

Citizen Participation and Public Petitions Committee
Wednesday 22 January 2025
1st Meeting, 2025 (Session 6)

PE2068: Review and cap public sector senior management salaries

Introduction

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>

1. [The Committee last considered this petition at its meeting on 20 March 2024](#). At that meeting, the Committee agreed to write to the Scottish Government.
2. The petition summary is included in **Annexe A** and the Official Report of the Committee's last consideration of this petition is at **Annexe B**.
3. The Committee has received a new written submission from the Scottish Government which is set out in **Annexe C**.
4. The Scottish Government's review of the Chief Executive framework was published in October 2024. The Chief Executive Framework will be updated with the review's recommendations. A copy of the review's executive summary is provided at **Annexe D**.
5. The [Scottish Government published a Public Sector Pay Policy](#) alongside the 2025-26 budget. The 2025-26 pay uplift for Chief Executives is due to be announced at the start of 2025-26.
6. [Written submissions received prior to the Committee's last consideration can be found on the petition's webpage](#).
7. [Further background information about this petition can be found in the SPICe briefing](#) for this petition.
8. [The Scottish Government gave its initial response to the petition on 26 February 2024](#).
9. Every petition collects signatures while it remains under consideration. At the time writing, 41 signatures have been received on this petition.

Action

10. The Committee is invited to consider what action it wishes to take.

CPPP/S6/25/1/7

**Clerks to the Committee
January 2025**

Annexe A: Summary of petition

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: Extract from Official Report of last consideration of PE2068 on 20 March 2024

The Deputy Convener: PE2068, which was lodged by John Dare, 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.

The SPICe briefing explains that the Scottish Government's public sector pay policy directly affects around 10 per cent of those who work in the public sector and that large parts of public sector pay are determined separately, although they are often in line with the Scottish Government's public sector pay policy.

The Scottish Government's response to the petition states that pay restraints for the highest paid and targeted uplifts for the lowest paid have been central to its approach to pay for many years. The submission notes that, in recent years, progressive pay awards have capped uplifts above a threshold of £80,000 and that an internal review of the chief executive framework is currently being undertaken. The review is due to conclude in spring 2024.

Do members have any comments or suggestions for action?

Fergus Ewing: This new petition raises extremely serious points of principle that have concerned a great many people, including myself, for a long time. As the petitioner points out in their central argument, there are vast numbers of people in the public sector who are paid in excess of £100,000. People doing various jobs—I will not mention any of them particularly, although some are going through my mind—are paid far more than the First Minister. We wonder whether the balance has somehow gone seriously askew.

This new petition raises an issue of considerable public interest, especially at a time of real financial pressure. It is hard to explain to people the pay of some chief executives. They are often the most invisible people in an organisation and you cannot actually get to meet or see them, although I had better not name any, or I will get myself into trouble. The reply from the Scottish Government is completely hopeless and does not answer the point at all, but the issue is not going to go away. Personally, I find the level of salary paid to some people in quangos to be incomprehensible.

I hope that I have made my position clear. We should keep the petition open and write to the Scottish Government to demand a little bit more substance to the reply. Will the Government ever tackle this problem, or do we just accept the situation and thole it, warts and all, obvious injustice though there is?

The Deputy Convener: Thank you for your comments, Mr Ewing. Do members agree with that?

Oliver Mundell: I would not dare disagree with it.

Members indicated agreement.

Annexe C: Written submission

Scottish Government written submission, 3 May 2024

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

As noted in our previous response, pay restraint for the highest paid, and targeted uplifts for the lowest paid have been key principles of the Scottish Government's approach to public sector pay for many years. These principles have been achieved in recent years through progressive pay awards that included, for example, capping pay increases for those earning more than £80,000, and most recently capping Chief Executive's annual pay increase at the same cash amount as the lowest paid. Job evaluation scores, and benchmarking against similar weighted roles typically support pay setting arrangements.

Many public sector staff earning over £100,000 are very highly qualified and experienced. This cohort can include NHS Consultants, Police Chief Constables, and Chief Executives who are directly accountable to parliament, tasked with leading public bodies and delivering quality services for Scotland under ever more difficult economic circumstances.

Where the Scottish Government have policy control, pay for public sector workers earning above £100,000 is restrained in various ways. There are a number of governance policies in place when recruiting senior posts to ensure that pay is matched to the level needed to recruit at the required calibre.

To undertake an independent review of all senior pay over £100,000 across the public sector would come at a significant cost, and the Scottish Government do not feel it would be a good use of public money to conduct an independent review at this time.

Public Sector Pay Policy Team

Annexe D: Executive summary of the Chief Executive framework review

1. Pay restraint for the highest earners has been a central tenet of successive pay policies for many years. To restrain pay for the highest paid, and improve pay inequality, various levers, such as capped annual uplifts, capped pay progression and removal of bonuses, have been added to the policy. These levers are detailed in the Chief Executive (CE) Framework of the Public Sector Pay Policy (PSPP). With the exception of annual uplifts in line with the pay policy, the CE Framework has remained largely unchanged for many years.

2. At the 2023-24 Scottish Budget, it was announced that a review of the CE Framework would be undertaken in 2023-24. The Public Sector Pay team have completed this review and will communicate any changes to through a revised published Chief Executive Framework. The review has identified that, although the overall aim of pay restraint for higher paid has been achieved, a number of recommendations and improvements can be made to modernise the Framework.

3. While levers of pay restraint have added to the CE Framework, this review considers the levers collectively for the first time and provides an opportunity to assess their effectiveness and whether they are still required. Whilst pay restraint for higher paid employees aligns with Ministers progressive approach to pay and has been a policy aim for many years, the degree to which it is currently implemented is being increasingly challenged by stakeholders including CEs, chairs of public bodies and remuneration committees.

4. The review confirms that the overall aim of pay restraint for higher paid, and specifically pay restraint for CEs has been achieved. Over successive years CE bonuses have been suspended and now removed from contracts, notice periods have been reduced, salary ranges have been dropped and progression steps capped at 1.5% per annum. Annual uplifts have also been restrained for higher earners and in some years restrained even further for CEs. This has provided savings to the public purse.

5. Most of these levers were implemented without review periods or methods of futureproofing. Evidence demonstrates that we are approaching, or in some cases have reached, a tipping point. Successive policy decisions have had the unintended consequence of eroding pay differentials, increasing risks to succession planning, and reducing Scotland's ability to recruit and retain the best people to lead public bodies to deliver the Governments priorities.

6. The recent divergence between senior staff, senior civil service (SCS) and CE pay awards, and an increase in Remuneration Group and Ministerial submissions relating to CE remuneration, has further highlighted a broader need to review the pay restraint of CE whose pay arrangements are set through Scottish Ministers Public Sector Pay Policy and the CE Framework.

7. The overall recommendation is to continue with, but loosen, pay restraint of CE salaries. The review covered many aspects of pay restraint included in

the CE Framework and makes a number of recommendations, including administrative recommendations and summarises elements where no change is required.

8. Recommendations include;

- that annual uplifts should be set giving closer consideration to senior staff and SCS pay uplifts,
- that pay restraint is widened to cover all higher paid employees rather than a role delineation, for example through a threshold based on salary,
- that the requirement for a ten percent reduction of CEs remuneration package on recruitment is brought more in line with staff pay, with an expectation that new appointments start at the bottom of the salary range,
- that all CE roles are reviewed and go through a job evaluation at least once every five to seven years,
- that the CE framework pay bands be updated to better reflect the current landscape of CEs,
- that the Remuneration Group be designated additional delegated authority to consider and approve individual submissions seeking to address evidenced unintended pay differential issues, and
- retain a cap on pay progression for CEs but increase from the current maximum of 1.5% to a new maximum of 2.5%. This would allow for some meaningful movement through pay ranges.

9. An administrative change to the Public Sector Pay Policy technical guide is recommended to provide more detail and greater clarity on the punitive measures following non-observance of the framework

10. The scope of the review included a number of elements where no change is proposed including:

- that there is no introduction of a set pay ratio between CE pay and average salary of an organisation,
- that the current method of pay band determination is continued,
- that Health colleagues are best placed to decide when or if to review the inclusion of NHS ESM in the CE Framework.