



Arolygiaeth Ei Mawrhydi dros Addysg a Hyfforddiant yng Nghymru
Her Majesty's Inspectorate for Education and Training in Wales

Pay Policy Statement

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Introduction

- 1 Estyn recognises the importance of a pay system that is equitable, appropriate to business needs, transparent, provides value for money, and rewards employees fairly for the work they perform. This is Estyn's annual Pay Policy Statement for the period 1 April 2016 to 31 March 2017.
- 2 This pay policy statement sets out the framework for decision making on pay and is consistent with the Welsh Government's policies on the Civil Service, and observes public spending controls. Pay arrangements for certain senior staff, as determined by the Minister for the Civil Service, must fall within the parameters of the Senior Civil Service pay framework laid down by the Cabinet Office. Responsibility for Senior Civil Service pay is not delegated to Estyn, although it has some discretion within the broad framework laid down by the Cabinet Office.
- 3 The information in this pay policy statement complements other information published on our website which is linked below. If you cannot find the information you are looking for, then please contact us: enquiries@estyn.gov.wales
- 4 Whilst not mandated for Estyn, we have prepared this policy having regard to:
 - the principles contained in the Welsh Government's '[Transparency of senior remuneration in the devolved Welsh public sector](#)' document, published in December 2015
 - the Public Services Staff Commission's '[guidance on the appropriate use of non-guaranteed hours arrangements in devolved Public Services in Wales](#)', published in September 2016
 - the Public Services Staff Commission's '[Transparency of Senior Remuneration in the Devolved Welsh Public Sector](#)' document, published in December 2016
- 5 This Pay Policy Statement was approved by Estyn's Executive Board on 28 May 2017.

Legislative Framework

- 6 The Education Act 2005, Schedule 2, provides for employment of staff by Estyn and for that employment to be on such terms as Her Majesty's Chief Inspector for Education and Training in Wales (HMCI), with the approval of the Welsh Government, may determine.

- 7 In determining the pay and remuneration of all of its employees, Estyn will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.
- 8 With regard to Equal Pay requirements contained within the Equality Act, Estyn ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role. We publish details of our Equal Pay Audit on our [website](#).

Definitions and the Responsibility for Pay Decisions

- 9 HMCI is responsible for recommending to Welsh Government appropriate pay arrangements for delegated staff. Delegated staff are employees below senior management (AO grade to Grade 6) and include Her Majesty's Inspectors of Education and Training who are appointed by Order in Council.
- 10 The Corporate Services Director is responsible for ensuring Trade Unions are fully engaged in pay negotiations, in the spirit of social partnership, through collective bargaining based on analogue to pay awards agreed by the Welsh Government for its staff.
- 11 Senior management roles are covered by Senior Civil Service (SCS) employees at Deputy Director and Director level. SCS pay is not delegated which means Estyn implements SCS pay awards in accordance with the guidance produced by the UK Government, following recommendations from the Senior Salaries Review Body.
- 12 Estyn's Remuneration Committee, chaired by a Non-Executive Director, is responsible for recommending senior pay decisions below that of HMCI. The committee ensures remuneration is handled in a fair and appropriate way and in line with Cabinet Office and Welsh Government guidance. There is some flexibility to operate within the guidance set by Cabinet Office, for example in line with the Welsh Government, Estyn has not made any performance related variable (or bonus) payments to Estyn SCS employees since 2013. Further information on the Committee, its terms of reference and its membership can be found in our [Corporate Governance Framework](#).
- 13 HMCI's salary is decided by and can only be amended by the Welsh Government.

Employment Terms and Conditions of Service

- 14 All Estyn employees are civil servants. All employees, except members of the SCS, have terms and conditions of service, including pay, set by Estyn in line with the provisions set out in the [Civil Service Management Code](#). In determining terms and conditions for Estyn employees, Estyn takes account of employment policies applied by the Civil Service and the Welsh Government.
- 15 SCS terms and conditions are determined by the Cabinet Office.

Collective Bargaining Arrangements

- 16 Estyn has a strong relationship with Trade Union colleagues and works closely with them on pay related matters. Estyn's pay structure has been agreed with the Trade Unions and arrangements for the consultation and negotiation of pay are set out under the terms of reference for the Estyn/Trade Unions Strategic Forum.
- 17 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. From pay negotiations, a pay remit is agreed and submitted to the Welsh Government for approval. Pay and terms and conditions of service for delegated staff shadow the pay award of the Welsh Government as far as the budget will allow. Senior management pay proposals are presented to the Remuneration Committee along similar timescales.

Pay Principles

- 18 Together with pay bargaining arrangements, pay arrangements adhere to the principles set out below:
 - **Consistency** – pay arrangements are inclusive for all employees and pay must be commensurate with responsibility and role, with equal pay for equal value roles. Effective and consistent job evaluation is a key element of this. We remain committed to paying increments to all eligible staff up to their pay band maximum. We will undertake periodic equal pay audits to identify any pay gaps for protected characteristics and will publish an [Equal Pay Audit Report](#). These will be produced in accordance with good practice guidance.
 - **Openness** – accountability for pay arrangements is clear and forms part of our governance structure, subject to overarching legal or financial requirements set by either the UK Government or Welsh Government. It is reasonable that the

remuneration arrangements for more senior posts should be more transparent and open to scrutiny than those of lower paid positions; we publish further detail in our [Annual Report and Accounts](#).

- **Accessibility** – ensuring that organisational decisions relating to remuneration in the Welsh public sector are easily accessible is a key step towards effective scrutiny of public spending. We therefore publish this Policy on a single, prominent and easily accessible place on our website alongside our [Annual Report and Accounts](#).
- **Affordability and value for money** – pay arrangements are based around affordability and ensuring value for money from and financial control of the use of public funds, aligned with supporting a motivated and valued workforce. All directly employed staff are paid at rates above the Living Wage as defined by the Living Wage Foundation.

Pay arrangements

- 19 Estyn's pay structure analogues with the structure adopted by the Welsh Government for its staff. The pay structure consists of set bands or grades, with each role at Estyn allocated to a specified band or grade. Estyn's management structure and pay scales are detailed on our [website](#).
- 20 All posts below the Senior Civil Service are evaluated by the Welsh Government using the [JEGS job evaluation method](#) used by most UK Civil Service departments and agencies. Senior Civil Service posts are evaluated by the Welsh Government using [JESP job evaluation methodology](#) used across the UK Civil Service.
- 21 Employee remuneration is pensionable under the [Civil Service Pension Scheme](#).
- 22 The pay structure is subject to periodic review under strategies set by the Strategy Board. When determining pay strategies, in addition to the pay principles detailed above, the Strategy Board considers:
 - the need to recruit, retain and motivate suitably able, qualified and high-calibre people
 - overall affordability
 - pay practices in the wider public sector and comparator organisations
 - relevant legal obligations including equality and anti-discrimination requirements

Additional payments and Allowances

- 23 Depending on business requirements, employees may be eligible for the following additional payments during the course of delivering their role:
- temporary duties allowance
 - recruitment and retention allowance
 - additional responsibilities allowance
 - travel and subsistence

Role of Her Majesty's Chief Inspector of Education and Training in Wales

- 24 Her Majesty's Chief Inspector of Education and Training in Wales (HMCI) is Estyn's Accounting Officer responsible for the resources allocated to Estyn. Estyn has an annual budget of around £11million and employs around 118 staff.
- 25 The role of HMCI is a full time, five-year fixed-term appointment. Post holders are selected on merit, against objective criteria, following public advertisement. HMCI is appointed by the monarch in Privy Council by Order in Council. In making the appointment, it is for the Secretary of State for Wales to provide advice to the Privy Council taking into account the views of the Welsh Ministers (s.19(6) of the Education Act 2005 refers).
- 26 As head of Estyn, HMCI works closely with the Strategy Board to deliver Estyn's strategic objectives to:
- provide public accountability to service users on the quality and standards of education and training in Wales
 - inform the development of national policy by the Welsh Government
 - build capacity in the delivery of education and training in Wales
- 27 The current HMCI is Meilyr Rowlands, who took up post in June 2015. A brief summary of HMCI's responsibilities and a pen picture Meilyr Rowlands can be found [here](#). Further details about HMCI's role and responsibilities are available in Estyn's [Corporate Governance Framework](#).

HMCI Pay

- 28 Salary for HMCI is set out in the Senior Civil Service (SCS) Director Pay Band (Pay Band 2; the current range is £87,000 - £162,500. The salary paid for the financial year 2016-17 was £110,000.
- 29 Details of HMCI's pay, including any additional payments are published in Estyn's remuneration report. This document is found with Estyn's [Annual Report and Accounts](#).
- 30 Expenses such as for public transport, car mileage, overnight accommodation and parking are claimed back in accordance with Estyn's [Travel and Subsistence Policy](#). Where benefits-in-kind or other expenses or allowances are taken up these are disclosed within the remuneration report.
- 31 HMCI is a member of the Principle Civil Service Pension Scheme and details are disclosed in the remuneration report. There have been no increases or enhancements to the pension outside of standard arrangements.
- 32 The notice period for the role is 3 months.

Senior staff

- 33 The current definition for senior posts is classed as a senior manager with board level responsibility in the Senior Civil Service (SCS) Pay Band 1 (Deputy Director Band) who reports directly to HMCI.
- 34 We publish all pay bands and a breakdown of staff numbers by pay band and gender. All posts are covered by terms and conditions drawn from the Civil Service and all staff are eligible to be members of the Civil Service pension arrangements.
- 35 Details of senior staff pay are published in the remuneration report which can be accessed in the [Annual Report and Accounts](#). Where permission to publish personal data has not been granted names have been omitted.
- 36 The Strategy Board includes senior staff within the organisation. The Strategy Board is chaired by HMCI and meets quarterly; its role is primarily to establish and monitor Estyn's strategic agenda, to promote effective corporate governance and advise on Estyn's development. The Strategy Board has two sub-committees; the Estyn Audit and Risk Assurance Committee and the Remuneration Committee. Terms of reference for the Strategy Board and its sub committees are found in Estyn's [Corporate Governance Framework](#).

Salary on appointment or internal promotion

- 37 New appointments are normally recruited at the minimum of the appropriate pay scale for their grade. Under some circumstances a new employee may be appointed to a higher rate within the scale, subject to approval by the Corporate Services Director in discussion with HMCI. These 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, taking in to account that candidate's current circumstances
 - overall value for money when considering the costs of a further recruitment exercise
- 38 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.
- 39 On internal promotion, starting pay is to the minimum incremental point of the pay band for the new grade.

Pay progression

- 40 All staff have an annual performance appraisal which is supported by a performance development plan in line with Estyn's performance management policy. Estyn's arrangements for addressing under performance are detailed in the Managing poor performance policy.
- 41 Staff below the SCS are appointed to an incremental scale for their post. Subject to satisfactory performance, salaries are subject to an incremental increase each year until the maximum rate within their grade is reached (normally within 2-3 years). Individuals who are evaluated as underperforming are not eligible for incremental progression. There is no other form of performance related pay and staff below the SCS grades are not eligible for bonus payments.
- 42 New starters and new promotees will need to be in post between 1 July and 31 December to be eligible for an incremental uplift in the following 1 July or between 1

January and 30 June to be eligible for an incremental uplift in the following 1 January.

- 43 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 immediately preceding their departure was assessed as satisfactory.
- 44 Employees who are absent from work for more than six months in any financial year e.g. career breaks and sabbaticals or unpaid leave will not be eligible for incremental progression in the following financial year except in the circumstances outlined above.
- 45 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.

Employees on temporary promotion

- 46 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/shared parental leave, long-term sick or a career break, for example. Not all occasions where employees are working in a higher grade will be subject to an increase in salary. As a general rule, employees will only be offered remuneration at the higher grade where the level of work at the higher grade 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.
- 47 Where an employee is working in a post in a higher grade on temporary promotion, the individual will receive an increase in their salary to the minimum of the relevant higher grade pay scale for the time they are required to perform the duties of the higher-graded post.
- 48 Temporary Duties Allowance will usually end on the last working day that the employee formally undertakes the duties of the higher grade post. Normal absences while receiving TDA will not bring the payment of TDA to an end, however where an employee is absent on maternity/adoption/shared parental leave or long-term sick leave, decisions regarding the continuation of pay at the uplifted rate for the time they are absent will be made having regard to the needs of the business and the length of the absence.

Off-payroll arrangements

- 49 Estyn uses off-payroll arrangements to engage agency workers to fill temporary vacancies and educational professionals on secondment into Estyn. This arrangement provides flexibility and supplement our internal inspection capacity and fill skills gaps that we have not been able to fill through permanent recruitment. Secondment arrangements also provide an opportunity to build capacity for improvement in providers once the secondee returns to their substantive post.
- 50 The Corporate Services Management Group identifies and regularly reviews the need for agency workers to fill temporary vacancies e.g. to cover absence or to provide additional resource for a project. Agency workers are appointed to temporary vacancies through a recruitment agency that is responsible for the correct payment of tax and national insurance contributions.
- 51 The Directors Group identifies and regularly reviews the number of secondments and skills required. Secondees are appointed for a maximum period of two years (and can only be extended in exceptional circumstances with prior approval from the Civil Service Commission). Secondees remain on their employer's payroll and Estyn reimburses their employer for their salary, employer tax and national insurance contributions.
- 52 All off-payroll arrangements are paid at rates above the Living Wage as defined by the Living Wage Foundation. Assurance has been sought for all existing off-payroll engagements that the employer is paying tax and national insurance. In line with reforms to the off-payroll working rules (IR35) Estyn will use the guidance on gov.uk to examine contractor roles to assess whether they are within the scope of off-payroll rules and work with agencies and payroll providers to ensure arrangements are in place to calculate and collect tax and National Insurance payments.

Exit policy: Voluntary exit, voluntary redundancy, compulsory redundancy

- 53 To support organisational change, we may from time to time elect to run severance exercises. In such circumstances employees will be offered compensation based on the [Civil Service Compensation Scheme](#) terms. The costs associated with any severance agreements made are published annually in Estyn's [Annual Report and Accounts](#) and further details are provided in Annex 1. All severance activity must be supported by a business case which considers value for money, including the reasonableness of payback periods. Estyn's [Redundancy Policy](#) provides further detail.
- 54 No senior staff have been re-employed following redundancy or early retirement from the Civil Service.

Highest and lowest pay point

- 55 The lowest paid employee is on the Administrative Officer salary range. The pay band minimum is £17,200 per annum and rises to £21,500. Agency staff are paid an hourly rate that is the equivalent of these pay scales.
- 56 The highest paid employee is HMCI currently a Director level role (SCS Pay Band 2). The pay band minimum is £87,000 rising to £162,500; the current post holder earns £110,000.
- 57 The median salary in Estyn during the year was at the minimum of the Grade 6 Pay Band and was £60,050.
- 58 Pay agreements consider any particular focus needed for lower paid employees or in helping to address any issues flagged through equal pay audits.

Wider benefits package

- 59 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, exceptional learning and development opportunities and employee wellbeing schemes. All set against a modern flexible working environment.

Talent management

- 60 Estyn seeks to provide equality of opportunity for everyone to demonstrate their potential and progress their career either within or outside of Estyn. Where we identify high potential individuals we will seek to support their development through providing more challenging and stretching roles and responsibilities.
- 61 We have learning and development arrangements in place to enable all of our employees to be the best they can be. Opportunities for promotion or secondment/loans are advertised internally as a norm in order to support movement around the public sector and promote equal opportunity for all.

Reviewing this statement

- 62 This policy will be reviewed annually and 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.

Annex 1 – Staff composition and exit packages

Total staff composition¹

	Permanent £000's	Fixed- Term £000's	Agency ² £000's	Inward Secondment ³ £000's	Total 2016-2017 £000's	Prior Year Total 2015-2016 £000's
Wages and Salaries	5,220	311			5,531	5,176
Social Security Costs	601	35			636	493
Other pension costs	1,134	55			1,189	1,120
Other costs	9 ⁴	-	139	718	866	958
Total	6,964	401	139	718	8,222	7,747

During the year the average number of full time equivalent staff directly employed by Estyn and those engaged on secondment or through an agency contract type and grade:

Pay Band	Permanent	Fixed- Term	Agency	Staff on inward secondment	Total FTE 2016-2017	Prior Year Total FTE 2015-2016
SCS Pay Band 2	1.00	-	-	-	1.00	0.83
SCS Pay Band 1	1.75	-	-	-	1.75	1.33
Grade 6	54.9	4.13	-	6.05	65.17	64.52
Grade 7	2.24	-	-	-	2.24	1.49
SEO	2.00	-	-	-	2.00	3.50
HEO	7.88	-	-	-	7.88	6.81
EO	19.53	-	1.04	-	19.53	20.11
AO	18.08	-	4.24	-	18.08	20.61
Total	102.19	4.13	5.28	6.05	117.65	119.20

¹ Agency and Inward Secondment totals include elements of social security costs, other pension costs and VAT

² Agency workers are remunerated on the basis of the equivalent AO/EO grade

³ Inward Secondments are paid at their local employer rates within the range of £44k - £65k per annum plus social security costs, other pension costs and VAT

⁴ Includes one efficiency departure where the employee received an ex gratia payment in line with the Civil Service Compensation Scheme rules

During the year the average number of full time equivalent staff directly employed by Estyn by pay scale band is:

Pay Band	Total	Prior Year Total
Senior staff	2.75	2.17
Other staff	103.57	100.31
Total	106.32	102.48

During the year the average number of full time equivalent staff directly employed by Estyn by pay scale and by job role is:

Pay band	Corporate Services	Inspection	Board member	Total
SCS Pay Band 2	-	-	1.00	1.00
SCS Pay Band 1	-	-	1.75	1.75
Grade 6	1.00	58.12	-	59.12
Grade 7	2.24	-	-	2.24
SEO	2.00	-	-	2.00
HEO	7.88	-	-	7.88
EO	18.49	-	-	18.49
AO	13.84	-	-	13.84
Total	45.45	58.12	2.75	106.32

Staff Composition by Gender

A breakdown of the workforce directly employed by Estyn by gender is set out in the table below. This represents the composition of the workforce as at 31 March 2017.

Pay Band	Male				Female			
	FTE	%	Headcount	%	FTE	%	Headcount	%
SCS Pay Band 2	1.00	0.9	1	0.9	-	-	-	-
SCS Pay Band 1	1.00	0.9	1	0.9	1.00	0.9	1	0.9
Grade 6	33.49	31.1	37	31.9	27.17	25.2	30	25.9
Grade 7	1.00	0.9	1	0.9	1.24	1.2	2	1.7
SEO	-	-	-	-	2.00	1.9	2	1.7
HEO	2.00	1.9	2	1.7	5.96	5.5	6	5.2
EO	5.81	5.4	6	5.2	11.53	10.7	12	10.3
AO	2.00	1.9	2	1.7	12.51	11.6	13	11.2
Total	46.30	43.0	50	43.1	61.41	57.0	66	56.9
Prior year total	44.27	41.6	49	42.2	62.04	58.4	67	57.8
Variance	+2.03	+1.3	+1	+0.9	-0.63	-1.3	-1	-0.9

A breakdown of the workforce directly employed by target area is set out in the table below. This represents the composition of the workforce as at 31 March 2017.

Please note: In order to ensure anonymity in the reporting of this data, senior staff bands in this table include all staff in bands >£60,000 i.e. at Grade 6 and above. Due to the size of Estyn we are unable to publish the data relating to BAME and Disabled staff as doing so could result in the identification of staff. Over half of BAME staff are in senior roles and half of Disabled staff are in senior roles.

Staff group	Current year		Prior year		Variance	
	Number	%	Number	%	Number	%
Welsh language skills all staff*	34	29.3	34	29.3	-	-
Welsh language skills senior staff bands	24	34.3	24	35.3	-	-1.0
Women All Staff	66	56.9	67	57.8	-1	-0.9
Women Senior Staff Bands	31	44.3	31	45.6	-	-1.3

* Based on self-assessment of using welsh language skills in the workplace irrespective of level

Exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total Cost of packages in each cost band £000's
<£10,000	-	1	1	9
£10,000 - £25,000	-	-	-	-
£25,000 - £50,000	-	-	-	-
£50,000 - £100,000	-	-	-	-
£100,000 - £150,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
>£200,000	-	-	-	-
Total number of exit packages by type	-	1	-	-
Total cost £000's				9