronavirus response, where this is possible.

You can be put on furlough by Wales Audit Office and continue to work for someone else. However, you must adhere to our terms of engagement regarding conflict of interest.

Maternity Leave, contractual adoption pay, paternity pay or shared parental pay while on Furlough

You must take at least 2 weeks Maternity Leave immediately following the birth of your baby. This is a health and safety requirement. If you are eligible for Statutory Maternity Pay (SMP) or Maternity Allowance, the normal rules apply, and you will be entitled to claim up to 39 weeks of statutory pay or allowance.

If you qualify for SMP, you will still be eligible for 90% of your average weekly earnings in the first 6 weeks, followed by 33 weeks of pay paid at 90% of your average weekly earnings or the statutory flat rate (whichever is lower). The statutory flat rate is currently £148.68 a week, rising to £151.20 a week from April 2020.

If you are currently pregnant and due to start Maternity Leave while on Furlough

You will start Maternity Leave as usual. If your earnings have reduced due to a period on furlough or statutory sick pay prior to your Maternity Leave starting this may affect your Statutory Maternity Pay. The same principle applies to contractual adoption pay, paternity pay and shared parental pay.

Payment while on Furlough

The grant will start on the day you were placed on furlough and this may be backdated to 1 March 2020.

Wales Audit Office will seek to obtain a grant to cover 80% of your monthly earnings, up to a maximum of £2,500. Wales Audit Office:

- will pay you at least 80% of your usual monthly earnings, up to a maximum of £2,500, as your wage
- can claim for a minimum of 3 weeks and for up to 3 months - but this may be extended

You'll still pay Income Tax, National Insurance contributions and any other deductions from your wage, including pension.

How your monthly earnings are calculated if variable hours

If you've been employed (or engaged by Wales Audit Office in the case of agency workers, or contractors) for a full year, Wales Audit Office will claim for the higher of either:

- the amount you earned in the same month last year
- an average of your monthly earnings from the last year

If you've been employed for less than a year, Wales Audit Office will claim for an average of your monthly earnings since you started work. The same arrangements apply if your monthly pay varies such as if you are on a zero-hour contract. If you started work in March 2020, Wales Audit Office will pro-rata your earnings from that month.

While you're on furlough

Once you are on furlough you will not be able to work for Wales Audit Office, but you can undertake training or volunteer subject to public health guidance, as long as you're not:

- making money for Wales Audit Office
- providing services to Wales Audit Office

If you are required to, for example, complete training courses whilst they are furloughed, you will be paid your hourly wage for the time spent training, even if this is more than the 80% of your wage that will be subsidised.

Any activities undertaken while on furlough must be in line with the latest Public Health guidance during the COVID-19 outbreak.

Wales Audit Office can still make you redundant while you're on furlough or afterwards. Your rights as an employee are not affected by being on furlough.

The terms of your employment contract are not altered by being on furlough

If Wales Audit Office chooses to place you on furlough, you will need to remain on furlough for a minimum of 3 weeks. However, Wales Audit Office can place you on furlough more than once, and one period can follow straight after an existing furlough period, while the scheme is open. The scheme will be open until at least the end of June 2020.

If you do not want to go on furlough

If Wales Audit Office asks you to go on furlough and you refuse you may be at risk of redundancy or termination of employment, depending on the circumstances.

If you are a contractor or seasonal worker and do not wish to go on furlough due to there being no mutuality of obligation in the employment contract you will be retained on our payroll but will receive no benefits until further assignment work is provided by Wales Audit Office and accepted by you.