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# Pay policy

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# 1 Framework and principles

## Introduction

- 1.1 We aspire to be an employer of choice at the Wales Audit Office, 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 equally, a system that is appropriate and transparent, provides value for money, and rewards employees fairly 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 the Auditor General for Wales and the Wales Audit Office. This policy applies to all employees – permanent, fixed term and casual – employed by the Wales Audit Office.

## Legislative framework

- 1.3 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.
- 1.4 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.
- 1.5 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.
- 1.6 The Wales Audit Office Board determines the remuneration, and terms and conditions of employment of Wales Audit Office employees. Minutes of the Wales Audit Office Board are published.
- 1.7 The non-executive members determine any allowance payable to employee members of the Board.

## Principles

1.8 Arrangements adhere to the principles set out below:

- **consistency** – we pay our people 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. We undertake annual equal pay audits to identify any pay gaps for protected characteristics and will publish an annual equality report. We produce these documents in accordance with good practice guidance.
- **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** – 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.

## The Wales Audit Office pay structure

1.9 To ensure we can attract and retain great people, we offer an attractive and balanced package of pay and other benefits.

1.10 The pay and benefits structure is reviewed periodically under strategies set by the Wales Audit Office 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.

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

- 1.12 The pay structure consists of set pay bands, with each role at the Wales Audit Office 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.
- 1.13 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 two senior managers and two 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.
- 1.14 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.
- 1.15 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

- 1.16 Senior staff are defined as those in the director pay bands A, B and C. Of those, the remuneration of senior staff forming the Wales Audit Office's Management Committee is reported in the annual report and accounts. The Management Committee consists of the Auditor General and the six senior roles in pay bands A and B (five roles from 1 July 2017). Other director roles (which do not form part of the Management Committee) are at pay band C.
- 1.17 The remuneration of members of the Wales Audit Office Board is also reported in the annual report and accounts.

## Pay relativities

- 1.18 The lowest pay within the Wales Audit Office is the starting rate in the pay band for work placements. The highest pay is 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.

- 1.19 Pay agreements will 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

- 1.20 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.

## 2 Appointments, development and exit arrangements

### Salary on appointment or internal promotion

- 2.1 All new employees will normally be appointed at the minimum of the appropriate pay band.
- 2.2 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 Director of Finance and HR. (Where a business case is for an appointment within that director's remit, the Director of Corporate Services will consider the business case.) 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.
- 2.3 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.
- 2.4 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.

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.

## Pay progression

- 2.5 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 that employees will have needed to have achieved an 'overall met' in their appraisal.
- 2.6 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, eg an employee recruited in December 2016 will not be eligible for an incremental uplift until April 2018.
- 2.7 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.
- 2.8 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.
- 2.9 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.
- 2.10 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

- 2.11 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 made available to staff and published on our website.

### Internal talent management

- 2.12 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 agree a personal development plan with all employees.

### Voluntary exit, voluntary redundancy and compulsory redundancy

- 2.13 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. All severance activity must be supported by a business case which includes cost benefit analysis.
- 2.14 We maintain a separate Redeployment, Early Exits and Redundancy Policy, published internally for staff on the Hub, our intranet.

## 3 Training contracts, non-permanent contracts and temporary arrangements

### Graduate Audit Trainee Scheme

- 3.1 We run a highly regarded trainee scheme that develops graduates to be the finance professionals of the future. We provide fixed-term training contracts, linked to studying a professional accountancy qualification whilst developing on-the-job audit skills. We are founders of a pan-Wales public services secondment programme, providing opportunities for all our trainees to work in other organisations as part of their development journey.
- 3.2 Whilst we do not guarantee employment beyond the training term, many of our trainees have secured permanent roles and promotion with us following qualification.
- 3.3 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 the Wales Audit

Office. The pay band for the trainee scheme forms part of the overall pay structure of the Wales Audit Office.

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

- 3.4 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.
- 3.5 Appointments to non-guaranteed-hours arrangements will be based on merit through fair and open recruitment processes.
- 3.6 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 appropriate 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.
- 3.7 Individuals who do not accept work for whatever reason will not suffer a detriment as regards being offered work in the future.
- 3.8 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.
- 3.9 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.
- 3.10 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.
- 3.11 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.

3.12 Individuals will be able to apply, through fair and open competition, for relevant permanent vacancies where such opportunities arise.

### Employees on temporary promotion

3.13 Occasionally, employees may be offered opportunities to work in a higher-graded post for a temporary period. This may be to cover someone on maternity/adoption leave, long-term sick or a career break, for example. Not all occasions where employees are working in a higher pay band will be subject to an increase in salary. As a general rule, employees will only be offered remuneration at the higher pay band where the level of work at the higher pay band accounts for more than 50% of their time and is for a period of more than three months. However, we reserve the right to amend these arrangements, in consultation with the trade unions, to meet business needs.

3.14 Where an employee is working in a post in a higher pay band on temporary promotion, the individual will receive an increase in their salary of at least 5% of their existing salary for the time they are required to perform the duties of the higher-graded post (ie the policy in [paragraph 2.4](#) will apply).

3.15 Employees absent on maternity/adoption/shared parental leave or sick leave will continue to be paid at the uplifted rate for the time they are absent, regardless of whether the period of temporary promotion ends during their period of absence.

### Pay protection arrangements

3.16 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.

3.17 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).

3.18 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.

3.19 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.