

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](#)

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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 \(spice-spotlight.scot\)](#)

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/technical-guidance-2023-24/pages/6-chief-executives-public-sector-pay-strategy-2023-to-2024-technical-guide.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.

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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
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