



AGENDA ITEM: 1

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| Title of paper: | Senior Civil Service (SCS) Remuneration Committee: Annual Report 2016-2017 |
| Purpose of paper: | This report summarises the issues considered by the SCS Remuneration Committee for the period 1 April 2016 to 31 March 2017. |
| Action required by the Board: | No decision needed. The Board is invited to discuss the report. |
| Official presenting the paper: | James Turner, Non-Executive Director and Chair of the SCS Remuneration Committee |
| Paper prepared by: | Evelyn Edwards |
| Publication: | This paper should be published. |
| Date submitted to Secretariat: | 6 July, 2017 |

1. Background

1.1 This report covers the period 1 April 2016 to 31 March 2017. The Committee met 6 times during the reporting period on the following dates:-

- 27 May 2016
- 24 June 2016
- 30 September 2016 (meeting was held in the Merthyr office)
- 9 December 2016
- 17 February 2017
- 31 March 2017

1.2 The attendance of Committee members at the meetings covered by this report was as follows:-

| NAME | NUMBER OF MEETINGS ATTENDED |
|--|-----------------------------|
| James Turner (Chair) Non-Executive Director | 6 |
| *Derek Jones Permanent Secretary | 4 of 4 |
| **Shan Morgan Permanent Secretary | 2 of 2 |
| Elan Closs Stephens Non-Executive Director | 5 |
| Adrian Webb Non-Executive Director | 5 |
| James Price Deputy Permanent Secretary, Economy Skills & Natural Resources | 5 |
| Peter Kennedy HR Director | 6 |
| Ann Keane Non-Executive Director | 5 |

* Derek Jones left Welsh Government 3 February 2017.

** Shan Morgan joined Welsh Government 6 February 2017.

1.3 The Committee's Terms of Reference and Membership are at Annex A.

1.4 The Committee considered the following issues during the course of the year:-

- Implications of EU Transition on SCS staffing
- The Senior Salaries Review Board report and recommendations on SCS pay ;
- SCS performance management, including moderation;
- The consideration of pay anomalies within the SCS pay bands;

- Welsh Government candidates for state honours;
 - The recruitment processes for all SCS posts which had either become vacant or were new posts, including agreement on whether to advertise the posts internally or externally, setting the salary range and whether executive search should be used and, trialling the use of Civil Service Executive Search - agreeing that Deputy Director posts in most cases to be advertised across the Civil Service at the same time as being advertised internally.
 - Nominations for the High Potential Development Scheme and Senior Leader Scheme;
 - Restructure of International Relations, Trade and Inward Investment
 - After careful consideration of organisational structures, 15 recruitments were approved during the year;
 - Applications for voluntary exit from SCS members. 4 applications were approved;
- 1.5 The Permanent Secretary consulted with the Non-Executive Director members of the Committee for his annual appraisal of the Deputy Permanent Secretaries and the Director General Health/NHS Chief Executive.
- 1.6 The Non-Executive Directors provided input to the Head of the UK Civil Service for his annual appraisal of the Permanent Secretary.

2. Chair's Summary

- 2.1 The Committee's primary focus continues to be the oversight of the pay strategy for the SCS, with particular regard to the use of the flexibilities built into the system.
- 2.2 Our other main focus is SCS recruitment and headcount, including challenge on location of posts.
- 2.3 Chair's Aims - my aims for the year ahead include:
- support for the new Permanent Secretary;
 - commitment to diversity – support target of 50/50 by 20/20, where possible no all male SCS shortlists, before advertising, all SCS job and person specifications to be shared with the Head of Equality to ensure there is no gender bias towards men in the language used. All Temporary Duty Allowances to be advertised openly; and
 - to continue to ensure wider awareness of the Committee. The Committee has established occasional meetings with the National

Officer of the First Division Association (FDA) and intends to continue with this practice.

- 2.5 I am grateful to the members of the Committee for their contribution to all the issues and decisions we have made; their careful consideration and the balanced views they bring, help us to ensure that we handle the matters before us sensitively, fairly, consistently and at pace to meet the needs of the organisation. I would like to take this opportunity to thank Derek for his leadership and commitment and to welcome Shan Morgan. I look forward to working with Shan over what is going to be a challenging and exciting period. I would also like to thank James Price, for his contribution to the Committee over the last two and a half years and to welcome his replacement Owen Evans, Deputy Permanent Secretary Education & Public Services. I am also grateful to Peter Kennedy, Evelyn Edwards and her team for their work in support of the Committee and the effective discharge of its duties.

3. Resource implications

- 3.1 This is an update report and all of the areas and issues raised are covered by existing financial and staffing resources.

4. Risks

- 4.1 Any risks are appropriately recorded and monitored in a separate risk register.

5. Communication

- 5.1 This report is to be published on the intranet as well as the internet.

6. General Compliance Issues

- 6.1 None.

SENIOR CIVIL SERVICE REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. The Senior Civil Service Remuneration Committee is a Sub-Committee of the Board. It was established to:-
 - Determine and publish the Welsh Government's SCS Pay Strategy.
 - Formally advise the First Minister to allow him to discharge his responsibilities as the Minister for the Civil Service in Wales.
 - Oversee the process of assessment and moderation for SCS members.
 - Ensure that the average increase to the SCS paybill is within the centrally determined budget.
 - Monitor pay outcomes to ensure that any differences are justifiable.
 - Ensure that those SCS members in the lower tranche who need extra help to improve their performance are appropriately supported and developed.
 - Ensure that line managers receive feedback on final pay decisions so that they can explain to individuals how these have been reached.
 - Examine the quality of managers' evidence and recommendations through occasional review of particular reports.
 - Report on the operation of the pay round and on any lessons for the future.
 - Determine if, and by how much, individual salaries should increase following JESP score increases (subject to Cabinet Office guidelines).
 - Agree on a case by case basis to the setting of starting salaries above the minimum of the SCS pay ranges.
 - Agree the recruitment processes for all SCS posts.

Membership

2. The current membership of the Committee is as follows:-
 - James Turner (Non-Executive Director and Chair)
 - Elan Closs Stephens (Non-Executive Director)
 - Adrian Webb (Non-Executive Director)

- Ann Keane (Non-Executive Director)
 - Shan Morgan (Permanent Secretary)
 - Owen Evans (Deputy Permanent Secretary, Education & Public Services)
 - Peter Kennedy (Adviser)
 - Evelyn Edwards (Secretariat)
3. Deputy Permanent Secretary membership is rotated on a biennial basis.