

Citizen Participation and Public Petitions Committee

5th Meeting, 2024 (Session 6), Wednesday
20 March 2024

PE2068: Review and cap public sector senior management salaries

Petitioner	John Dare
Petition summary	Calling on the Scottish Parliament to urge the Scottish Government to commission an independent review of public sector salaries over £100,000 per annum and introduce an appropriate cap.
Webpage	https://petitions.parliament.scot/petitions/PE2068

Introduction

1. This is a new petition that was lodged on 15 November 2023.
2. A full summary of this petition and its aims can be found at **Annexe A**.
3. A SPICe briefing has been prepared to inform the Committee's consideration of the petition and can be found at **Annexe B**.
4. Every petition collects signatures while it remains under consideration. At the time of writing, 35 signatures have been received on this petition.
5. The Committee seeks views from the Scottish Government on all new petitions before they are formally considered. A response has been received from the Scottish Government and is included at **Annexe C** of this paper.

Action

The Committee is invited to consider what action it wishes to take on this petition.

Clerks to the Committee

Annexe A

PE2068: Review and cap public sector senior management salaries

Petitioner

John Dare

Date Lodged

15 November 2023

Petition summary

Calling on the Scottish Parliament to urge the Scottish Government to commission an independent review of public sector salaries over £100,000 per annum and introduce an appropriate cap.

Previous action

Written to MSPs.

Background information

Most lower-paid public sector workers have to regularly review their role and rate of pay.

Is it acceptable that there are so many people in public sector senior management roles earning more than the Scottish Government Cabinet Secretaries and the First Minister? Examples are CEOs of Councils, NHS trusts, public bodies such as SEPA or Scottish Water, and education establishments.

Annexe B

SPICe

The Information Centre
An t-Ionad Fiosrachaidh

Briefing for the Citizen Participation and Public Petitions Committee on petition PE2068: Review and cap public sector senior management salaries, lodged by John Dare

Brief overview of issues raised by the petition

The petition calls on the Scottish Parliament “to urge the Scottish Government to commission an independent review of public sector salaries over £100,000 per annum and introduce an appropriate cap”.

It specifically references the pay of CEOs of Councils, NHS trusts, public bodies such as SEPA or Scottish Water, and education establishments.

The Scottish Government’s public sector pay policy directly affects around 10% of those working in the public sector in Scotland – Scottish Government staff and those working in [around 50 public bodies](#) in Scotland.

Large parts of the public sector, such as local government and the NHS are not directly covered by the Scottish Government’s pay policy and pay is determined separately for these groups, although often in line with the Scottish Government's pay policy and - in some cases - with some Ministerial control.

The Scottish Government’s decisions are published in the annual public sector pay policy, which is usually announced as part of the Budget. However, last year a [pay “strategy”](#) rather than “policy” was published (and this was published separately from the Budget, in March 2023). There are similar plans for 2024-25, with a pay strategy expected in Spring 2024.

This [policy covers senior appointments](#), including chief executives, within the applicable public sector bodies, including:

- remuneration proposals for chief executives of non-departmental public bodies, public corporations and the like
- remuneration proposals for NHS Scotland executives and senior managers (grades D to I)
- the daily fees paid to chairs and members appointed by Scottish Ministers to public bodies

More detail on exactly which bodies and appointments are covered by the strategy/policy can be found in the [Public Sector Pay Strategy for 2023-24](#).

Of the bodies mentioned by the petitioner, those covered by this policy include senior staff of SEPA and Scottish Water, but does not cover local authorities, NHS trusts or educational institutes.

Note also that the Scottish Government pay policy does not cover some senior civil servants for whom pay is a reserved matter.

The Scottish Government also publishes the names and salaries of all senior public sector staff and explains that it publishes an annual technical guide to public sector pay policy. The latter is published once the Budget Bill has been passed, in advance of the new financial year, though this was not made available until June in 2023. [The Public Sector Pay page of the Scottish Government's website](#) sets out past strategies, policies and technical guidance going back to 2017-18.

Finally, detail on staff pay for is set out in the Remuneration and Staff report within the annual Consolidated Accounts reports, which covers the remuneration and pension benefits of ministers, law officers, senior management and Non-Executive Directors, fair pay disclosures, staff numbers, staff costs, analysis by pay bands and the number of exit packages. The [most recent release](#) was in March 2023.

SPICE typically explores any detail and changes relating to public sector pay policy in its annual budget briefings:

2019-20 - [Scottish Budget 2019-20 | Scottish Parliament](#)

2020-21 - [Scottish Budget 2020-21 | Scottish Parliament](#)

2021-22 - [Scottish Budget 2021-22 | Scottish Parliament](#)

2022-23 - [Scottish Budget 2022-23 | Scottish Parliament](#)

2023-24 - [Budget 2023-24 | Scottish Parliament](#)

2024-25 - [Scottish Budget 2024-25 | Scottish Parliament](#)

Scottish Government Action

As highlighted in the background section, the Scottish Government typically sets out the public sector pay policy annually alongside the Budget documents.

The overall policy directions in recent years have been:

2011-12 to 2012-13 – pay frozen for two years.

2013-14 to 2017-18 – pay capped at 1% per annum.

2018-19 to 2019-20 – a 3% increase for those earning £36,500 or below (roughly three quarters of the public sector workforce). A 2% pay increase for those earning £30,000 – £80,000, and a limit of £1,600 on any pay increase for those earning £80,000 or more.

2020-21 - a guaranteed basic pay increase of 3% for public sector workers who earn below £80,000 and limiting to £2,000 the maximum basic pay increase for those earning £80,000 or more, and progression limited to a maximum of 1.5% for chief executives.

2021-22 - a basic pay increase of 1% for public sector workers who earn below £80,000, limiting to £800 the maximum basic pay increase for those earning £80,000 or more, and progression limited to a maximum of 1.5% for Chief Executives.

2022-23 – the 2022-23 Scottish Budget was introduced in December 2021, prior to Russia invading Ukraine. At the time of its introduction, the Scottish Government was planning for the public sector paybill to increase by around 2-3%. However, faced with the prospect of widespread industrial action across the public sector workforce, improved pay deals had to be offered, thus increasing the share of the Budget comprising pay. Ultimately, pay increased based on cash sums rather than % increases, such as a guaranteed pay floor and a guaranteed cash uplift of £775 for public sector workers who earn £25,000 or less (equivalent of an inflationary increase of at least 3.1% for these workers). There was a cash uplift of £500 for public sector workers earning above £40,000, including chief executives, and once again progression for chief executives was limited to 1.5%. The pay deal for 2022-23 was further complicated by the need for an Emergency Budget Review to address the impacts if high inflation rates on public sector pay bills. For more detail see - [Emergency Budget Review 2022 –](#)

[inflation implications laid bare – SPICe Spotlight | Solas air SPICe \(spice-spotlight.scot\)](https://spice-spotlight.scot)

For **2023-24**, public sector pay policy was not set out alongside the budget. When it was published in March 2023, the Public Sector Pay Strategy recommended a pay award floor of 2%. It also set a maximum pay uplift of 5% where there are justifying circumstances, and suggested a £1,500 cash uplift for workers who earn £25,000 or less. For all Chief Executives the basic award was capped at the same cash amount as that proposed for the lowest paid employees. As part of this to a review of Chief Executives' pay.

2024-25 – for the second year running, a pay policy was not included in the Budget, nor was any further detail given on wider public service reform. The Scottish Government said that it will “set out pay metrics for 2024-25 following the [UK] Spring Budget.”, which has since been confirmed for 6 March 2024. This timing might be considered unusual in that it will likely be after the Scottish Parliament has voted through the Budget Bill for 2024-25.

In addition to the conditions noted above, pay policies have typically included:

- preserving the discretion for individual employers to reach their own decisions with staff and trade unions about pay progression. Although retaining a cap on progression increases for senior appointments including Chief Executives and senior managers in the NHS Scotland.
- the costs of any low pay measures and paying progression remaining outwith the standard remit elements.
- continued suspension of non-consolidated performance payments (e.g. bonuses).
- maintaining the guarantee of No Compulsory Redundancy, in return for continued and, where appropriate, additional workforce flexibilities.
- continuing the expectation for a 10 per cent reduction in the remuneration package of new Chief Executive appointments.

The Scottish Government makes it clear when publishing that its pay policy:

“acts as a reference point for all major public sector workforce groups across Scotland including NHS Scotland, fire-fighters and police officers, teachers and further education workers. For local government employees, pay and other employment matters are delegated to local authorities.”

To date, there has been no update on the proposed review of the framework for chief executive’s pay, but the technical guidance for 2023-24 states “it is expected that any changes recommended as a result of the review will be implemented in 2024-25”. The current framework structure is set out as follows in the technical guidance for the 2023-24 pay policy:

Scottish Chief Executives Framework 2023-24 (base pay)

Pay Band	Minimum	Maximum	Ceiling
3	£113,621	£153,684	£224,550
2	£94,266	£132,872	£177,098
1A	£78,137	£112,152	£142,134
1	£67,550	£101,654	£130,531

Source: [6. Chief Executives - Public sector pay strategy 2023 to 2024: technical guide - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/6-chief-executives-public-sector-pay-strategy-2023-to-2024-technical-guide/pages/10-to-12.aspx)

The guidance says:

4.9 The salary and pay range of a Chief Executive is expected to lie within the minimum and maximum of the relevant Scottish Chief Executive Pay Band.

4.10 In exceptional circumstances the Chief Executive's pay range may extend beyond the maximum in the relevant Pay Band but this is only where there is robust market evidence in support of this.

Scottish Parliament Action

The [Finance and Public Administration Committee took evidence on the 2024-25 Budget on 20 December](#), during which the Chair of the Scottish Fiscal Commission noted that the Scottish Government had not provided the SFC with final policy for public sector pay in 2024-25. As such, in its forecasts, the SFC assumes a 3% increase in pay awards next year and

an increase in the overall paybill of 4.5% (after including staff movements up the pay-grade increment scales).

[Question S6F-02515](#), asked by Pauline McNeill, was taken in the Chamber on 9 November 2023 during First Minister's Question Time:

To ask the First Minister what the Scottish Government's response is to reports that Scottish Water has issued bonus payments to executives in excess of public sector pay rules.

The First Minister replied that:

“The criteria for paying bonuses to Scottish Water’s executive members are agreed by ministers ahead of each regulatory period. They are in line with public sector pay rules, which state that we need to attract and retain highly experienced personnel to run vital public services. The current remuneration package for the chief executive officer and senior management team is significantly smaller than that which is paid by comparable utilities, both for salaries and bonus incentives.”

And later said:

“On remuneration, I mentioned that Scottish Water has to be competitive. We should compare the CEO’s salary, which is, of course, a high salary of £245,000, to the situation in Welsh Water, where the CEO’s base salary is £341,000, or United Utilities, where the CEO’s base salary is £971,000. Those figures are sourced from salary comparison tables for 2022-23. The reason why I mention that is because we have to make sure that Scottish Water is able to attract the best talent from across the country and, indeed, the world. The bonus element of any remuneration package is paid only in the event of outperformance of demand targets that are—this is crucial—verified by independent regulators.”

The Finance and Public Administration Committee focused its pre-budget scrutiny for 2024-25 on public service reform. It did not raise concerns about the oversight and caps of public sector pay at a senior and chief executive level [in its report](#).

Similarly, the Health, Social Care and Sport Committee committed in 2023 to undertake [scrutiny of all 14 NHS Boards in Scotland](#), and to date this has not resulted in any specific concerns raised with the Scottish Government around senior staffing remuneration.

Ailsa Burn-Murdoch
Senior Researcher
15 January 2024

The purpose of this briefing is to provide a brief overview of issues raised by the petition. SPICe research specialists are not able to discuss the content of petition briefings with petitioners or other members of the public. However, if you have any comments on any petition briefing you can email us at spice@parliament.scot

Every effort is made to ensure that the information contained in petition briefings is correct at the time of publication. Readers should be aware however that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

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Annexe C

Scottish Government submission of 26 February 2024

PE2068/A: Review and cap public sector senior management salaries

The petitioner asks the Scottish Government to review and cap public sector senior management salaries. The following information may be helpful to inform the Committee's consideration of PE2068.

The pay of a small portion of the public sector within Scotland is reserved to the UK Government, for example pay for employees of the Department for Work and Pensions, or HM Revenues and Customs. Pay for the Senior Civil Service is also reserved.

Where pay is devolved to the Scottish Government, there are a number of workforce based pay setting arrangements in place.

The Public Sector Pay Strategy applies to core Scottish Government and 70 public bodies including non-departmental public bodies, public corporations and agencies. This includes a section which covers non-Senior Civil Service Chief Executives such as SEPA and Scottish Water, and NHS Executive and Senior Management posts.

The Public Sector Pay Strategy also acts as a reference point for all major public sector workforce groups across Scotland including NHS Scotland, firefighters and police officers, teachers, and further education workers. For local government employees, pay and other employment matters are delegated to local authorities.

Pay restraint for the highest paid, and targeted uplifts for the lowest paid have been central tenets of the Scottish Government's approach to pay for many years. These have been achieved in recent years through progressive pay awards that have capped uplifts above higher thresholds of £80,000, and most recently capping Chief Executive's annual uplifts at the same cash amount as the lowest paid. Ministers' approach to pay has included the expectation that the remuneration of a

new appointment will be at least ten per cent lower than that of the outgoing Chief Executive.

An internal review of the Chief Executive Framework, within the Public Sector Pay Strategy, is currently being undertaken. The review will conclude in Spring 2024 and it is expected the report and recommendations will then be submitted to Ministers. Once any recommendations are agreed and approved by Scottish Ministers, any required changes to the Chief Executive Framework will be made.

As already noted pay restraints for the highest paid particularly in Executive and Senior Managers (ESM) across NHS Scotland is already in place. This is evident particularly in comparison to NHS England executive's salaries.

In regard to medical and patient facing staff across the NHS it is essential that NHS Scotland provides the ability to earn comparable salaries to the rest of the global market. NHS Scotland must be seen as an attractive place of work to ensure the attract the best staff so supply meets demand.

Teachers' pay negotiations are a matter for the Scottish Negotiating Committee for Teachers (SNCT), a tripartite body comprising membership from Local Government, Teacher organisations and Scottish Government. The last 28 month pay deal reflected the wider Scottish Government Pay strategy as outlined above whereby pay awards were capped above £80,000.

Scotland's colleges are responsible for their own operational decisions on matters such as pay, therefore they set their own rates of pay for their senior management team from their own budgets.

Local Government pay negotiations are a matter for councils as the employer, represented by the Convention of Scottish Local Authorities (COSLA), and trade unions, representing the workforce. The Scottish Government and COSLA have committed to respect this arrangement as part of the Verity House Agreement.

Public Sector Pay Policy Team