



Audit Wales

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Peredur Owen
Chair of the Finance Committee
Senedd Cymru
Cardiff Bay
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3 November 2022

Dear Peredur,

Scrutiny of the Audit Wales Annual Report and Accounts 2021-22 and Estimate 2023-24 – Staff pay

We are writing as you consider Audit Wales' estimate for 2023-24. We recognise that the WAO Board faces the same constraints as the rest of the public sector. Earlier in 2022, Audit Wales offered a 3% pay award for staff¹, based on what was affordable within the budget. Neither PCS nor Prospect (the two recognised trade unions) felt able to ballot members on this offer because it was below the rate of inflation. In addition, the pay offer was less than that offered to many other public sector workers in Wales; for instance, the Welsh Government has recently announced for its staff a 4% pay award in 2022-23. Currently, both unions are in dispute with the WAO Board after it imposed the 3% pay award for 2022-23. This stance reflects our unions' policy position on public sector pay.

Nonetheless, we remain committed to working collaboratively with the WAO Board to support our members and help achieve the aims of Audit Wales. We have demonstrated this by retaining respectful relations through the difficult discussions which you will be aware accompanied the changes to travel and subsistence arrangements in 2021.

We have agreed to work with management to discuss 2023-24 pay and rewards much earlier than in previous years as we realise that the WAO estimate sets the parameters in which pay negotiations can take place. Therefore, Prospect and PCS have already tabled a claim for 10% in 2023-24, for the following reasons:

- It reflects the current rate of inflation and the fact that our pay rises have been below inflation for most of the last 13 years. For PCS, this is part of a wider campaign for public sector workers to receive a pay rise that matches inflation at a time of severe cost of living pressures, and our pay claim is consistent with the union's national pay claim.

¹ The pay rise equated to 2.5% on average once the removal of a home-working allowance paid was taken into account.

- Our pay award in 2022-23 was below the awards to many other public sector workers. The Welsh Government and most staff in [NHS Wales](#)² and [local government](#)³ received more than 3% for 2022-23.
- The pay award must recognise recruitment and retention pressures for qualified staff. ISA 315 will increase the need for CCAB-qualified staff, not only in Audit Wales but across the audit sector. Competitive pressures are already becoming evident through substantial pay rises for audit staff in the large accountancy firms. The Public Accounts Committee of the House of Commons has reported on the problems facing local government audit in England and has concluded that the sector is in crisis due to a shortage of qualified and experienced staff to meet increasingly demanding audit requirements.⁴
- Audit Wales is now losing new and experienced auditors to the NHS, local government, the Welsh Government and UK Government departments that have a growing presence in Wales. Recent pay increases in the private sector raise the risk of us losing skilled and experienced audit staff to the large accountancy firms.

For obvious reasons, we do not know what assumptions about future pay Audit Wales has included in its 2023-24 estimate that you are considering. However, given the substantial cost pressures from the changing skills mix (the need for more qualified audit staff), we are concerned that the increase to pay rates will be less than the overall increase in fee scales of 5.5%. This would not meet our expectations and would not be sufficient to recruit staff and retain existing staff who are facing severe cost of living pressures.

On behalf of our members, we ask you to consider if the estimate before you is sufficient to allow an appropriate pay-award for staff in 2023-24 that goes some way towards helping Audit Wales in its recruitment and retention difficulties and provides a fair and reasonable pay award for staff.

Your sincerely,

Ben Robertson

On behalf of the PCS and Prospect branches at Audit Wales

² £1,400 for most grades resulting in effective pay rises of between 4% and 10.8% for pay bands 1 to 7; staff above band 7 (£47,673 in 2022-23) capped at £1,400.

³ Local government workers have received a final offer of £1,925 for 2022-23, representing an increase of between 4.04% and 10.5% for staff covered by NJC salary scales (up to £47,650 in 2021-22).

⁴ House of Commons Committee of Public Accounts, '[Local Auditor Reporting on Local Government in England](#)', report and minutes (HC171), July 2021