



Llywodraeth Cymru
Welsh Government

Welsh Government Pay Policy Statement 2018

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Introduction from the Permanent Secretary



Shan Morgan DCMG

The Welsh Government recognises the importance of a pay system that is equal to all, appropriate, transparent, provides value for money and rewards staff fairly for the work they perform. In addition to an employee's salary, the Welsh Government offers a comprehensive range of both financial and non-financial workplace benefits. These include membership of the Civil Service Pension Scheme, access to advance of salary and salary sacrifice arrangements, exceptional learning and development opportunities and employee wellbeing schemes as well as a modern and flexible working environment.

This statement sets out our approach to pay and the relationship between the employee's pay and the remuneration of senior management. It has been prepared in accordance with the principles contained in the Welsh Government's 'transparency of senior remuneration in the devolved Welsh public sector' published in December 2015 – <http://gov.wales/docs/dsjlg/publications/151207-senior-remuneration-en.pdf> – and subsequent guidance produced by the Public Services Staff Commission – <http://gov.wales/docs/pssc/publications/161221-transparency-senior-pay-en.pdf>.

A handwritten signature in white ink that reads "Shan Morgan". The signature is written in a cursive style and is positioned above a horizontal white line that extends across the width of the signature.

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

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This is the Welsh Government's third annual pay policy statement.

This Pay Policy Statement provides the framework for decision making on pay and in particular decision making on senior manager pay. It complements other information published on our website which is linked below. If you cannot find the information you are looking for, please contact customerhelp@gov.wales.

Contents

Principles	4
Legislative Framework	4
Decision making including consideration of value for money	4
Pay Arrangements	5
Additional Payments and Allowances	5
Senior Pay	5
Role of the Permanent Secretary	5
Permanent Secretary's pay	5
Senior staff	6
Talent management	6
Performance related pay	7
Equal pay and gender pay gap reporting	7
Support for lower paid staff	7
Highest and lowest pay point	7
Exit policy	8
Off-payroll engagements	8
Appendices	8

Principles

Pay Principles

- The pay system will be affordable and represent good value for money for taxpayers.
- It will focus on ensuring equal pay for employees and action will be taken to address gender pay gaps.
- Pay arrangements will be open, transparent and simple. Unneeded complexity will be removed.
- Simple salary progression with incremental pay scales will enable employees to quickly reach the rate of pay for their role.
- The real Living Wage will underpin salary rates and we will remain a real Living Wage accredited employer (as defined by the Living Wage Foundation).

Legislative Framework

The Welsh Government has the power to appoint staff under section 52 of the Government of Wales Act 2006; and complies with all relevant employment legislation in determining the pay and remuneration of its

staff. The Permanent Secretary has delegated responsibility from the First Minister under the Civil Service (Management Functions) Act 1992 for personnel functions, including pay matters.

Decision making including consideration of value for money

The Permanent Secretary is responsible for recommending to Ministers appropriate pay arrangements for delegated staff. Delegated staff are employees at Team Support, Executive Officer, Higher Executive Officer, Senior Executive Officer, Grade 7 and Grade 6 grades. Underpinning these arrangements, the HR Director is responsible for ensuring Trade Unions are fully engaged in pay negotiations, in the spirit of social partnership, and through a Collective Bargaining Agreement.

The vast majority of employees have terms and conditions of service, including pay, set by the Welsh Government. However, in line with TUPE regulations some staff from merged organisations may have opted to retain their

former employer's terms and conditions of service. Such arrangements are not covered under the Welsh Government's collective bargaining arrangements.

The Welsh Government is proud of the strong social partnership working arrangements with Trade Union colleagues and work closely with them on pay related matters. Arrangements for the consultation and negotiation of pay are set out within a Collective Bargaining Agreement.

Pay awards for delegated staff are normally negotiated on an annual basis but alternative arrangements may be agreed, for example where existing agreements cover an extended period.

Pay Arrangements

The Welsh Government's pay bands are shown at Annex 1. New appointments are normally recruited at the minimum of the relevant pay band. Under some circumstances, for example where there is clear market evidence, a new employee may be appointed to a higher rate within the scale. Salaries are then subject to an incremental increase each year until the maximum rate is reached (normally within 2-3 years).

Individuals who are assessed as underperforming are not eligible for incremental progression. On promotion, starting pay is to the minimum of the pay band for the new grade. Staff numbers at all grades can be found at Annex 2.

The SCS salary range (which is determined by the UK Government) is also shown at Annex 1.

Additional Payments and Allowances

Depending on business requirements, employees may be eligible for the following additional payments during the course of delivering their role – temporary duties allowance, professional allowances, and travel and

subsistence. The Welsh Government also employs a small number of staff based in London who receive an allowance to reflect the additional cost of living and working in London.

Senior Pay

Role of the Permanent Secretary

Shan Morgan DCMG took up post as Permanent Secretary in February 2017. The Permanent Secretary is the head of the Welsh Government Civil Service. The Welsh Government has a budget of £16bn and is responsible for a wide range of public services employing around 5,000 staff.

The role of Permanent Secretary is selected on merit, against objective criteria, following public advertisement. The Permanent Secretary is appointed by a panel including the Cabinet Secretary and Head of the Civil Service, a Civil Service Commissioner and an independent person from outside the Civil Service.

As the Head of the Welsh Government Civil Service, the Permanent Secretary works closely with Ministers and her senior team to deliver the Programme for Government.

Permanent Secretary's Pay

The Permanent Secretary's salary is decided by and can only be amended by the Cabinet Office. The Permanent Secretary's salary range is £155,000-£160,000.

Details of the Permanent Secretary's pay are published in the annual remuneration report. This is contained within the Welsh Government's annual accounts and can be accessed here: <http://www.assembly.wales/laid%20documents/agr-ld11760/agr-ld11760-e.pdf>.

The Permanent Secretary is a member of the Civil Service Pension Scheme and her pension details are disclosed in the remuneration report.

Senior staff

Senior management roles are covered by Senior Civil Service (SCS) employees at Deputy Director, Director, Directors' General and Permanent Secretary levels. SCS pay is not delegated which means the Welsh Government implements SCS pay awards in accordance with the guidance produced by the UK Government, following recommendations from the Senior Salaries Review Body (SSRB). Further information on the SSRB can be found here – <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>.

The Welsh Government's SCS Remuneration Committee is responsible for recommending senior pay decisions and managing the performance, potential and talent of senior staff. The Committee ensures remuneration is handled in a fair and appropriate way and in line with Cabinet Office guidance. The Committee has some flexibility to operate within the guidance set by Cabinet Office, for example, the Welsh Government has not made any performance related variable (or bonus) payments to Welsh Government SCS employees since 2013.

Talent management

The Welsh Government's talent management approach ensures that we provide equality of opportunity for everyone to demonstrate their potential and progress and, when we identify high potential individuals, we may differentiate in how we manage and develop them so that they are in more challenging and stretching roles. This allows talented staff to be placed in the correct posts to ensure a lasting, high level of sustainable performance.

The Committee is chaired by a Non Executive Director. A copy of the Remuneration Committee's annual report for 2017/18 is attached at annex 8. This contains further information on the Committee, its terms of reference and its membership.

A disclosure report for staff earning over £100,000 is attached at Annex 4.

The Welsh Government Board includes senior staff within the organisation. The Board is chaired by the Permanent Secretary and meets regularly. Its purpose is to take key strategic decisions about the development of the organisation in order to support the Cabinet and deliver Ministerial objectives. The Board's terms of reference can be found here – <http://gov.wales/docs/sdpb/publications/170727termsofreferenceen.pdf>.

Details of the Board's pay are published in the annual remuneration report contained in the Welsh Government's consolidated annual accounts – https://gov.wales/sites/default/files/publications/2018-11/welsh-government-annual-accounts-2017-2018_0.pdf.

A number of talent development schemes are available to Welsh Government staff at all levels, including participation in a number of Civil Service wide opportunities such as the Fast Stream; Future Leaders Scheme; and Senior Leaders Scheme. A range of targeted internal development schemes are also available in support of the organisation's objective to be an exemplar in equality, diversity and inclusion.

Performance related pay

The Welsh Government does not offer performance related pay for delegated staff.

For senior staff, the SCS Remuneration Committee has some flexibility to offer performance related

variable (or bonus) payments to SCS employees. However the Committee has not made any of these payments since 2013.

Equal pay and gender pay gap reporting

The Welsh Government undertakes regular equal pay audits designed to highlight areas of equal pay risk within the pay system. Our gender pay gap is published in our Annual Employer Equality Report (<https://gov.wales/sites/default/files/publications/2019-03/welsh-government-employer-equality-report-2017-2018.pdf>).

The gender pay gap as at 31 March 2018

was 7.96%. This has decreased slightly from 8.08% as at 31 March 2017.

We continue to take action to address our gender pay gap for example by targeting pay increases at lower grades, the majority of whom are women, and through our 50:50 by 2020 initiative which aims for a gender balanced Senior Civil Service by 2020.

Support for lower paid staff

One of the Welsh Government's key principles is a focus on addressing low pay and supporting the Living Wage.

The Welsh Government is an accredited Living Wage employer and all directly employed staff (including apprentices) are paid a Living Wage, as defined by the Living Wage Foundation.

Action is taken each year to ensure that salaries remain compliant with any rate changes defined by the Living Wage Foundation. Our most recent

round of pay negotiations included a focus on lower paid staff with agreement reached that all Welsh Government staff will be paid at least £10 per hour from 1 April 2018.

Our Living Wage arrangements go further than directly employed staff. In new Welsh Government contracts we require all contracted out service providers to pay their on-site staff a Living Wage. We are also engaging with existing contractors on this issue.

Highest and lowest pay point

The lowest pay within the Welsh Government is the starting rate within the Team Support salary range. The highest paid member of staff is currently a Director level role. The pay

comparisons (provided at Annex 3) therefore relate to the highest paid Director, the Permanent Secretary and the average Director General salary.

Exit policy

To support organisational development the Welsh Government may from time to time elect to run voluntary severance exercises. In such circumstances employees will be offered

compensation within the framework set out in the Civil Service Compensation Scheme. All severance activity is supported by a business case which includes cost benefit analysis.

Off-payroll engagements

Details of the Welsh Government's off-payroll arrangements are at Annexes 5, 6 and 7.

Appendices

This statement is accompanied by the following annexes (information as at 31 March 2018):

- Annex 1 – Welsh Government pay bands (Delegated Staff and Senior Civil Service)
- Annex 2 – Staffing grade breakdown
- Annex 3 – Pay relativities within the Welsh Government
- Annex 4 – Welsh Government senior salary report
- Annex 5 – Off-payroll engagements lasting longer than six months
- Annex 6 – New off-payroll engagements
- Annex 7 – Off-payroll engagements of Board members/senior officials with financial responsibility
- Annex 8 – Welsh Government SCS Remuneration Committee Annual Report 2017/18.

Annex 1

Welsh Government Pay Bands (Delegated Staff and Senior Civil Service) – 1 April 2017 – 31 March 2018

Pay Bands – Senior Civil Service¹	Pay Point	Salary
Permanent Secretary (Tier 1, 2 and 3)	Maximum	£200,000
	Minimum	£142,000
Director General (SCS Pay Band 3)	Maximum	£208,100
	Minimum	£111,500
Director (SCS Pay Band 2)	Maximum	£162,500
	Minimum	£90,500
Deputy Director (SCS Pay Band 1)	Maximum	£117,800
	Minimum	£68,000 ²
Pay Bands – Delegated Staff	Pay Point	Salary
Grade 6	4	£71,475
	3	£66,650
	2	£63,350
	1	£61,090
Grade 7	4	£58,185
	3	£54,150
	2	£51,400
	1	£48,650
Senior Executive Officer	4	£44,950
	3	£41,850
	2	£39,750
	1	£37,600
Higher Executive Officer	4	£35,750
	3	£32,900
	2	£31,000
	1	£29,100
Executive Officer	3	£27,400
	2	£24,900
	1	£23,625
Team Support	3	£22,500
	2	£19,350
	1	£17,200

¹ Senior Civil Service pay is defined by the UK Government Cabinet Office.

² The Welsh Government minimum Deputy Director rate is £68,150. This helps to address potential overlap issues with the maximum Grade 6 rate.

Annex 2

Staffing grade breakdown – 31 March 2018

Pay Bands	FTE
Senior Civil Service	148.1
Grade 6	199.6
Grade 7	690.5
Senior Executive Officer	1,098.7
Higher Executive Officer	1,245.5
Executive Officer	895.1
Team Support	671.3

Annex 3

Pay Relativities within the Welsh Government – as at 31 March 2018

The lowest pay within the Welsh Government is the starting rate in the Team Support salary range.

The highest paid member of staff is currently a Director level role. The pay comparisons therefore relate to the highest paid Director, the Permanent Secretary and the Deputy Permanent.

Multiple of Salary		Ratio
Ratio Low to High	The multiple between the annual salary of the lowest (£17,200) and highest paid (£190,000 – £195,000) employee	1 to 11.19
Ratio Low to Perm Sec	The multiple between the annual salary of the lowest paid employee (£17,200) and the Permanent Secretary (£155,000 – £160,000)	1 to 9.16
Ratio Low to Dep Perm Sec	The multiple between the annual salary of the lowest paid employee (£17,200) and the Directors General (£140,000 – £145,000)	1 to 8.28
Median Ratio to High	The multiple between the median salary (£35,750) of the Welsh Government and the highest paid (£190,000 – £195,000)	1 to 5.38
Median Ratio to Perm Sec	The multiple between the median salary (£35,750) of the Welsh Government and the Permanent Secretary (£155,000 – £160,000)	1 to 4.41
Median Ratio to Dep Perm Sec	The multiple between the median salary (£35,750) of the Welsh Government and the Deputy Permanent Secretaries (£140,000 – £145,000)	1 to 3.99

Annex 4

Welsh Government Senior Staff Salaries at 31 March 2018

Welsh Government earning £100,000 or over in bands of £5000.

Surname/ Initials	Pay Band	Salary Range £000	Job Title	Sex	Actual salary range if part time £000
Goodall, A	Seconded	195 – 200	Director General, Health and NHS Chief Executive	M	
Atherton, F	SCS Pay Band 2	190 – 195	Chief Medical Officer	M	
Dean, S	SCS Pay Band 2	160 – 165	Deputy Chief Executive NHS Wales	M	
Jones, C	SCS Pay Band 1	160 – 165	Deputy Director, Healthcare Quality Division	M	
Morgan, S	Permanent Secretary	155 – 160	Permanent Secretary	F	
Brace, A	Seconded	150 – 155	Director of Finance	M	
Heaney, A	SCS Pay Band 2	125 – 130	Director, Social Services and Integration	M	
Havers, A	Seconded	125 – 130	Senior Medical Officer for Primary Care	M	100 – 105
Baranski, G	SCS Pay Band 2	120 – 125	Chief Inspector	F	
Slade, A	SCS Pay Band 3	120 – 125	Director General – ESNR	M	
Burke, T	SCS Pay Band 3	120 – 125	Director General, Education and Public Services	F	
Clifford, D	SCS Pay Band 3	120 – 125	Director General – Office of the First Minister	M	
Halligan, P	SCS Pay Band 2	115 – 120	Chief Scientific Adviser	M	
Morris, H	SCS Pay Band 2	115 – 120	Group Director, SHELL	M	

Surname/ Initials	Pay Band	Salary Range £000	Job Title	Sex	Actual salary range if part time £000
Moffatt, S	SCS Pay Band 2	115 – 120	Commercial Director WG and Director NPS	F	
Tidbury, D	SCS Pay Band 1	110 – 115	Fire and Rescue Advisor and Inspector for Wales	M	45 – 50
Godfrey, J	SCS Pay Band 2	110 – 115	Director of Legal Services Department	M	
Rawlings, H	SCS Pay Band 2	105 – 110	Director, Constitutional Affairs	M	50 – 55
Jones, DS	SCS Pay Band 2	105 – 110	Director, Economic Infrastructure	M	
Chamberlain, K	SCS Pay Band 2	105 – 110	Chief Executive	F	
Howells, J	SCS Pay Band 2	105 – 110	Director of Housing and Regeneration	M	
Hughes, D	SCS Pay Band 2	100 – 105	First Legislative Counsel	M	
Richards, D	SCS Pay Band 2	100 – 105	Director of Governance and Ethics	M	
Quinn, M	SCS Pay Band 2	100 – 105	Director, Land, Nature and Food	M	20 – 25
Glossop, C	SCS Pay Band 2	100 – 105	Chief Veterinary Officer	F	
Brown, N	SCS Pay Band 2	100 – 105	Chief Executive` of Cafcass Cymru	M	
Payne, H	Seconded	100 – 105	Senior Medical Officer for Maternal and Child Health	F	

Annex 5

For all off-payroll engagements as of 31 March 2018, for more than £245 per day and that last for longer than six months

	TOTAL	ESNR – SHELL	ESNR – NPS	ESNR – EPRA	OFMCO	Health and Social Services	E&I	EPS
No. of existing engagements as of 31 March 2018	241	3	6	1	70	18	46	97
Of which...								
No. that have existed for less than one year at time of reporting.	90	1	1	0	21	7	42	18
No. that have existed for between one and two years at time of reporting.	43	0	3	0	11	7	2	20
No. that have existed for between two and three years at time of reporting.	13	1	2	0	6	0	0	4
No. that have existed for between three and four years at time of reporting.	16	0	0	0	5	1	0	10
No. that have existed for four or more years at time of reporting.	79	1	0	1	27	3	2	45

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, assurance has been sought.

Annex 6

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months.

	TOTAL	ESNR – SHELL	ESNR – NPS	ESNR – EPRA	OFMCO	Health and Social Services	E&I	EPS
No. of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2018.	90	1	1	0	21	7	42	18
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations.	43	1	0	0	2	0	40	0
No. for whom assurance has been requested.	41	0	0	0	1	0	40	0
Of which...								
No. for whom assurance has been received.	17	0	0	0	1	0	3	13
No. for whom assurance has not been received.	24	0	0	0	0	0	37	-13
No. that have been terminated as a result of assurance not being received.	0	0	0	0	0	0	0	0

Annex 7

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018.

	TOTAL	ESNR – SHELL	ESNR – NPS	ESNR – EPRA	OFMCO	Health and Social Services	E&I	EPS
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	4	0	0	0	0	4	0	0
No. of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both off-payroll and on-payroll engagements.	171							

Annex 8

Title of paper:	Senior Civil Service (SCS) Remuneration Committee: Annual Report 2017-2018
Purpose of paper:	This report summarises the issues considered by the SCS Remuneration Committee for the period 1 April 2017 to 31 March 2018.
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:	

1. Background

1.1 This report covers the period 1 April 2017 to 31 March 2018. The Committee met 8 times during the reporting period on the following dates:

- 28 April 2017
- 26 May 2017
- 29 September 2017
- 27 October 2017
- 24 November 2017
- 15 December 2017
- 26 January 2018
- 23 March 2018

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	8
Shan Morgan Permanent Secretary	8
Elan Closs Stephens Non-Executive Director	8
*Adrian Webb Non-Executive Director	5 of 6
**Owen Evans Deputy Permanent Secretary, Education and Public Services replaced James Price, Deputy Permanent Secretary Economy Skills & Natural Resources in April 2017.	1 of 3
Andrew Goodall DG Health/NHS Chief Executive replaced Owen Evans in October 2017	5 of 6
Peter Kennedy HR Director	7
Ann Keane Non-Executive Director	6

* Adrian Webb's last meeting was in December 2017.

** James Price left Welsh Government on 1 January 2018 and Owen Evans on 30 September 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:

- Continuing implications of EU Transition on SCS staffing and the appointment of a temporary DG in this space.
- 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. Including the consideration of all TDA requests into the SCS and, if approved to advertise openly.

-
- After careful consideration of organisational structures, 21 recruitments were approved during the year.
 - Applications for voluntary exit from SCS members. 5 applications were approved.

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 and, pay equality.

2.2 Our other main focus is SCS recruitment and headcount, including challenge on location of posts and structures.

2.3 Chair's Aims – my aims for the year ahead include:

- support the Permanent Secretary's future proofing initiative
- continue to keep in view any potential for gender pay gap
- 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 continue to be shared with the Head of Equality. To establish an outreach strategy for SCS recruitment
- 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. The last meeting was on 23 March 2018.

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 specifically thank Adrian Webb and Elan Closs Stephens for their years of commitment to the Committee.

I would also like to thank Andrew Goodall, for replacing Owen Evans on the Committee. 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:

- Four Non-Executive Directors including Chair
- DG Health/NHS Chief Executive
- HR Director
- HR Secretariat

3. DG membership is rotated on a biennial basis.