

## Senior Management Pay

### The Committee's Recommendations

The Committee's recommendations to the Welsh Government are listed below, in the order that they appear in this Report. Please refer to the relevant pages of the report to see the supporting evidence and conclusions:

**Recommendation 1.** The Committee recommends that a clear definition of what is meant by a senior post in the public sector is produced and disseminated by the Welsh Government. This should have consideration to the level of remuneration, scale of the organisation and the level of responsibility of the post holder.

**Recommendation 2.** The Committee recommends that the Welsh Government use the local government reorganisation work to consider the options for introducing consistency around senior management pay in Local Government. We would like to see a clear rationale published setting out how pay should be set in any new structure that is introduced. Given the recent decisions by some councils to consider voluntary mergers, this should be done with a matter of urgency. Furthermore, the process of voluntary mergers should be included in any consideration of pay structures.

**Recommendation 3.** The Committee recommends that a glossary of terms relating to senior pay is produced and published by the Welsh Government, which sets out the most appropriate terms to be used in pay disclosures, as well as explanations for less frequently used terms. The Committee further recommends that narratives to accounts, particularly for unusual situations, contain adequate notes which are easy to interpret.

**Recommendation 4.** The Committee recommends that the Welsh Government work with local authorities to ensure that items pertaining to pay matters are listed clearly and separately on all agendas (Executive Board and Council Level). This may require an amendment to the Local Authorities (Executive Arrangements) (Decisions, Documents and Meetings) (Wales) (Amendment) Regulations.

**Recommendation 5.** The Committee recommends that clear guidance is issued by the Welsh Government to local authorities requiring any Returning

Officers fees to be published in an easily accessible place alongside remuneration information. This should include clear explanations behind this entitlement.

**Recommendation 6.** The Committee recommends that the Welsh Government, and other bodies issuing account directions, reviews their mechanisms, including grant conditions, for monitoring compliance with remuneration disclosures, and reports back to the Committee how it intends to ensure that full compliance is achieved.

**Recommendation 7.** The Committee recommends that the Welsh Government produce and disseminate guidance on how to manage pay arrangements for joint appointments between local authorities, given the increasing moves towards these types of appointment. This should include the need for these salaries to be disclosed in all contributing local authorities accounts.

**Recommendation 8.** The Committee recommends that the Welsh Government consider the make-up and recruitment of the independent remuneration panel for Wales, as positions become available, to ensure it is representative of wider civil society.

**Recommendation 9.** The Committee recommends that information on remuneration committees across the public sector and their decisions are published in an easily accessible and prominent place on the organisations website.

**Recommendation 10.** The Committee recommend that the Welsh Government produce good practice guidance for remuneration committees setting out the key principles of openness and transparency. Alongside this guidance, we recommend that a number of seminars/training sessions are held which set out these principles and develop the important skills needed to be an effective remuneration panel member.

**Recommendation 11.** The Committee recommends that best practice guidance is produced by the Welsh Government which sets out best methods for engaging with external consultants on senior management pay. This should include the need to have interaction with the relevant decision making group throughout the process.

**Recommendation 12.** The Committee recommends that the Welsh Government works with the WLGA and the Wales Audit Office to produce guidance on the role of senior officers in local authorities in providing advice in relation to pay matters.

**Recommendation 13.** The Committee recommends that the Welsh Government work with local government, higher education, further education, health, and registered social landlord sectors to ensure that training and guidance on senior pay is consistently delivered to all sectors.

**Recommendation 14.** The Committee recommends that the Welsh Government reminds local authorities out of the importance and independence of the role of the monitoring officer, and the need to ensure that this role operates effectively across the organisation at a senior level. This should also remind monitoring officers of methods for reporting any concerns either internally or if necessary externally.

**Recommendation 15.** The Committee recommends that the Welsh Government undertake a study into different pay mechanisms, and produce a report setting out what is considered good practice. This should consider how best to deal with senior management in failing organisations.

**Recommendation 16.** The Committee recommends that public sector organisations are required by the Welsh Government to set out their approach to performance related pay and internal talent management in their pay policies.

**Recommendation 17.** The Committee recommends that the Welsh Government issues advice and guidance to the Welsh Public Sector, including those sectors receiving significant funds from the Welsh Government (e.g. registered social landlords, further education and higher education) on the requirements for publication of remuneration information and pay policies, taking account the recommendations in this report.

**Recommendation 18.** We recommend that public sector organisations are required to publish information on the number of employees with a remuneration package of more than £100,000 in bands of £5,000.

**Recommendation 19.** We recommend that a full remuneration report is produced by all organisations within the Welsh public sector annually, and published on a prominent place on the organisations website. This should set out in full the following information about all senior staff, with due regard to the Committee's previous recommendation about ensuring published information is easily interpreted:

- Salary;
- Pension;
- Benefits in kind;
- Non-taxable benefits;
- Severance packages;
- Returning Officer fees/additional fees;
- Pay ratio between highest and lowest paid officer;
- Gender make-up of the senior team.

**Recommendation 20.** We recommend that all organisations in the Welsh public sector are required to publish a pay policy statement, in line with the requirement on Local Authorities and Fire and Rescue authorities in the 2011 Localism Act.

**Recommendation 21.** The Committee recommends that all information on an organisations pay is published in a single, easily accessible place on their website and sets out the information in a clear and transparent fashion. To achieve this, we recommend the Welsh Government produce guidance on the format for this disclosure. We believe this will achieve maximum transparency and ultimately accountability.

**Recommendation 22.** We recommend that the Welsh Government make these requirements a condition on any grants or funding which are provided to those organisations which do not explicitly fall within the public sector ( e.g. higher education/further education/registered social landlords).

**Recommendation 23.** The Committee recommends that the Welsh Government collate the information on senior pay across the Welsh public sector in line with that produced by the Wales Audit Office for the Public Accounts Committee to include those sectors receiving significant funds from the Welsh Government (e.g. RSLs, Further Education and Higher Education) on an annual basis and publish this on their website.