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## **WRITTEN STATEMENT BY THE WELSH GOVERNMENT**

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**TITLE**            **Transparency of Senior Remuneration in the Devolved Welsh Public Sector**

**DATE**            **7 December 2015**

**BY**                **Leighton Andrews AM, Minister for Public Services**

Today I published a set of principles around the transparency of senior remuneration in the public sector.

<http://gov.wales/topics/people-and-communities/communities/publications/transparency-of-senior-remuneration/?lang=en>

The November 2014 Public Accounts Committee report into Senior Management Pay in the Welsh public sector highlighted 23 recommendations which concentrate on the openness and transparency of published disclosures of senior remuneration. As outlined in the Welsh Government's response to the recommendations, we have developed a common set of high level principles and recommendations which outline our expectations for the reporting of senior remuneration within the Welsh public sector. These principles and recommended reporting arrangements are outlined within "Transparency of Senior Remuneration in the Devolved Welsh Public Sector". I have written to Cabinet colleagues bringing these new standards to their attention and requesting they are cascaded to devolved public sector bodies within their portfolios.

The Welsh Government holds to the principle of social partnership and of national and local collective bargaining, and the principles and recommendations we have developed in response to the recommendations will not seek to undermine this. We believe that it is right for considerations around public sector remuneration to be transparent and underpinned by principles which adhere across the range of devolved public services in Wales. These principles are not intended to interfere with existing pay bargaining arrangements, nor are they a statement of the Government's intention to set the rate of pay for Welsh devolved public bodies.

These principles and recommended reporting arrangements are a step towards increasing the scrutiny of senior remuneration within the devolved Welsh public sector, and will be kept under review as changes in legislation, policy and the devolution settlement evolve.

# TRANSPARENCY OF SENIOR REMUNERATION IN THE DEVOLVED WELSH PUBLIC SECTOR

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## CONTEXT

The Welsh Government believes that good public services and value for money for taxpayers are essential. The Welsh Government believes therefore that it is right for considerations around the remuneration of senior posts to be transparent and underpinned by principles which are applied across the range of devolved public services in Wales. This document seeks to set out those principles. This document will be kept under review as changes in legislation; policy and the Devolution Settlement evolve.

The Devolution Settlement and the different legal, regulatory and negotiating arrangements which apply across the range of devolved public services in Wales means the Welsh public sector pay landscape is complex. This document is not intended to cut across existing or developing structures for pay negotiations within specific public service sectors. The Welsh Government holds to the principle of social partnership and of national and local collective bargaining, and it has different powers in respect of different parts of the public sector landscape. Nevertheless, the Welsh Government believes it is right for it to set out its expectations of devolved public bodies in Wales with regards to the setting of pay and the publication of annual Pay Policy Statements.

This document recommends a common set of principles and minimum standards which the Welsh Government expects devolved public bodies in Wales to uphold. Devolved public bodies should continue to aspire to the highest principles and standards in this respect and should not seek to use this statement to support any reduction in existing mechanisms or legislation which place identical or enhanced requirements upon certain devolved public bodies.

## PRINCIPLES

### 1. Consistency

Reward must be commensurate with responsibility and role. Effective job evaluation is the first step towards this. Public sector bodies in Wales should have published Pay Policy Statements available to the public which cover the full range of their direct employees and make clear any difference in approach which is proposed for different groups or between the majority of employees and senior staff and why this difference is necessary.

This document recommends a standardised model of reporting arrangements for the remuneration of senior posts within the devolved Welsh public sector. Implementing uniform reporting arrangements will provide for greater accessibility to organisational decision making, subsequently leading to increased scrutiny of public spending and ultimately more efficient use of public funds.

## **2. Transparency**

Accountability for the pay arrangements of individual bodies lies with the appropriate governance structure, subject to overarching legal or financial requirements set by either the UK or Welsh Government. It should be clear to employees, the public and those responsible for making decisions on pay where these responsibilities lie. The basis for decisions made, and where departures from existing policies are permitted, should be equally clear to all. Those making the decisions, those scrutinising them and those affected by them should have appropriate information on which to base their decisions. It is reasonable that the remuneration arrangements for more senior posts should be more transparent and open to scrutiny than those for the larger numbers of less highly paid positions.

## **3. Accessibility**

Ensuring that organisational decisions relating to senior remuneration in the Welsh public sector are easily accessible is a key step towards effective scrutiny of public spending. All devolved Welsh public bodies are therefore recommended to publish the information required by this document in a clear and transparent fashion on a single, prominent and easily accessible place on their website.

In order to make the availability of information relating to senior remuneration within the devolved Welsh public sector as easily accessible as possible, in addition to publishing its own Pay Policy Statements and Annual Reports, the Welsh Government will also publish links to the relevant disclosure pages of the main register of devolved Welsh Public Bodies on its website.

## **RECOMMENDED REPORTING ARRANGEMENTS**

This document is aimed at ensuring all devolved Welsh public sector bodies publish certain information relating to the remuneration of their most senior staff in an easily accessible and transparent fashion.

Where existing accounting practices place requirements upon specific devolved Welsh public sector bodies to publish information in a manner similar to that outlined within this document, those existing practices will take

precedence over this document. The public bodies who are party to those practices should continue to comply with their existing arrangements.

## **1. Annual Pay Policy Statements**

This document recommends all devolved Welsh public sector bodies publish an annual Pay Policy Statement in an easily accessible and prominent place on its website. This Pay Policy Statement should articulate the public body's own policies towards a range of issues relating to the pay and remuneration of its workforce, in particular the pay and remuneration of its senior posts and its lowest paid employees.

The purpose of a Pay Policy Statement is to increase accountability in relation to payments made to senior employees in the public sector by enabling public scrutiny, and should set out the public body's policies relating to the pay and remuneration for senior posts.

The Pay Policy Statement should state:

- a) the definition of "senior posts" adopted by the body for the purposes of the pay policy statement,
- b) the definition of "lowest-paid employees" adopted by the body for the purposes of the pay policy statement,
- c) the body's reasons for adopting those definitions, and
- d) the relationship between the remuneration of senior posts and that of the lowest-paid employees.

In this document "senior posts", in relation to a devolved Welsh public body, may mean the head of the body's paid service; its monitoring officer; a statutory chief officer; a non-statutory chief officer, a deputy chief officer, an executive director, and a senior manager with or without board level responsibility who reports directly to the head of the body.

All devolved Welsh public bodies should include the following information in their Pay Policy Statements:

- a) demonstrable evidence of affordability and value for money,
- b) the number of senior posts within the body with a remuneration package of more than £100,000 in bands of £5,000,
- c) the body's approach to internal talent management,
- d) the body's approach to performance related pay,
- e) the body's approach to providing support for lower paid staff,
- f) the highest and lowest pay points set by the body, and
- g) the severance policies which the body operates and how and in what circumstances these can be varied.

## **2. Annual Reports**

All devolved Welsh public bodies should comply with existing accounting practices and publish a full annual remuneration report. This report must set out in full the following information about all senior posts in an easily interpreted format:

- a) salary,
- b) pension,
- c) benefits in kind and non-taxable benefits,
- d) gender make-up of the senior team, and
- e) details of severance packages which have taken place during that reporting year, including robust business cases justifying the departure arrangements and representing real value for money

All devolved Welsh public bodies are recommended to disclose the decisions of their remuneration committees with regards to senior remuneration. In addition, all devolved Welsh public bodies should produce and publish annual Equal Pay Reports.