



**PUBLIC SECTOR PAY POLICY FOR
STAFF PAY REMITS
2009-10**

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FOREWORD

Foreword by Cabinet Secretary for Finance and Sustainable Growth



This Government has a very clear Purpose – to increase sustainable economic growth for Scotland.

- This is underpinned by five strategic objectives:
- A wealthier and fairer Scotland;
- A smarter Scotland;
- A healthier Scotland;
- A safer and stronger Scotland; and
- A greener Scotland.

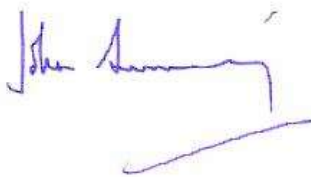
Achieving this Purpose and delivering all 5 objectives drives all our decisions.

Scottish public bodies have a crucial role to play in helping us achieve our goals. I recognise that people are key to what we can achieve and employees in the civil service, NDPBs and public corporations – at every level - make a vital contribution to this work.

We have to achieve our aims within the tightest financial settlement provided to any Scottish Administration, and in the face of difficult economic conditions and considerable uncertainty. So we need to spend the resources available in the best possible way to have the maximum impact on delivering our Purpose. It is therefore essential that we maintain affordable and sustainable pay settlements. This means that a tight pay policy framework is necessary, with strict limits within which your decisions are taken.

I expect you to comply fully with this policy and work within its parameters. The policy does have some flexibility to allow modest amounts of money to be targeted at making a difference on pay priorities. Whether that is dealing with low pay in the public sector, addressing inequalities in pay and reward systems, or making sure that you can recruit, retain and motivate your staff to deliver the outcomes expected of you and of your organisations.

The policy we have put in place offers a realistic approach to public sector pay in the current financial climate. It provides strict limits but also offers flexibility in dealing with key issues. It is a policy which is right for public bodies, right for Scotland and works towards our Purpose of increasing sustainable economic growth.

A handwritten signature in blue ink, appearing to read 'John Swinney', with a long horizontal flourish underneath.

John Swinney
Cabinet Secretary for Finance and Sustainable Growth

1. INTRODUCTION

What is Public Sector Pay Policy?

1.1 Public Sector Pay Policy sets the parameters for public sector pay increases for a range of public bodies in Scotland. Public bodies seek approval from the Scottish Government for their proposals within these parameters and then negotiate detailed pay settlements with trade unions and staff.

Who is it for?

1.2 Public Sector Pay Policy applies to you if you are in one of the following organisations in Scotland (referred to as “public bodies” in the policy):

- The Scottish Government and its associated departments;
- Agencies;
- Non-Departmental Public Bodies (NDPBs);
- Public Corporations; and
- NHS Executive and Senior Managers.

A full list of all public bodies subject to the policy is set out in Annex A.

1.3 The policy is written for public bodies in Scotland, referred to as ‘you’ throughout the policy document. Trade unions and employees of these bodies will also find this policy of interest.

1.4 The policy for 2009-10 applies to you, if you are due to enter into a new pay settlement commencing between May 2009 and April 2010 (inclusive). In this period 28 public bodies will be reaching agreement on a new pay settlement for their staff. If you are not due to submit a *pay remit* during the 2009-10 pay round you should specifically refer to paragraphs 1.26 to 1.28.

1.5 Public bodies determine the pay and conditions for their staff that are appropriate for their business needs and which take account of the Scottish Government’s policy on public sector pay set out in this document.

Who is not covered?

1.6 The pay increases for the rest of the National Health Service, teachers and the police and fire services in Scotland are determined through other arrangements. The UK Government determines the pay of the Senior Civil Service. The pay of local government employees is a matter for Scottish local authorities.

1.7 The remuneration of Chief Executives, Chairs and Board Members of public bodies in Scotland is not covered by this policy but by the Scottish Government's policy on the remuneration of senior public appointments. Where appropriate, you will be expected to submit the proposals for your Chief Executive (and in exceptional circumstances, Directors) at the same time as you submit your staff remit proposals. Where this is not possible you should provide a brief explanation as to why not along with an indication of when you will submit the proposals.

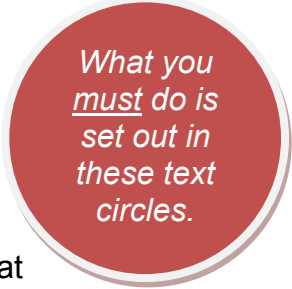
What other information do you need?

1.8 You should read the "Public Sector Pay Policy: Technical Guide" with this policy. It contains details of the *proformas* which you need to complete and what information should form part of the *business case*, together this makes up your pay remit. The Technical Guide also explains the terms used in the policy and its proformas.

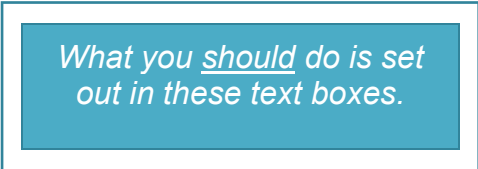
1.9 A Glossary of terms can be found at the end of the document. All words in blue are explained in the Glossary. You will find a printed version of this document more easy to use if printed in colour.

What do you need to do?

1.10 The policy sets out what you need to do in order for the Scottish Government to approve your pay remit proposals. You can clearly identify the things that you must do as they will be set out in the red text circles. They are summarised in the checklist at Annex B paragraph 1.



What you must do is set out in these text circles.



What you should do is set out in these text boxes.

1.11 The policy also sets out the information or supporting evidence that you will need to provide to support your pay remit proposals and help make sure that they are approved. You can clearly identify the information that you should provide as they will be set out in the blue text boxes. They are summarised in the checklist at Annex B paragraph 2.

What do you need to provide?

1.12 Your pay remit proposals will consist of:

- A statement from your Chief Executive on the outturn of your last pay remit;
- completed pay remit proformas which provide financial information on and your current remit proposals; and

- a business case that provides information and evidence that supports your proposals. The business case should be prefaced by a foreword from your Chief Executive confirming that the outturn for your previous remit is in line with what was approved and a summary of the current proposals. This foreword will form part of the formal **submission** that is put forward seeking approval to your pay proposals.

1.13 The content of your business case will depend on the proposals that you are making. If you are proposing a remit that simply seeks to continue the existing **progression** and bonus arrangements and make a Basic Award then the business case will be short and descriptive in nature. However, if you are seeking to make more complex proposals then the business case will require to be more analytical and evidence focused.

1.14 The Supporting Technical Guide and Business Case Template sets out the requirements for the proformas and the business case in more detail.

Who is involved in the pay remit process?

The Public Body

1.15 The public body is responsible for determining the pay and conditions for its staff that are appropriate for its business needs and which take account of the Scottish Government's policy on public sector pay as set out in this document. Public bodies are encouraged to engage in early and informal discussions with their Trade Union representatives in preparing their pay proposals. When a public body is ready to submit its pay proposals for formal approval they should send them to the Finance Pay Policy Team by the agreed submission date.

Chief Executive

1.16 The Chief Executive, as Accountable Officer, has the responsibility to provide the assurance that your pay proposals are in line with the 2009-10 pay policy and that any paybill savings projections are realistic and will be delivered in the year they are being re-used. The Chief Executive also has the responsibility to confirm that the outturn is within the approved remit and if you are part-way through a multi-year settlement that the assumptions made in regard of paybill savings to fund your pay award are still valid and achievable.

The Sponsor Team

1.17 The Sponsor Teams of NDPBs and Public Corporations are responsible for making sure that their public bodies are aware of the Scottish Government's policy on public sector pay and that bodies are working towards submitting proposals on time. Sponsor Teams also draft the submission to officials, and if required, the Remuneration Group and Ministers for approval. They will be copied in to all communication between the Finance Pay Policy Team and the public body.

The Agency / Associated Department

1.18 If you are an Agency or Associated Departments you will submit your proposals for approval, respond to queries and draft the submission seeking approval for your remit proposals.

Director / Director General / Permanent Secretary

1.19 The Director of the sponsoring Directorate is responsible for making sure that public bodies submit proposals to the Finance Pay Policy Team on time; for requiring public bodies to supply further information or adjust their proposals to bring them in line with Scottish Government policy if they remain rated as Red at the end of the fourth week following their submission to the Finance Pay Policy Team; and to comment on proposals, including whether they offer value for money, in any submission to the Remuneration Group and Ministers. The relevant Director General or Director (where this responsibility has been delegated) will take on this role in relation to Agencies and the Permanent Secretary for Associated Departments.

The Portfolio Finance Team

1.20 If you have a Sponsor Team within the Scottish Government you will also have a dedicated Portfolio Finance Team who provides advice to Sponsor Teams on all budgetary matters. In terms of the pay remit process, the Portfolio Finance Team is responsible for providing confirmation that your proposals are affordable within your existing budget allocations (taking into account delivery of efficiency savings) and comment on whether your proposals are value for money where relevant.

The Finance Pay Policy Team

1.21 The role of the Scottish Government's Finance Pay Policy Team is to ensure that your pay proposals are in line with the Government's policy on public sector pay as set out in this document and the accompanying Technical Guide. Before you submit your pay remit, the team can help you make sure that your proformas and business case include all of the necessary information. When you submit your pay remit for approval by the Scottish Government, the team will assess your proposals and provide advice on the approval rating of your proposals (see Chapter 6). The Finance Pay Policy Team provides the main interface between public bodies and Remuneration Group. It is their role to advise Senior Officials, Remuneration Group and Ministers on all pay proposals.

The Remuneration Group

1.22 The Remuneration Group is chaired by David Fisher, a non-executive member of the Scottish Government's Strategic Board. Members of the Remuneration Group are: the Director General of Health & Wellbeing, the Director of Finance, Director of Change and Corporate Services and a portfolio Director, currently, the Director of Children, Young People and Social Care. Its remit includes making sure a consistent approach is taken to approval of pay remits.

1.23 When required, the Remuneration Group will consider your proposals and will decide whether or not proposals need to be approved by Ministers. If Ministerial approval is required your proposals will continue to require the approval of the Portfolio Cabinet Secretary or Minister and the Cabinet Secretary for Finance and Sustainable Growth.

Where should you send your remit proposals to?

1.24 When you are ready to submit your remit proposals for approval then you should send your completed remit proformas (outturn and current proposals) with the accompanying business case to the Finance Pay Policy Team at financepaypolicy@scotland.gsi.gov.uk and copied to your sponsor team, if relevant.

When should you send in your remit proposals?

1.25 You should send in your remit proposals in line with the timetable in Annex D. This timetable takes into account responses made by public bodies to the draft timetable circulated by the Finance Pay Policy Team in February 2009. If for any reason you are unable to meet the published submission date you should contact the Finance Pay Policy Team to discuss an alternative date.

What do I need to know if I am not due to submit a pay remit during the 2009-10 pay round?

1.26 If you are not due to submit a pay remit during the 2009-10 pay round: you must complete an outturn proforma, for the pay year ending during 2009-10, within 2 months of the pay year end; and your Chief Executive (as Accountable Officer) must provide a brief statement of assurance that the outturn is within the approved remit and that any assumptions made in regard of savings to fund your pay award are still valid. If this is not the case you should provide an explanation and detail of any action being taken.

1.27 The Scottish Government encourages employers to offer staff childcare vouchers or assistance with green transport initiatives and the costs of such schemes will not count against the Public Sector Pay Policy limits in 2009-10 (paragraphs 4.6 to 4.8). Whilst approved pay settlements must not be re-opened, if you propose to offer staff childcare vouchers or assistance with green transport initiatives during the period of a multi-year settlement, you do not need to seek approval for a revised remit but need only provide the Finance Pay Policy Team with details and administrative costs of setting up the proposed scheme.

1.28 The 2009-10 policy allows for small¹ public bodies to make a case to analogue to another appropriate existing pay regime (paragraphs 3.3 to 3.5). Public bodies wishing to put forward a case should speak with the Finance Pay Policy team in the first instance and well in advance on their next due settlement date.

Who should you contact for help?

1.29 If you need help at **any** stage in the process, please contact the Finance Pay Policy Team:

General Queries: 0131 244 7341

Email: financepaypolicy@scotland.gsi.gov.uk

1.30 We will make this policy document and the technical guide available on the Scottish Government's Website.

¹ A small public body, for this purpose, is defined to be one which employs less than 60 staff (fte). This limit based on capturing all public bodies in the lowest quartile for the number of staff employed in each of the public bodies subject to the policy.

2. STRATEGIC AIMS AND OBJECTIVES

What are the strategic aims of Public Sector Pay Policy?

2.1 The Scottish Government's policy on public sector pay has three strategic aims:

- a) To make sure that public sector pay settlements are affordable and sustainable and, through the targeting of resources, that value for money is secured;
- b) To provide flexibility within an overarching policy for public bodies to determine the pay and reward systems that are right for their business needs; and
- c) To work towards making sure that pay is fair and non-discriminatory.

What are the objectives of Public Sector Pay Policy in Scotland?

2.2 From these strategic aims, Public Sector Pay Policy has a number of objectives:

- a) public sector employees to be fairly rewarded for the work that they do;
- b) public sector employers to recruit, motivate and retain able and committed staff;
- c) public sector employers address low pay;
- d) pay to be related to performance;
- e) exceptional performance to be rewarded by *non-consolidated payments*;
- f) public sector employers to address, over a reasonable period of time taking account of legal requirements, any equalities issues in pay and reward systems and structures;
- g) public sector pay range *maxima* or *target rates* to be in line with the medians of the maxima in the *relevant labour market*;
- h) public resources to be used effectively and for public bodies to secure value for money;
- i) a *total reward* approach to be taken to public sector pay, including non-pay rewards as well as increases in basic pay;
- j) issues impacting on the delivery of outcomes by public bodies to be addressed;
- k) pay settlements to be made on the settlement dates when they become due; and
- l) public sector employers to confirm that the outturn is in line with the approved pay remit and for those part-way through multi-year settlements to provide a statement of assurance that the assumptions for delivering *paybill savings* are still valid and achievable.

3. KEY PAY POLICY PRIORITIES AND KEY METRICS FOR 2009-10

What are the Key Pay Policy Priorities for public bodies seeking new pay settlements in 2009-10?

3.1 The tight financial settlement for Scotland over the next three years means that public bodies must deliver affordable and sustainable pay settlements. Public bodies should target resources at:

- a) addressing inequalities within pay and reward systems and structures to work towards ensuring that they become and remain compliant with all equality requirements;
- b) reducing the width of *pay ranges*, where possible, to work towards shorter progression journeys for staff and sustainable progression costs for public bodies;
- c) addressing recruitment, retention or motivation issues that directly impact on a public body's ability to deliver outcomes; and
- d) addressing low pay.

Can you make proposals that cover more than one year?

3.2 During 2009-10 public bodies may negotiate and put in place pay awards for one or two years. Knowing the level of pay settlements for future years brings certainty for employers and staff, but the length of any pay deal is a matter for each Public Body and its recognised trade unions. You should set out your plans for the length of your proposed pay deal in your business case.

Can you analogue to another Public Body or submit joint pay proposals?

3.3 To reduce the administrative and financial burden of preparing a pay remit on small² public bodies, the 2009-10 policy encourages such bodies to make a business case to analogue in all respects to another appropriate existing pay regime (such as the Scottish Government or another Agency/NDPB). Where a case is approved, the public body would be expected to provide a simple return that confirmed that they were implementing the analogued settlement only (any further enhancements would require separate approval) and the costs of implementing the settlement.

3.4 Thereafter, a brief review of each analogue would be required every three years to ensure that it remains fit for purpose and continues to allow the body to recruit, retain and motivate its staff.

² A small public body, for this purpose, is defined to be one which employs less than 60 staff (fte). This limit based on capturing all public bodies in the lowest quartile for the number of staff employed in each of the public bodies subject to the policy.

3.5 Whilst the analogue arrangements would only be available for the smaller public bodies, there would be no restriction on larger public bodies seeking to submit joint remit proposals where there are clear business benefits of doing so. Where two or more bodies propose to submit a joint pay remit they should seek early discussions with the Finance Pay Policy team.

What are the key metrics that we will use to assess your pay remits?

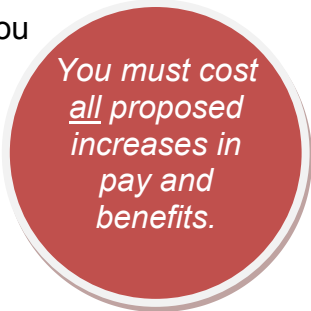
3.6 In 2009-10 we will use three key metrics:

- a) The basic award percentage. This is the consolidated percentage increase for staff that applies in addition to the progression or consolidated performance pay element of the pay award (See paragraphs 4.8 to 4.10);
- b) The *Increase for Staff in Post (ISP) percentage*. This is the cost of the increase in pay and benefits for staff within a public body as a percentage of the *baseline paybill* (the paybill for these staff immediately prior to the 2009-10 pay round) (See paragraphs 4.11 to 4.14); and
- c) The *Net Paybill Increase* of the pay remit. This is how much the paybill will increase by, as a result of your pay proposals (See paragraphs 5.3 to 5.7).

4. THE STANDARD ELEMENTS OF EVERY PUBLIC BODY'S PAY REMIT

What costs must you include in your pay remit?

4.1 You must cost all increases in pay and benefits that you propose to make and include them in the pay remit proformas, along with the increases to allowances, overtime rates, employer's pension contributions and National Insurance that result (this is set out in more detail in the Technical Guide). This is the **Total Increase for Staff in Post** of your proposals and reflects the aggregate value of the increases in pay and benefits that existing staff will receive.



*You must cost
all proposed
increases in
pay and
benefits.*

4.2 There are limits on the increases in pay and benefits that you can make in any year, with the exception of the one-off costs of **harmonising** terms and conditions of employment of different groups of staff as a direct result of the Scottish Government's drive to have fewer, better structured national public bodies. Harmonisation usually involves the **buying-out** of the more beneficial terms and conditions of employment for one group of staff. The simplification of the public sector landscape in Scotland will affect many public bodies and bring long-term benefits. To make this simplification possible you will note the short term costs of harmonisation in the pay remit proforma and business case but these costs will not count against the Public Sector Pay Policy limits. You will, of course, need to be able to accommodate the actual costs within your agreed budget for the period.

4.3 However, if your pay remit includes the merger of groups of staff and you plan to increase the pay or non-pay benefits for the existing staff group then you must include the costs of such increases in the remit proformas. These costs will count against the policy limits.

4.4 The Scottish Government encourages employers to offer staff childcare vouchers or assistance with green transport initiatives (paragraphs 5.32 and 5.33). These will not count against the Public Sector Pay Policy limits, although you will, of course, need to accommodate the actual costs within your agreed budget for the period and set out the detail in the supporting business case.

4.5 You should always seek the advice of the Finance Pay Policy Team in more complex situations.

What is the limit for pay remits approved under this policy?

4.6 There may be two parts to your pay remit proposal:


- standard elements that will be evident in all pay remits. In 2009-10 the limit on the increases to the **Standard Remit Elements** is 3.00% (paragraphs 4.12 and 4.13); and
- proposals to address the Key Pay Policy Priorities (paragraph 3.1).

4.7 The overall limit on the increase that you can add to your paybill (Net Paybill Increase) for both parts of your pay remit proposal is 3.00% (paragraph 5.4).

What is the limit on the Basic Award?

4.8 The **Basic Award** forms part of a remit and is one of the Standard Remit Elements. In pay remits approved under this policy, the limit on the Basic Award is 1.50%.

4.9 This is an absolute limit for each year of a remit approved under this policy. If you are planning a multi-year pay deal, the Basic Award must be no more than 1.50% in each year.



The Basic Award must not exceed 1.50% in any of the years of the pay remit.

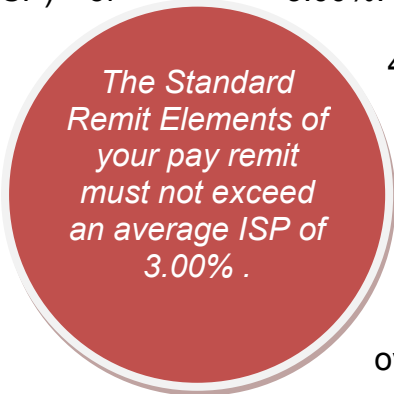
4.10 As well as the Basic Award, you may seek approval for increases to pay range minima and maxima as part of any proposals to address the Key Pay Policy Priorities (see paragraphs 5.25 to 5.28).

What is the standard remit limit for pay remits approved under this policy?

4.11 Whilst paragraphs 1-4 above set out what you need to cost in your pay remit, the **Standard Remit Limit** will only apply to the Standard Remit Elements that form part of all pay remits. These are:

- the Basic Award;
- progression;
- **consolidated performance payments**;
- non-consolidated payments over and above the **non-consolidated pot** that is included the baseline paybill; and
- increases in the costs of overtime, allowances, employers pension contributions and National Insurance Contributions that result from the increases in pay and benefits that you propose.

4.12 The limit for the Standard Remit Elements is an Increase for Staff in Post (ISP) of 3.00%.



The Standard Remit Elements of your pay remit must not exceed an average ISP of 3.00% .

4.13 This is an average limit; if you are planning a multi-year pay deal you can average the ISP over the period so long as the average ISP is no more than 3.00% and you do not exceed the absolute 3.00% limit for the Net Paybill Increase. This will help assist public bodies to manage the costs of progression within the limits set by the policy whilst making sure that public sector pay proposals remain sustainable over time.


4.14 Public bodies must seek approval for all changes to pay, terms and conditions in their pay remit proposals. You should base your proposals on existing costs of progression and existing arrangements for non-consolidated payments and any consolidated performance payments plus a Basic Award in line with the policy. Therefore your ISP will not automatically be at the standard remit limit. If existing arrangements rolled forward to 2009-10 generate an ISP greater than 3.00% then you must consider how your proposals can be brought within the standard remit ISP limit. If you want to make changes to existing arrangements then you should provide sufficient information within the business case to support them.

You should provide sufficient information within the business case to support any proposals to change existing arrangements for progression, non-consolidated payments and any consolidated performance payments.

5. ADDRESSING THE KEY PAY POLICY PRIORITIES

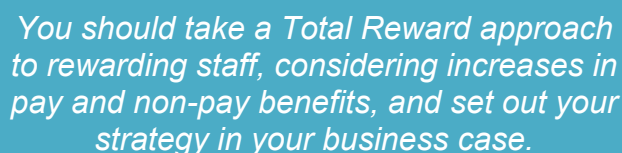
What issues can you address in your pay remit?

5.1 In addition to addressing the Standard Remit Elements, if you intend to target part of your pay remit at addressing the Key Pay Policy Priorities (paragraph 3.1), then you should take into account increases in both pay and non-pay benefits when you develop your proposals. Pay systems should be designed to motivate and reward performance, recognising pay as one element of a broader reward package you offer to staff.



Proposals that seek a pay settlement over and above the Standard Remit Elements must be targeted at the Key Pay Policy Priorities.

5.2 We expect you to outline your strategy towards Total Reward in your business case, including any changes to terms and conditions of employment, and any proposals to make employees more aware of the total value of their remuneration package.




You should take a Total Reward approach to rewarding staff, considering increases in pay and non-pay benefits, and set out your strategy in your business case.

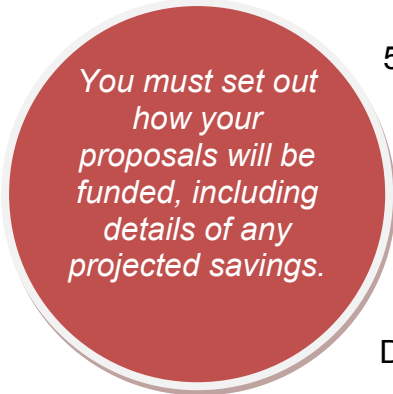
What is the limit on the increase to the paybill for addressing the Key Pay Policy Priorities?

5.3 If you seek to address the Key Pay Policy Priorities you will need to cost all proposals as set out in paragraphs 4.1 to 4.5 and arrive at a Total Increase for Staff in Post. This is the average total value of the increase in pay and benefits for staff in your organisation in each year of the remit.

5.4 Given the current economic climate and the financial context set by the Spending Review there is a limit on the amount that you can add to your paybill in each year. The net cost of the full package of proposals (Standard Remit Elements and Key Pay Policy Priorities) must not exceed 3.00% of your baseline paybill. This is an absolute limit for each year of a remit approved under this policy. If you are planning a multi-year pay deal, the Net Paybill Increase must be no more than 3.00% in each year.



The total amount that you add to your paybill must not exceed 3.00% in any year.



You must set out how your proposals will be funded, including details of any projected savings.

5.5 You can make a case to use paybill savings to part fund your proposals for addressing the Key Pay Policy Priorities. You can use **recyclable savings** and other savings in the paybill in this way. Such savings include those arising from reductions in staffing, the removal of allowances or reductions in overtime. Savings that you redirect to pay will be on top of savings you will already have delivered or need to deliver within the Efficiency Delivery Plans 2008-11.

5.6 You should clearly set out how you will fund your proposals in your business case and confirm that you will deliver the savings in the year in which they are being re-used.

5.7 You should make sure that any savings projections are realistic. When you submit your outturn your Chief Executive will be required to explain any increase to the paybill resulting from the implemented pay increase that is beyond the approved remit. If you are part-way through a multi-year pay settlement, your Chief Executive must provide a brief statement of assurance that the outturn for the year ending during 2009-10 is within the approved remit and that the assumptions made in regard of savings to fund your pay award are still valid and achievable.

How can you address the Key Pay Policy Priorities?

5.8 The measures you propose to address the Key Pay Policy Priorities (paragraph 3.1) will fall into one or more of the following 3 categories:

- Increases with ongoing cost implications;
- One-off increases; and
- Increases in benefits or non-pay rewards.

What are increases with ongoing cost implications?

5.9 This category covers increases which have ongoing cost implications and therefore have the potential to significantly increase your paybill. They usually involve changes to pay and reward structures or increases to minima and maxima of pay ranges above the level of the basic award. They fall under the following sub-categories:

Inequalities

5.10 The Scottish Government is committed to ensuring that pay systems in the public sector are fair and non-discriminatory. You should make sure that you have due regard to your obligations under the public sector equality duties on race, disability, gender and age when considering your pay systems. This must include the legal requirement on public bodies to assess the impact of their policies and practices on people from different ethnic groups, disabled people and women and men. In terms of pay proposals, you are expected to have carried out equal pay reviews and set out in your business case the results of such reviews and the steps you propose to take to address any inequalities that you have identified. These can include measures to reduce the width of pay bands or to reduce **progression journey times**.

You should set out in your business case the results of your equal pay review, a risk assessment and the steps you propose to take to address any inequalities.

5.11 It is important that you review your pay systems on an annual basis after you have implemented pay awards, and carry out a full equality impact assessment of your reward policies and practices every three years. Further information about equality impact assessment is available on the Scottish Government's website at <http://www.scotland.gov.uk/Topics/People/Equality/18507/EQIAtool>. We encourage you to work jointly with your Trade Union(s) in undertaking your equal pay reviews.

5.12 You should carry out a proper assessment of the pay arrangements for different groups or roles including considering the impact of reward policies on equality groups. This should also consider the appropriate length and progression journey time for all jobs, in line with equalities legislation.

5.13 Where you have identified a potential pay inequality that you wish to address, you will need to provide evidence of the extent of this inequality. You will also need to propose ways of tackling this in a cost-effective way, subject to affordability constraints and within policy limits. You may need to prioritise within the constraints of your remit and strike an appropriate balance between general pay increases for staff and addressing issues arising from equal pay or age discrimination legislation.

5.14 A full risk assessment, including the likelihood of claims and the extent of potential liability as well as the costs of dealing with the issue, should form part of the business case which supports your proposals to address inequalities. You should also specify what proportion of your pay remit, if any, you plan to devote to addressing issues associated with equality issues.

Recruitment, Retention and Motivation Issues

5.15 We know that levels of recruitment, retention and motivation vary within and across public bodies and we recognise that what is an issue for one body may not be an issue for another. If you wish to

You should provide evidence of any turnover issues and demonstrate that they are related to pay.

make a case to address problems associated with difficulties recruiting or retaining staff you will need to provide evidence of these difficulties. You will be more likely to have proposals to address Key Pay Policy Priorities rated Green (see paragraph 6.8) if your **turnover** or recruitment is greater than the benchmark levels set out in paragraphs 5.17 and 5.18. If you have levels of staff turnover or recruitment less than those benchmark levels and wish to make a case to address them then you should provide information on why this particular level of turnover or recruitment is problematic. The turnover and recruitment benchmark levels only apply if you are seeking to make a case for an increase above the Increase for Staff in Post limit of 3.00% to address the Key Pay Policy Priorities.

5.16 You will need to demonstrate that recruitment, retention and motivation problems are related to pay rather than wider organisational factors and demonstrate in your business case that they are having a negative impact on your ability to deliver outcomes.

5.17 Proposals which seek to address difficulties **recruiting staff** should provide evidence of the extent of the difficulties and whether they relate to particular grades, specialisms or locations. In

We will consider that you have difficulties recruiting staff if you have posts vacant for more than 6 months despite an active recruitment campaign.

particular, you should detail any posts that have been vacant for more than 6 months despite an active recruitment campaign over the period. You should also provide information on the levels of pay required to recruit staff.

5.18 Proposals which seek to address difficulties **retaining staff** should provide evidence of the extent of the difficulties (the number of individuals leaving the organisation for reasons other than retirement, early severance, or redundancy). Analysis of turnover in public bodies in 2007-08 showed that average turnover at organisational level and in grade is 10%. As a result, in general, we will consider turnover above 10% to be an issue.

We will consider that you have difficulties retaining staff if you have turnover of more than 10%.

5.19 Proposals which seek to address difficulties **motivating staff** should provide quantitative evidence from survey data. You should also demonstrate in your business case that pay rather than organisational or other factors is the likely underlying cause of issues motivating staff.

You should provide quantitative evidence of difficulties motivating staff and demonstrate that pay is the likely underlying cause.

5.20 As you will need to demonstrate that recruitment and retention issues are related to pay, you will need to compare your salaries against those in the relevant labour market. We expect the relevant labour market for most staff to be from within the **public sector labour market** in Scotland and to assist you in making these comparisons we will provide you with a base data set of all public bodies who are subject to the public sector pay policy and have implemented pay settlements.

5.21 In exceptional cases, some bodies, however, will employ staff in more specific or specialist labour markets and in this case you may wish to compare against a **particular labour market**. This may also be the case with more junior staff, who may be more usually recruited from the local labour market. In these cases, you should discuss the position with the Finance Pay Policy Team in advance of the collection of relevant data that reflects those organisations that you have lost staff to or recruited staff from in recent years.

5.22 There are different labour markets for different staff, depending on factors such as location, grade and occupation. Remits should reflect the relevant labour market for particular groups of staff.

5.23 You should explain in your business case why your comparative market data represents the more relevant labour market. It should also be clear that comparable posts are being compared, based on job weightings or the relative roles and responsibilities and comparisons should be made on a like-for-like basis. Data should reflect the same pay round and be adjusted so that both reflect the same number of hours in a working week. Any further adjustments to your data, such as taking into account employees pension contributions or annual leave provision should also be reflected in your market comparative data.

5.24 Market comparisons should take into account both pay and non-pay benefits and you should consider amendments to terms and conditions of employment as well as increases to base pay.

5.25 How far your pay range maxima are below the median of the maxima in the relevant labour market will set the parameters of any additional increase to each pay range maximum. If you propose to seek an increase to a pay range maxima over and above the Basic Award of 1.50% you must be able to demonstrate that your pay remit proposals will not result in the pay range maxima being more than 5% above the medians of the maxima in the relevant labour market. If you base your case solely on the level of basic award applied in public bodies with multi-year pay remits approved in 2008-09 your proposals are unlikely to be approved.

Your proposals must not result in pay range maxima being more than 5% above the medians of the maxima in the relevant labour market.

5.26 Proposals to make additional increases to the minima of your pay ranges should take into account the “Solidarity” target in the Scottish Government’s Economic Strategy³ which is “to increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017” by specifically considering your lowest paid groups of staff.

You should take into account the “Solidarity” target in the Government’s Economic Strategy in your proposals.

5.27 At the minima you also need to take into account the extent of any difficulties recruiting staff across all grades, as well as the width of pay ranges and the effects of proposals on the costs of progression. The Finance Pay Policy Team will continue to monitor the **coherence** of pay in Scottish public bodies.

5.28 You should support any case for reducing or maintaining differences in pay by providing information on the benefits of doing so (such as helping to achieve efficiency plans; promoting the delivery of public services; improving recruitment, retention and motivation) and, if relevant, the time-frame over which you anticipate any differences being removed or reduced.

You should provide information on the benefits of reducing or maintaining differences in pay.

³ <http://www.scotland.gov.uk/Publications/2007/11/12115041/0>

Restructuring of pay and reward systems

5.29 Proposals to restructure pay and reward systems could fall under the Key Pay Policy Priorities; the costs arising from the introduction of a new pay and reward structure usually relate to the assimilation of staff onto the new structure in the first year; rather than the more usual progression and basic award elements. As a result such proposals will be assessed against the Net Paybill Increase limit of 3.00% and you will be required to provide projected costs for the Standard Remit Elements for the 3 years following the implementation of the restructuring (see paragraphs 5.38 to 5.40). If proposals also include the costs of progression and/or a Basic Award then the limits set out in Chapter 4 will apply to these elements.

When do the benchmark levels apply?

5.30 The benchmark levels are used by the Finance Pay Policy Team to rate your proposals (see paragraphs 6.8 and 5.15). The turnover and recruitment benchmark levels only apply if you are seeking to make a case for an increase above the Increase for Staff in Post limit of 3.00% to address the Key Pay Policy Priorities.

What are one-off increases?

5.31 Proposals which have actual costs but the costs are limited to a single year will fall under this category and will be included in the calculations. These could include one-off increases to buy out terms and conditions that are now outdated.

5.32 Proposals to introduce non-pay rewards such as **salary sacrifice schemes** may also fall under this category. You should include the administrative costs of setting up any such schemes. You should provide evidence to support any proposals in your business case. Salary sacrifice proposals that aim to reduce employee pension contributions to a public service pension scheme with off-set increases to the employer contribution will generally not be considered acceptable.

5.33 Public bodies are encouraged to offer childcare vouchers as a practical, cost-effective way of helping working parents. To assist with the uptake of childcare vouchers, the Scottish Government has a contract with ACCOR (up to 31 March 2011) which administers a salary sacrifice scheme on its behalf. All Agencies and NDPBs can be part of the contract at the same competitive administration fee charged to the Scottish Government. For further information, you should contact the Central Government Centre of Procurement Expertise (CGCoPE) at www.cgcopecotland.gov.uk/.

5.34 Proposals to introduce non-pay rewards such as childcare vouchers or assistance with green transport initiatives are not required to be included within the pay remit costings. However you should include the administrative costs of setting up any such schemes under the section for costs outwith the pay remit in the remit proforma and you should provide evidence to support any proposals in your business case. If you have any queries on the introduction of a salary sacrifice scheme and whether the costs should be excluded from the pay remit costings you should contact the Finance Pay Policy Team to discuss.

What are increases in benefits or non-pay rewards?

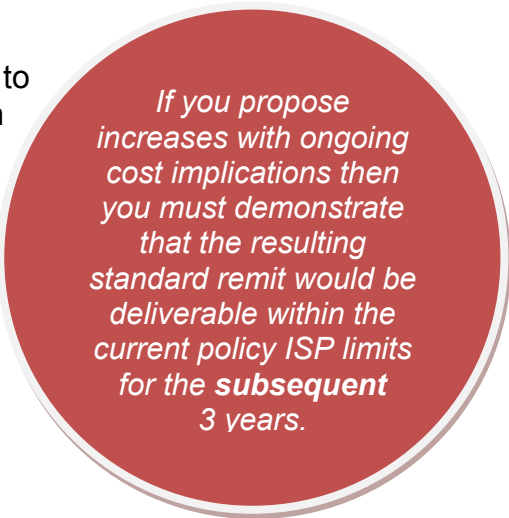
5.35 Examples of proposals that will fall under this category are those which seek to increase annual leave for staff or to reduce the hours in a working week. Such proposals are considered as additional benefits for staff and you must include the notional cost in the remit proforma. The additional benefit for staff will not add an actual cost to the paybill and will therefore not impact on the Net Paybill Increase limit of 3.00%.

5.36 However, if the proposals result in ancillary costs such as additional overtime or other staffing costs these costs **will** require to count against the 3.00% Net Paybill Increase limit and you will need to ensure you can meet these costs within your agreed budget for the period. You should provide support for any proposals in your business case.

Are there any other limits to what you can propose in your pay remit?

5.37 The policy places limits on annual increases in pay and benefits because of the tight financial context in Scotland. These limits take the form of percentage limits for the three key pay metrics. However, pay remit proposals seldom impact on a single year and more commonly affect the costs of pay and rewards for years to come. It is therefore important to ensure that pay remit proposals remain sustainable.

5.38 If you are proposing to make increases to address the Key Pay Policy Priorities with ongoing cost implications (paragraphs 5.9 to 5.29) then you must provide a projection which demonstrates that for the 3 years after implementing changes which address the Key Pay Policy Priorities, you will be able to deliver a standard remit within the current ISP limit of 3.00% (based on the current Basic Award assumption of 1.50%).

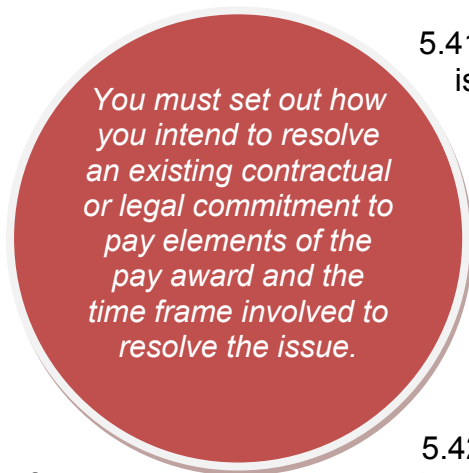


*If you propose increases with ongoing cost implications then you must demonstrate that the resulting standard remit would be deliverable within the current policy ISP limits for the **subsequent** 3 years.*

5.39 Your projection will be based on known levels of staffing and usual levels of turnover for your organisation. You should note any assumptions you made when you provide your projection. The Finance Pay Policy Team will use this projection to assess the sustainability of your current proposals. If the projection does not demonstrate that your proposed structural changes will enable you to deliver a standard remit within policy then your proposals are very unlikely to be approved.

5.40 A projection within 3.00% ISP will not guarantee approval of future proposals. The purpose of the projection is only to provide an indication of impact of your current proposals based on your current staff profile. Your projection will not be used in the assessment of future proposals except to gauge the accuracy of further projections. Increases in your next remit will be subject to the Public Sector Pay Policy limits in place at the time that you need to enter into a new pay settlement.

What happens if you are legally committed to elements of the pay award?



5.41 There may be rare occasions when a public body is contractually obliged to pay progression or where the pay award is legally linked to that of another group of staff (such as local government employees), for example after the transfer of staff or the creation of a new public body. Where this is the case, you should set out in your business case: what the contractual obligation is; the background; how you intend to resolve the situation; and the time frame for its resolution.

of pay 5.42 You should however note the basis of approval remits in paragraphs 7.2 and 7.3 and ensure that you do not create new contractual obligations.

6. APPROVALS PROCESS

What should you do before you submit your proposals?

6.1 Use the checklist in Annex B to make sure that you have included all of the information necessary for your remit to be approved. If you have any questions or want to clarify anything please speak to the Finance Pay Policy Team. The Team would be happy to have early discussions with you on an issues arising during your preparation stages and before you submit your remit.

How are your pay remit proposals going to be assessed?

6.2 You should submit your proposals to the Finance Pay Policy Team who will assess them against the policy and make a recommendation on the rating of your proposals.

Outturn

6.3 Your Chief Executive will be required to confirm (for each year of your last approved remit) that:

- you did not exceed the limits of the approved remit (for 2008-09 this can be based on forecasted outturn);
- all changes to pay structures have been implemented as approved; and
- all conditions placed on approval have been met.

6.4 The Finance Pay Policy Team will then rate your outturn as follows:

Green

Your outturn will be rated as **Green** if:

- a) you have provided confirmation that your outturn is fully in line with the approved remit: that is you did not exceed the limits of the approved remit; that all changes to pay structures were implemented as approved; and all conditions placed on approval had been met.

Amber

Your outturn will be rated as **Amber** if:

- a) the outturn exceeded the percentages approved by less than 0.1% or £10,000 (or whichever is the greater); however all other changes have been implemented as approved and all conditions on approval have been met.
- b) the outturn cannot be provided or the outturn is incomplete but the increase to the paybill and the increase in paybill per head indicates that proposals were implemented as approved.

Your outturn will be rated as **Red** if:

- a) the outturn exceeded the percentages approved by more than 0.1% or £10,000 (or which ever is the greater); or
- b) the implemented pay award differs materially from the basis of your approved remit (for example the pay structure was not implemented as approved); or
- c) you did not comply with any conditions placed on approval.

6.5 If your outturn is rated as **Red**, your current remit must be considered by the Remuneration Group. There may be circumstances that could not have been foreseen in your last remit that have led to the approved remit being exceeded, or not implemented as proposed or conditions not complied with. Where this is the case, you must provide an explanation.

6.6 The Remuneration Group will take into account this explanation when considering the circumstances of approval and implementation. Where you have significantly exceeded the approved remit or have materially moved away from the basis of that remit then the Remuneration Group may refer the outturn and your current remit proposals to Ministers. The Remuneration Group expect Ministers will take action where the explanation is not adequate. The potential consequences of significantly exceeding your remit in such circumstances are set out in paragraphs 7.8 and 7.9.

You must provide an explanation if your outturn exceeds the approved remit; the pay award was not implemented as approved; or conditions of approval have not been met.

6.7 If your outturn is rated as **Amber** or **Green** the rating of your current remit will determine whether your current remit will be considered by Remuneration Group or can be approved by Senior Officials.

Current Remit

6.8 The Finance Pay Policy Team will then assess your current remit and rate it as follows:

Green

- a) Proposals which are in line with the policy limits and are fully supported by a robust business case.

Amber

Proposals will be rated as **Amber** if:

- a) the market comparison is based on a particular labour market but there is limited evidence that the data represents active local labour market competitors; there is no clear link between the posts being compared based on job weightings or comparisons are not made on a like for like basis;
- b) there is limited provision of evidence to support proposals to change existing arrangements for progression; non-consolidated payments; or any consolidated performance payments;
- c) there is no supporting evidence from the results of the comparison with the public sector labour market or the particular labour market previously discussed with the Finance Pay Policy Team;
- d) you propose to address inequalities in pay and reward systems without providing evidence of such inequalities including the results of your equal pay review; or a risk assessment; or set out the steps you propose to take to address any inequalities over time;
- e) you propose to address issues impacting on your ability to deliver outcomes without providing evidence of the impact on outcomes if the issues are not addressed as proposed;
- f) you propose to address issues impacting on your ability to deliver outcomes without providing evidence of issues recruiting, retaining or motivating staff, or that evidence is not in line with paragraphs 5.15 to 5.19; or
- g) your business case does not support the proposals set out in your remit proforma.

Red

If your proposals breach an absolute requirement of the policy (set out in the red text circles) they will be outwith Scottish Government policy and rated **Red**. Such proposals are those which:

- a) do not include the costs of all proposed increases in pay and benefits;
- b) do not clearly set out how your proposals will be funded, including details of projected savings and are not confirmed as realistic, affordable and sustainable by you and supported by the Portfolio Finance Team;
- c) propose a basic award that exceeds 1.50% in any year;
- d) include an average Increase for Staff in Post percentage for the Standard Remit Elements above 3.00%;
- e) seek approval for proposals with a Net Paybill Increase above 3.00% in any year;
- f) are not sustainable; they do not project that a standard remit is deliverable within the current ISP limit of 3.00% in each of the 3 years following the approved remit;
- g) you have not set out how you intend to resolve an existing contractual or legal commitment to pay elements of the pay award or the time frame involved to resolve the issue;
- h) seek approval for proposals outwith the Standard Remit Elements that are not targeted at the Key Pay Policy Priorities for 2009-10; or
- i) seek an increase above the Basic Award limit which results in pay range maxima being more than 5% above the medians of the maxima in the relevant labour market.

6.9 Your current remit proposals will be automatically rejected by the Finance Pay Policy Team if they are rated **Red** on any one of the criteria (a), (b), (c), (d), (e), (f) or (g) and we will require you to revise your proposals to bring them in line with Scottish Government policy before they can be given further consideration.














6.10 The Finance Pay Policy Team will only rate proposals as **Red** under criteria (h) or (i) following more detailed consideration of your proposals. We will require you to revise any proposals that are rated **Red** to bring them in line with Scottish Government policy before they can be submitted for approval.

Who is going to approve your proposals?

6.11 Ministers have decided that some remits may be approved by the Scottish Government’s Remuneration Group or Senior Officials.

6.12 Senior Officials may approve proposals where the current remit is rated Green and the outturn is rated either **Amber** or **Green**. All other proposals will be considered by the Remuneration Group who will decide whether the Strategic Board needs to be made aware of remits that are outwith the policy and whether proposals need to be brought to the attention of Ministers.

6.13 The following table sets out who will make initial decisions about your remit:

Outturn	Current Remit Proposals	Decision
 		Senior Officials
	 	Remuneration Group
 		Remuneration Group
  		Not able to be approved

6.14 Who approves your remit at Senior Official level will depend upon whether you are a NDPB, Agency or Associated Department:

Public Body	Portfolio Approval	Finance Pay Policy Approval
NDPB	Director of your Sponsor Directorate	Deputy Director of Finance Expenditure Policy
Agency	Director General or Director ⁴ of your Sponsor Directorate	
Associated Department	Permanent Secretary	

⁴ The Director General may delegate this responsibility to the Sponsor Director.

6.15 All proposals that require Remuneration Group consideration will need to be put forward by the relevant Senior Official as shown in the following table:

Public Body	Relevant Senior Official
NDPB	Director of your Sponsor Directorate
Agency	Director General or Director ⁵ of your Sponsor Directorate
Associated Department	Permanent Secretary

6.16 By putting your proposals to the Remuneration Group, Senior Officials are signalling portfolio support of the proposals.

6.17 The Remuneration Group will consider the proposals, including the Chief Executive’s foreword to the Business Case, the advice from the Sponsor Team (where applicable), the Portfolio Finance Team, the Finance Pay Policy Team and the views of the Senior Official putting forward the proposals for approval.

6.18 The Remuneration Group will decide whether or not proposals need to be approved by Ministers. For example, proposals could be those where the outturn is rated as **Red** and they consider the explanation to be inadequate; where the current remit is novel; or where the remit is of particular interest to Ministers. A decision will be made on a case-by-case basis but the Remuneration Group expect to approve most proposals under delegated approval arrangements. If Ministerial approval is required it will be the approval of the Portfolio Cabinet Secretary or Minister and the Cabinet Secretary for Finance and Sustainable Growth.

6.19 The Scottish Government’s pay remit proposals will require to be approved by Ministers.

6.20 The Finance Pay Policy Team are available to help you before and after you submit your pay remit proposals for approval. They can provide advice in advance of you submitting your proposals. Once the Finance Pay Policy Team receives your proposals they will: check your financial information; assess your business case; rate your outturn and your current remit proposals as **Red**, **Amber** or **Green** and provide you with feedback that clearly sets out why the rating has been given; and advise officials, the Remuneration Group and Ministers on the assessment of the proposals as appropriate. The Finance Pay Policy Team will also escalate proposals to the relevant Senior Official and the Deputy Director of Finance Expenditure Policy where queries have not been resolved by the end of the fourth week following receipt of the proposals.

⁵ The Director General may delegate this responsibility to the Sponsor Director.

How long will approval take?

6.21 If you submit your pay proposals to the Finance Pay Policy Team in line with the agreed timetable (Annex D) then the aim will be to approve your pay remit proposals within 7 weeks. This includes up to 4 weeks for clarifying the remit costings and resolving queries with the Finance Pay Policy Team and up to 3 weeks for the subsequent approval of proposals.

6.22 Remit proposals that are straightforward or approved at Senior Official level may take less time to approve. Proposals that are more complex may take more time to resolve and where the Finance Pay Policy Team think this might be the case they will make it clear from the outset.

6.23 To achieve the above timescales it is important that the proposals you submit to the Finance Pay Policy Team must include all of the necessary information; be submitted on time and you must respond to any queries raised quickly. If you submit your proposals in line with the timetable, the Finance Pay Policy Team will aim to provide the initial feedback within 5 working days.

6.24 The Remuneration Group will meet regularly to consider proposals during the periods of the year when remits are submitted (the dates of meetings are set out in Annex D). The total duration of the approvals process will be dependent on when your proposals are submitted to the Finance Pay Policy Team; the length of time taken to address queries and when the next meeting of the Remuneration Group has been scheduled. If the deadlines for the submission of papers are missed, your proposals will be put on the agenda of the next available meeting of the Remuneration Group.

6.25 The Finance Pay Policy Team will run workshops in May and September for HR & Finance professionals to focus on what needs to be included in the proformas and the business case for your remit to be approved.

How will you be notified of the outcome of the approval process?

6.26 After Senior Officials, Remuneration Group or Ministers have considered your pay proposals, they will advise the Senior Official responsible for putting forward your remit of the decision made and any requirements or conditions made in respect of that decision. It will be the responsibility of that Senior Official to write to you setting out the levels of the key metrics approved, including any comments made and any requirements or conditions of approval imposed by the Remuneration Group or Ministers. You can, if you wish, request a meeting with the relevant Senior Official to discuss the submission and subsequent decision made.

6.27 If you have any queries during this stage in the process you should contact your Sponsor Team rather than the Finance Pay Policy Team.

7. AFTER APPROVAL

When can you negotiate with your Trade Union(s)?

7.1 Pay remit proposals should reflect your maximum negotiating position within Public Sector Pay Policy limits and approval of those proposals sets the parameters for detailed negotiations with your recognised Trade Union(s). We encourage you to work constructively with your relevant Trades Union(s) on the development of your overall pay and reward strategies prior to submitting your remit. However, whilst informal discussions can take place you must not enter into formal negotiations with your Trades Union(s) until your remit has been approved. Trade Unions should note that informal discussions cannot be treated as agreement until the remit is approved.

What is the policy on legal commitments?

7.2 Approval of pay remits is on the basis that you do not enter into any legally-binding contractual agreements in Trade Union negotiations that effectively commits you to automatic costs in the future (i.e. beyond the duration of the approved remit).

7.3 All existing legally binding commitments should take into consideration affordability and financial constraints in current and future years. All public bodies are advised to take legal advice on the drafting of pay commitments to ensure that these are affordable and consistent with the pay remit process.

Can you make changes to your approved remit during negotiations?

7.4 If, during negotiations, you are considering: entering into an agreement that exceeds the percentages approved in your remit; or deviating substantially from the basis of approval (such as the pay structure you proposed) then you need to contact the Finance Pay Policy Team in the first instance. You may need to revise your proposals and seek further approval from the Scottish Government. Changes within the limits approved are a normal part of negotiations and need not be referred for further advice.

What information are you required to provide once you have implemented your pay settlement?

7.5 Formal approval of your proposals will set out any conditions on that approval. You will be expected to confirm that these have been met in the settlement proforma which must be completed and returned to the Finance Pay Policy Team within one month of your settlement being implemented. More detail on this proforma is set out in the Technical Guide.

7.6 The Finance Pay Policy Team will also send you an outturn proforma for you to complete at the end of the first year of a two year remit and the end of the first and second years of a three year remit. You will be required to provide a brief statement of assurance that the outturn is within the approved remit and that the assumptions made in regard of savings to fund your pay award are still valid.

7.7 You should contact the Finance Pay Policy Team if you require any assistance in completing these proforma.

What happens if you exceed your pay remit?

7.8 If you go beyond the three key pay metric percentages in your approved remit; or deviate from the basis on which the remit was approved; or if you negotiate changes to pay and conditions without featuring or costing them in your pay remit proposals then you will be considered to have exceeded your approved pay remit. Ministers expect you to adhere to the basis on which your remit has been approved, including any key features of the remit involving the use of resources to meet the Key Pay Policy Priorities.

7.9 There may be circumstances that could not have been foreseen when you submitted your remit for approval. If this means that you exceed your approved remit, you must contact the Finance Pay Policy Team. Your Sponsor Team may be required to notify Remuneration Group who will consider whether the issue needs to be brought to the attention of Ministers. Examples of this would be where you have significantly exceeded the approved remit or have materially moved away from the basis of that remit. The Remuneration Group expect Ministers will take action. Action may require the Sponsor Team and Accountable Officer to justify the matter to the Portfolio Minister and the Cabinet Secretary for Finance and Sustainable Growth and may result in action being taken, such as capping of future pay remits or a governance review of the body.

GLOSSARY

Baseline Paybill

The cost of employing your staff for the 12 months of the pay remit year before you implement the pay award and includes mandatory increases in pensions contributions or employers National Insurance Contributions. It excludes the costs of increases in pay and benefits for which you are seeking approval.

Basic Award

The inflation or cost of living element of the pay award. It is one element of a standard remit. The Basic Award has different meanings in different pay systems. For public bodies with a step or spine based system it refers to the revalorisation of steps/spines. For those without step or spine based mechanisms for pay progression the basic award will generally be defined as the consolidated increase to the pay range maxima and/or milestones.

Business Case

The document that contains information and argument that supports the proposals you are making.

Buying-out

The offering of a one off non-consolidated payment in return for agreeing to the removal of a particular pay or non-pay reward.

Coherence

The principle of aligning levels of pay towards a market median with the aim of making sure that individuals undertaking similar roles in different public bodies receive similar levels of pay.

Consolidated Performance Payments

Payments that reward exceptional or outstanding performance and are consolidated into individual employees' basic pay.

Harmonising

A process of equalising the pay and benefits of two or more groups of staff usually following a merger.

Increase for Staff in Post (ISP) Percentage

This is the cost of the proposed increase in pay and benefits as a percentage of the baseline paybill.

Increase in Paybill per Head

The result of comparing the Paybill per Head for the current remit with the Paybill per Head for the last remit. It is expressed as a percentage of the Paybill per Head for the last remit.

Maxima

The highest point on a pay scale, sometimes known as the rate for the job.

Net Paybill Increase (formerly Headline Cost)

This is the percentage increase to the baseline paybill as a result of your pay proposals. The New Money is the monetary value of the proposed increase in pay and benefits added to your existing paybill.

Non-consolidated Pot

Percentage of consolidated baseline paybill that and is used to make non-consolidated payments such as bonuses or performance payments to staff on their maxima. Once established, the percentage is carried forward in the baseline paybill each year.

Non-consolidated Payments

Payments that are not consolidated into basic pay. They are not pensionable and are awarded to staff based on performance at an individual, team or organisational level. Such payments are re-earnable and do not have associated future costs.

Particular Labour Market

The labour market that reflects the comparators for particular workforce group(s). It consists of the bodies that your organisation has lost staff to or gained staff from in recent years. It may be a specific or specialist labour market.

Pay Ranges

The pay scale for each grade or role within a public body, with a minimum and a maximum or target rate and through which staff progress as they develop in knowledge, skills, experience and performance.

Pay Remit

Pay proposals made by public bodies that seek approval for increases in pay and benefits for staff.

Paybill

The full annual cost of employing your staff, including National Insurance and Employer's Pension Contributions.

Paybill per Head

The cost of employing staff following the implementation of the pay award as divided by the number of staff (full time equivalent).

Paybill savings

Savings in your paybill that can be re-utilised to part fund a pay award. They can include recyclable savings (see below); savings resulting from the removal of outdated allowances; reductions in overtime costs and reductions in staffing.

Proformas

Excel spreadsheets that set out what was actually paid as a result of the last pay award; the costs of the increase in pay and benefits that you intend to make and details of your pay and reward structure as well as details of current and projected staffing.

Progression

The movement that an individual makes from the minimum of a pay scale to the maximum or target rate. The policy expects the movement to be dependent on performance or competency.

Progression journey times

The number of years it takes to move from the minimum of a pay range to the maximum or target rate.

Public Sector Labour Market

The labour market data provided by Finance Pay Policy. This is the public bodies in Scotland subject to Scottish Government policy on public sector pay, UK Government Departments employing more than 25 staff in Scotland and Scottish Local Authorities.

Recyclable Savings

Savings that are a consequence of a more highly paid member of staff being replaced by a lower paid individual (see Paybill Savings).

Relevant Labour Market

The Scottish public sector labour market or a more appropriate specific or specialist labour market for specific workforce groups, specialisms or locations.

Salary Sacrifice Scheme

HM Revenue and Customs define a salary sacrifice as “when an employee gives up the right to receive part of the cash pay due under his or her contract of employment. Usually the sacrifice is made in return for the employer’s agreement to provide the employee with some form of non-cash benefit. The ‘sacrifice’ is achieved by varying the employee’s terms and conditions of employment relating to pay”.

Standard Remit Elements

The elements that form part of almost all pay remits: progression, the Basic Award, non-consolidated payments (over and above the existing non-consolidated pot that is included the baseline paybill), consolidated performance payments and the resulting increases in the costs of overtime, allowances, employers pension contributions and National Insurance.

Standard Remit Limit

The limit placed on the Standard Remit Elements of pay proposals.

Submission

The paper to the Remuneration Group and Ministers that seeks approval for your proposed increases in pay and benefits.

Target Rates

The points in a pay system that reflect competence in a role, often the maxima of the pay ranges.

Total Increase for Staff in Post

The full costs of the proposed increases in pay and benefits regardless of whether they add costs to the paybill.

Total Reward

All rewards for staff, including base pay, performance related pay, bonuses and employee benefits, such as flexible working and training & development opportunities.

Turnover

The movement of staff out of and into your organisation in a year.

PUBLIC BODIES TO WHICH PUBLIC SECTOR PAY POLICY APPLIES

(bodies in bold are due to submit proposals under the 2009-10 policy)

- **Architecture and Design Scotland**
- **Bòrd na Gàidhlig**
- **Cairngorms National Park Authority**
- **Communities Scotland (staff who retained existing terms and conditions of employment)**
- **Crown Office and Procurator Fiscal Service**
- **Dundee Airport Limited**
- **Highlands and Islands Airports Limited**
- **Highlands and Islands Enterprise**
- **Historic Scotland**
- **Learning & Teaching Scotland**
- **Loch Lomond & Trossachs National Park Authority**
- **Mental Welfare Commission for Scotland**
- **National Galleries of Scotland**
- **National Library of Scotland**
- **National Museums of Scotland**
- **NHS Executive and Senior Management**
- **Police Complaints Commissioner for Scotland**
- **Registers of Scotland**
- **Risk Management Authority**
- **Royal Botanic Garden Edinburgh**
- **Royal Commission for Ancient and Historic Monuments Scotland**
- **Scottish Arts Council**
- **Scottish Children's Reporter Administration**
- **Scottish Commission for the Regulation of Care**
- **Scottish Court Service**
- **Scottish Criminal Cases Review Commission**
- **Scottish Enterprise**
- **Scottish Environment Protection Agency**
- **Scottish Further and Higher Education Funding Council**
- **Scottish Government Main Bargaining Unit:**
 - Fisheries Research Services
 - General Register Office for Scotland
 - HM Inspectorate of Education
 - Mental Health Tribunal for Scotland
 - National Archives of Scotland
 - Office of the Accountant in Bankruptcy
 - Office of the Scottish Charity Regulators
 - Scottish Building Standards Agency
 - Scottish Public Pensions Agency
 - Social Work Inspection Agency
 - Students Award Agency for Scotland
 - Transport Scotland
 - Marine Scotland

- **Scottish Legal Aid Board**
- **Scottish Legal Complaints Commission**
- **Scottish Natural Heritage**
- **Scottish Police Services Authority**
- **Scottish Prison Service**
- **Scottish Qualifications Authority**
- **Scottish Screen**
- **Scottish Social Services Council**
- **Scottish Water**
- **Skills Development Scotland**
- **SportScotland**
- **VisitScotland**
- **Water Industry Commission for Scotland**

PUBLIC SECTOR PAY POLICY 2009-10: APPROVALS PROCESS CHECKLIST

1. We will need the information in this checklist in order to approve your proposals. The Finance Pay Policy Team would be happy have early discussions with you during the planning stages prior to formal submission. Once you are ready to submit your proposals you must check that you have:

(a)	provided confirmation, from your Chief Executive, that your outturn is in line with the approved remit for all years of your last remit (note the outturn for the most recent year will be based on a projection) and provided an explanation if your outturn exceeds the approved remit.	<input type="checkbox"/>
(b)	costed all of your proposed increases in pay and benefits for each year of your current remit, for	
	• the Standard Remit Elements; and (if relevant)	<input type="checkbox"/>
	• addressing the Key Pay Policy Priorities.	<input type="checkbox"/>
(c)	completed the pay data sheet of the proforma workbook.	<input type="checkbox"/>
(d)	made proposals within the limits of the three key pay metrics:	
	• the Basic Award does not exceed 1.50% in any year;	<input type="checkbox"/>
	• the Standard Remit Elements do not exceed an average Increase for Staff in Post of 3.00% in any year; and	<input type="checkbox"/>
	• the Net Paybill Increase does not exceed 3.00% in any year.	<input type="checkbox"/>
(e)	set out how the proposals will be funded including details of projected savings in the paybill and confirmed that proposals are affordable within existing budgets.	<input type="checkbox"/>
(f)	undertaken a market comparison:	
	• using the Scottish Public Sector data; or	<input type="checkbox"/>
	• you have discussed your particular labour market with the Finance Pay Policy Team; and are using more specific or specialist labour market data, taking into account pay and non-pay benefits, demonstrated clear links based on job weightings and comparisons are made on a like-for-like basis	<input type="checkbox"/>
(g)	made proposals over and above the Standard Remit Elements that are targeted at the Key Pay Policy Priorities.	<input type="checkbox"/>
(h)	made proposals for an increase above the Basic Award limit that do not result in pay range maxima being more than, or extending further from, 5% above the medians of the maxima in the relevant labour market.	<input type="checkbox"/>
(i)	where you are making proposals to address the Key Pay Policy Priorities with ongoing cost implications you have included a projection that demonstrates that the resulting Standard Remit Elements will be deliverable within current limit of 3.00% for the ISP in the 3 years following implementation of the propose changes.	<input type="checkbox"/>
(j)	where appropriate you have set out how you intend to resolve an existing contractual commitment and the time frame involved.	<input type="checkbox"/>
(k)	supported your proposals with a business case (see Annex B paragraph 2).	<input type="checkbox"/>

2. When you draft your business case you must take into account the guidance in the accompanying Technical Guide. Your business case needs to support the proposals that you are making and must:

(a)	include a foreword by the Chief Executive that draws out the key points of the pay remit proposals;	<input type="checkbox"/>
(b)	briefly summarise the existing progression and bonus arrangements and set out, if and, how you are proposing to change them;	<input type="checkbox"/>
(c)	where appropriate support any proposals to change existing arrangements for progression, non-consolidated payments and any consolidated performance payments;	<input type="checkbox"/>
(d)	set out your strategy on Total Reward;	<input type="checkbox"/>
(e)	where appropriate provide information and evidence to support proposals that are targeted at the Key Pay Policy Priorities which:	
	• make increases with on-going cost implications;	<input type="checkbox"/>
	• make one-off increases in pay or non-pay benefits;	<input type="checkbox"/>
	• increase benefits or non-pay rewards.	<input type="checkbox"/>
(f)	where appropriate, supports the use of particular labour market data as the relevant labour market by demonstrating that it reflects organisations with whom you actively compete for staff, demonstrates that there is a clear link, based on job weightings, between the posts being compared and comparisons are on a like-for-like basis;	<input type="checkbox"/>
(g)	set out the results of your equal pay review, a risk assessment and the steps you propose to take to address any inequalities;	<input type="checkbox"/>
(h)	where appropriate provide evidence of any staff turnover issues and demonstrate that they are related to pay;	<input type="checkbox"/>
(i)	where appropriate provide evidence of the extent of any difficulties recruiting staff, whether the difficulties relate to particular grades, specialisms or locations and provide information on the levels of pay that you have had to pay to recruit staff;	<input type="checkbox"/>
(j)	where appropriate, provide evidence of the extent of the difficulties retaining staff (the number of individuals leaving the organisation for reasons other than retirement, early severance, or redundancy);	<input type="checkbox"/>
(k)	where appropriate, provide quantitative evidence of difficulties motivating staff and demonstrate that pay is the likely underlying cause;	<input type="checkbox"/>
(l)	where appropriate, provide information on why the level of turnover is problematic and demonstrate that it prevents you delivering your outcomes;	<input type="checkbox"/>
(m)	take into account the “Solidarity” target in the Scottish Government’s Economic Strategy;	<input type="checkbox"/>
(n)	where appropriate, make a case for reducing or maintaining differentials in pay by providing information on the benefits of doing so and, if relevant, the time-frame over which you anticipate any differences being removed or reduced;	<input type="checkbox"/>
(o)	where appropriate, set out how you will make sure that full details of your outturn can be provided in future; and	<input type="checkbox"/>
(p)	where appropriate, explain why the remit was submitted outside the agreed timetable.	<input type="checkbox"/>

PUBLIC SECTOR 2009-10: MARKET DATA

1. In February 2009 the Scottish Government, its Associated Departments, Agencies, NDPBs and Public Corporations provided the Finance Pay Policy Team with up-to-date data on levels of basic pay for each grade. They also provided the hours worked in a week, employer and employee pension contributions, annual leave entitlements and information on benefits offered to staff.
2. The information public bodies provided also included the job weights of each grade, using either the civil service Job Evaluation and Grading Support (JEGS) methodology, Hay Group or other bespoke job evaluation methodologies. Some bodies did not provide job evaluation information but indicated the equivalent Scottish Government grades.
3. We also sought information on Scottish Local Government pay (spine points) and UK civil service departments and agencies with more than 25 staff that operate in Scotland.
4. As each Public Body applies different labels for each grade we have mapped the grades on to standard levels to enable comparisons to be made. Broadly the levels map as follows:

Level	JEGS range	Hay Group Levels	Hay Group Job size range	Scottish Government Grades ⁶
1a	0 - 220	8	98 - 113	A1
1b	0-260	9	114-134	A2
2a	200-325	10/11	135 - 191	A3
2b	300-385	12	192 - 227	A4
3	320-430	13/14	228 - 313	B1
4	400-540	15/16	314 - 438	B2
5	490-620	16/17	371 - 518	B3
6	580-685	18	519 - 613	C1
7	650-720	19	614 - 734	C2
8	700+	20	735 - 879	C3

5. Under the policy for 2009-10, pay remit proposals that seek increases above the Basic Award limit must not result in pay range maxima more than 5% above the medians of the maxima in the relevant labour market. The relevant labour market for most staff in public bodies will be the public sector labour market in Scotland. To enable public bodies to make these comparisons we will provide all public bodies with the base data set for all public bodies who have implemented their 2008-09 pay settlement. It will be for individual bodies to decide whether they wish to use the whole data set or a selected sub-set that they can demonstrate to be their relevant labour market.
6. In exceptional cases a more specific or specialist labour market may be appropriate. Public bodies should discuss this with the Finance Pay Policy Team before collecting market data and providing that additional market data in the business case. Such data should reflect the specific labour market in which public bodies actively compete for staff and must be accompanied by an explanation setting out why it is a more relevant labour market. There must also be a clear link, based on job weightings, between the posts being compared and comparisons should be made on a like-for-like basis.

⁶ The Scottish Government no longer has staff at A1 or A2 grade level.

7. The following public bodies are included in the market data for 2009-10:
- **Advisory, Conciliation and Arbitration Service**
 - **Architecture and Design Scotland**
 - **Bòrd na Gàidhlig**
 - **Cairngorms National Park Authority**
 - **Crown Office and Procurator Fiscal Service**
 - **Department for Work and Pensions**
 - **Driver and Vehicle Licensing Agency**
 - **Highlands and Islands Airports Limited**
 - **Highlands and Islands Enterprise**
 - **Historic Scotland**
 - **HM Revenue & Customs**
 - **Learning & Teaching Scotland**
 - **Local Government in Scotland**
 - **Loch Lomond and the Trossachs National Park Authority**
 - **Maritime and Coastguard Agency**
 - **Mental Welfare Commission for Scotland**
 - **National Galleries of Scotland**
 - **National Museums of Scotland**
 - **Police Complaints Commissioner for Scotland**
 - **Registers of Scotland**
 - **Risk Management Authority**
 - **Royal Botanic Garden Edinburgh**
 - **Royal Commission for Ancient and Historic Monuments Scotland**
 - **Scottish Arts Council**
 - **Scottish Children Reporters Administration**
 - **Scottish Commission for the Regulation of Care**
 - **Scottish Court Service**
 - **Scottish Criminal Cases Review Commission**
 - **Scottish Enterprise**
 - **Scottish Environment Protection Agency**
 - **Scottish Fisheries Protection Agency**
 - **Scottish Funding Council**
 - **Scottish Government Main Bargaining Unit**
 - **Scottish Legal Aid Board**
 - **Scottish Legal Complaints Commission**
 - **Scottish Natural Heritage**
 - **Scottish Parliament's Corporate Body**
 - **Scottish Police Services Authority**
 - **Scottish Qualifications Authority**
 - **Scottish Screen Agency**
 - **Scottish Social Services Council**
 - **Scottish Water**
 - **Skills Development Scotland**
 - **SportScotland**
 - **VisitScotland**
 - **Water Industry Commission for Scotland**

PUBLIC SECTOR PAY REMITS TIMETABLE 2009-10: NOTES

1. The timetable should be viewed at 150-200% and if printed, on A3 paper (at 115%) for clarity. It sets out:



The settlement date for each Public Body that will be reaching agreement on a new pay settlement between May 2009 and April 2010 (inclusive). They are shown in red squares except where a Public Body has indicated that it will send in its proposals for approval less than 7 weeks before its settlement date. In that case the settlement date will occur whilst approval is being sought and is shown hatched in red on the timetable.



The expected remit submission date for each Public Body. The Finance Pay Policy Team circulated a draft timetable in February 2009 and dates were agreed with public bodies. Remits are expected to be submitted to the Finance Pay Policy Team during the week coloured green.



Once pay remit proposals are submitted, the Finance Pay Policy Team will assess proposals against the Scottish Government's policy on public sector pay. They will then raise any queries with the public body. The length of time this dialogue takes will depend on whether all of the necessary information is provided, and is shown coloured tan on the timetable.



When any queries have been addressed and the pay remit proposals are clear and fully costed, the Sponsor Team, Associated Department or Agency will then draft a paper that sets out the proposals and its costs for approval by Senior Officials or the Scottish Government's Remuneration Group. This is shown in blue on the timetable.



The Remuneration Group will consider all pay remit proposals that are not approved at official level. Remuneration Group consideration is coloured yellow on the Timetable. The Group will meet frequently throughout the year, usually on a Friday, and the meetings that have been arranged for 2009-10 are set out in the Table in Annex D paragraph 2.

2. The meetings of the Remuneration Group during 2009-10 and the deadline for papers is as follows:

Remuneration Group Meeting	Queries resolved and draft paper to the Finance Pay Policy Team by noon on	Final paper seeking approval for proposals to the Remuneration Group Secretariat by noon on
Friday 15 May 2009	Tuesday 5 May 2009	Friday 8 May 2009
Friday 26 June 2009	Tuesday 16 June 2009	Friday 19 June 2009
Friday 10 July 2009	Tuesday 30 June 2009	Friday 3 July 2009
Friday 7 August 2009	Tuesday 28 July 2009	Friday 31 July 2009
Friday 21 August 2009	Tuesday 11 August 2009	Friday 14 August 2009
Friday 18 September 2009	Tuesday 8 September 2009	Friday 11 September
Friday 16 October 2009	Tuesday 6 October 2009	Friday 9 October 2009
Friday 13 November 2009	Tuesday 3 November 2009	Friday 6 November 2009
Friday 11 December 2009	Tuesday 1 December 2009	Friday 4 December 2009
Friday 15 January 2010	Tuesday 5 January 2010	Friday 8 January 2010
Friday 19 February 2010	Tuesday 9 February 2010	Friday 12 February 2010
Friday 19 March 2010	Tuesday 9 March 2010	Friday 12 March 2010

If queries have not been resolved, or if either deadline for papers is missed, the proposals will be considered at the next available meeting of the Remuneration Group.

PUBLIC SECTOR PAY POLICY 2009-10: EXECUTIVE SUMMARY

1. The policy for 2009-10 applies to public bodies with settlement dates between May 2008 and April 2009 (inclusive).

Strategic Aims

2. Government policy on public sector pay has three strategic aims:
- a) To make sure that public sector pay settlements are affordable and sustainable and, through the targeting of resources, that value for money is secured;
 - b) To provide flexibility within an overarching policy for public bodies to determine the pay and reward systems that are right for their business needs; and
 - c) To work towards making sure that pay is fair and non-discriminatory.

Key Pay Policy Priorities

3. The current tight financial settlement for Scotland means that public bodies must deliver affordable and sustainable pay settlements. Public Bodies should target resources at:
- a) addressing inequalities within pay and reward systems and structures to work towards ensuring that they become and remain compliant with all equality requirements;
 - b) reducing the width of pay ranges, where possible, to work towards shorter progression journeys for staff and sustainable progression costs for public bodies;
 - c) addressing recruitment, retention or motivation issues that directly impact on a Public Body's ability to deliver outcomes; and
 - d) addressing low pay.

Pay Metrics

4. In 2009-10 the key metrics are:

The Basic Award percentage

5. An absolute Basic Award limit of 1.50% will apply for 2009-10. If you are planning a multi-year pay deal, the Basic Award must be no more than 1.50% in each year. The Basic Award must be delivered within the standard remit Increase for Staff in Post limit of 3.00% in any year.

The Increase for Staff in Post percentage

6. An average standard remit Increase for Staff in Post limit of 3.00% will apply to the Standard Remit Elements of all pay proposals:

- a) The Basic Award;
- b) progression or consolidated performance payments;
- c) non-consolidated payments (over and above the non-consolidated pot that is included in the baseline paybill); and
- d) increases in the costs of overtime, allowances, employers pension contributions and National Insurance that result from the increases in pay and benefits that you propose.

7. Public bodies will, however, continue to include the costs of all increases in pay and benefits that they propose to make in the pay remit proformas, along with the increases to allowances, overtime rates, employers pension contributions and National Insurance that result. This will be the Total Increase for Staff in Post.

8. The one-off costs of harmonising terms and conditions of employment of different groups of staff as a direct result of the simplification of the public sector in Scotland will be noted in the proforma but will not count against the policy limits. Proposals which increase the pay or non pay benefits for the existing staff group, with the exception of salary sacrifice schemes which are targeted at non-pay rewards such as childcare vouchers or assistance with green transport initiatives, will continue to count against the policy limits. You should contact the Finance Pay Policy team if you are unsure whether the costs should be included in the remit proforma costings.

The Net Paybill Increase (formerly Headline Cost)

9. An absolute Net Paybill Increase limit of 3.00% will apply to the total remit package (Standard Remit Elements plus measures targeted at addressing the Key Pay Policy Priorities).

10. This is the increase in paybill as a result of the total package of pay proposals for which approval is being sought. It can be less than the Increase for Staff in Post percentage where recyclable or other savings in the paybill can be delivered to reduce the cost of proposals to the organisation.

11. Increases targeted at the key priorities will fall into the following categories:

- a) Increases with ongoing cost implications, for example:
 - Addressing inequalities by reducing progression journey times;
 - Addressing particular issues such as low pay and recruitment, retention and motivation of staff by adjusting pay range minima, maxima or target rates; or

- Restructuring of pay and reward systems. These costs relate to the assimilation of staff onto a new structure. As a result such proposals will be assessed against the Net Paybill Increase limit of 3.00% and the future projected costs for the Standard Remit Elements (see below). If proposals also include progression and/or a Basic Award then these will require to be costed under the Standard Remit Elements.
- b) One-off increases, for example buying out terms and conditions of employment that are now outdated. These are actual costs to the paybill but are limited to a single year; and
- c) Increases in benefits or non-pay rewards, for example reduction in working hours or additional leave. Such proposals have notional cost benefits for staff but do not add actual costs to the paybill.

12. Proposals which seek increases to pay range maxima above the Basic Award limit must not result in pay range maxima being more than 5% above the median of the maxima of the relevant labour market maximum. For most staff the relevant labour market is expected to be the public sector labour market in Scotland and the Finance Pay Policy team will provide all public bodies with the base data set.

13. In exceptional cases, where a more specific or specialist labour market is appropriate public bodies may provide additional market data. Such data should reflect who public bodies actively compete with for staff and should be accompanied by an explanation setting out why it is a more relevant labour market. There should also be a clear link, based on job weightings, between the posts being compared and comparisons should be made on a like for like basis. If you think that you have a specific or specialist labour market you should discuss the position with the Finance Pay Policy Team in advance of the collection of relevant data.

Multi-year remits

14. During 2009-10 public bodies may negotiate and put in place pay awards for one or two years. Knowing the level of pay increases for future years brings certainty for employers and staff, but the length of any pay deal is a matter for each public body and its recognised Trade Union(s). If you propose a pay award for more than one year you are expected to set out your plans and costs for each of the years in your remit proforma and your business case.

Can you analogue to another Public Body or submit joint pay proposals?

15. To reduce the administrative and financial burden of preparing a pay remit on small⁷ public bodies, the 2009-10 policy encourages such bodies to make a business case to analogue in all respects to another appropriate existing pay system (such as the Scottish Government or another Agency/NDPB). Where a case is approved, the public body would be expected to provide a simple return that confirmed that they were implementing the analogued settlement only and the costs of implementing that settlement.

16. Thereafter, a brief review of each analogue would be required every three years to ensure that it remains fit for purpose and continues to allow the body to recruit, retain and motivate its staff.

17. Whilst the analogue arrangements would only be available for the smaller public bodies, there would be no restriction on larger public bodies seeking to submit joint remit proposals where there are clear business benefits of doing so. Where two or more bodies propose to submit a joint pay remit they should seek early discussions with the Finance Pay Policy team.

What do public bodies need to do to obtain approval for a pay remit?

- Make sure that proposals are in line with the details of the policy set out in the published policy documents;
- Demonstrate that the level of Basic Award is no more than 1.50% in any one year;
- Demonstrate that the Standard Remit Elements do not lead to an average Increase for Staff in Post percentage greater than 3.00%;
- Demonstrate that proposals above an Increase for Staff in Post percentage of 3.00% are targeted at the Key Pay Policy Priorities and do not lead to a Net Paybill Increase for the pay remit of more than 3.00% in any one year;
- Support proposals with a business case that takes account of the requirements and expectations of the policy;
- Make sure that proposals are affordable within existing budgets and that the business case clearly sets out how the proposals will be funded;
- Demonstrate that proposals are sustainable by providing a 3 year projection that shows that after addressing any Key Pay Policy Priorities, the resulting standard remit will be deliverable within the current Increase for Staff in Post limit of 3.00% (based on a current Basic Award assumption of 1.50%).

⁷ A small public body, for this purpose, is defined to be one which employs less than 60 staff (fte). This limit based on capturing all public bodies in the lowest quartile for the number of staff employed in each of the public bodies subject to the policy.

- Start working on proposals early, attend the policy seminar and workshops and submit the remit on time; and
- Speak to the Finance Pay Policy Team if you need help, by telephoning 0131 244 7341 or by emailing financepaypolicy@scotland.gsi.gov.uk .

What do I need to know if I am not due to submit a pay remit during the 2009-10 pay round?

18. If you are not due to submit a pay remit during the 2009-10 pay round: you must complete an outturn proforma, for the pay year ending during 2009-10, within 2 months of the pay year end; and your Chief Executive (as Accountable Officer) must provide a brief statement of assurance that the outturn is within the approved remit and that any assumptions made in regard of savings to fund your pay award are still valid. If this is not the case you should provide an explanation and detail of any action being taken.

19. The Scottish Government encourages employers to offer staff childcare vouchers or assistance with green transport initiatives and the costs of such schemes will not count against the Public Sector Pay Policy limits in 2009-10. Whilst approved pay settlements must not be re-opened, if you propose to offer staff childcare vouchers or assistance with green transport initiatives during the period of a multi-year settlement, you do not need to seek approval for a revised remit but need only provide the Finance Pay Policy Team with details and administrative costs of setting up the proposed scheme.

20. The 2009-10 policy allows for small⁸ public bodies to make a case to analogue to another appropriate existing pay regime. Public bodies wishing to put forward a case should speak with the Finance Pay Policy team in the first instance and well in advance of their next due settlement date.

Finance Pay Policy
13 May 2009

⁸ A small public body, for this purpose, is defined to be one which employs less than 60 staff (fte). This limit based on capturing all public bodies in the lowest quartile for the number of staff employed in each of the public bodies subject to the policy.