



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Cyfrifon Cyhoeddus **The Public Accounts Committee**

Dydd Iau, 6 Mawrth 2014
Thursday, 6 March 2014

Cynnwys **Contents**

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

Papurau i'w Nodi
Papers to Note

Fframwaith Cenedlaethol ar gyfer Gofal Iechyd Parhaus y GIG: Trafod yr Ymateb gan Lywodraeth Cymru
National Framework for Continuing NHS Healthcare: Consideration of Response from the Welsh Government

Trefniadau Llywodraethu Bwrdd Iechyd Lleol Prifysgol Betsi Cadwaladr: Trafod yr Ymateb gan Lywodraeth Cymru
Governance Arrangements at Betsi Cadwaladr University Local Health Board: Consideration of Response from the Welsh Government

Cyflog Uwch-reolwyr: Sesiwn Dystiolaeth 4
Senior Management Pay: Evidence Session 4

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are recorded in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mike Hedges	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Julie Morgan	Llafur Labour
Gwyn R. Price	Llafur (yn dirprwyo ar ran Sandy Mewies) Labour (substitute for Sandy Mewies)
Jenny Rathbone	Llafur Labour
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Paul Dimblebee	Swyddfa Archwilio Cymru Wales Audit Office
Robert Oxley	Cyfarwyddwr yr Ymgyrch, Cynghrair y Trethdalwyr Campaign Director, TaxPayers' Alliance
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru Auditor General for Wales
Dave Thomas	Swyddfa Archwilio Cymru Wales Audit Office
Mike Usher	Swyddfa Archwilio Cymru Wales Audit Office

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Claire Griffiths	Dirprwy Glerc Deputy Clerk
Matthew Richards	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Meriel Singleton	Clerc Clerk

Dechreuodd y cyfarfod am 09:31.
The meeting began at 09:31.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Darren Millar:** Good morning, everybody, and welcome to today's meeting of the Public Accounts Committee. I will make a few housekeeping notices, as usual. The National

Assembly for Wales is a bilingual institution, and Members should feel free to contribute to these proceedings in English or Welsh as they see fit. Headsets are available for amplification or translation. I encourage everybody to turn off their mobile phones as they can interfere with the broadcasting equipment. In the event of a fire alarm, we should follow the instructions of the ushers, who will hopefully get us out safely.

Papurau i'w Nodi Papers to Note

[2] **Darren Millar:** We have had a number of papers this week, one of which is 'Senior Management Pay: Additional information from the Welsh Local Government Association'. It is quite a long document, giving some further information as a supplement to the oral evidence session that we had with its representatives a couple of weeks ago. We have had a letter as well from the Permanent Secretary from the Welsh Government explaining the situation in more detail in respect of Finance Wales. We have also had a letter from David Sissling, giving more information on the job evaluation for senior posts process for the Welsh NHS. We have had a letter from Welsh Ambulance Services NHS Trust in respect of the timing for transfers of care when an ambulance arrives at a hospital. It is an interesting document, and it appears to be inconsistent with some of the other information that we have received from witnesses during our inquiry. We will have a discussion later on in the private session on our draft report on unscheduled care, and I am sure that we will want to pick up on that then. We have also had a letter from Professor Jean White, further to the evidence session on hospital catering for everybody's attention. I will take it that those items are noted, if Members are happy. I see that you are.

09:33

Fframwaith Cenedlaethol ar gyfer Gofal Iechyd Parhaus y GIG: Trafod yr Ymateb gan Lywodraeth Cymru National Framework for Continuing NHS Healthcare: Consideration of Response from the Welsh Government

[3] **Darren Millar:** We have had a full response that was laid before the committee on 4 February. I think that it is fair to say that, while it was a reasonable response, there are some shortcomings that the Auditor General for Wales and the Wales Audit Office have suggested that we might want to follow up. Nine of our recommendations have been accepted in full—or, we are told that they have been accepted, but whether the actions meet our expectations is another thing.

[4] It is probably best if we take some advice from the Wales Audit Office in the first instance, and then we will open up discussion among Members. Paul, are you going to lead on this?

[5] **Mr Dimblebee:** Sure, yes. Thank you, Chair. As you said, it is a reasonably full response by the Welsh Government to all of the recommendations, most of which we regarded as a reasonable response. However, we thought that a number of them could have been a bit more specific and clear, particularly around things like timescales for taking the actions that it is proposing. Most importantly, with regard to the retrospective claims that have been dealt with by the Powys project, the Welsh Government has promised an update in March and again in September, by which time we would have expected it to have cleared all of the outstanding claims.

[6] We have had some more up-to-date information in the last couple of days that shows that, in terms of the achievement of its target to clear all claims by June 2014, unless it

accelerates the number of claims over the next couple of months, on the current rate of clearance, it looks unlikely to meet the June target. It will probably not be until September, or possibly October, that it will have completed all of the outstanding claims. However, the progress report that it is promising in March should provide a bit more detail on that, and certainly the progress report that it is promising in September should give a bit more of a definitive view as to where it is at that stage.

[7] Also, importantly, the revised framework for NHS continuing healthcare is being launched in the summer. That will contain a number of actions relating to some of the committee's recommendations, and also some of the recommendations set out in the auditor general's report. So, our advice would be that it would be helpful to wait to see those progress reports, by which time the revised framework will be in place. What we are proposing is that we provide a brief memorandum in the autumn to inform the committee of the state of progress on that, which the committee can then use as a possible basis for a follow-up evidence session to bring all of these things together.

[8] **Darren Millar:** Thank you; that is very helpful. I think that those two things in terms of the retrospective nature of some of the dementia claims are absolutely critical, as is the Welsh Government's interpretation of review versus completed review, and final decision when a retrospective claim has been made, on which there appears to be some lack of clarity. Julie, you wanted to come in.

[9] **Julie Morgan:** Yes. I support what has been said, but the auditor general draws attention to the issue of individuals who are in extremely difficult situations and have extenuating circumstances. In the letter, you ask how they would be aware of the option that exists. Is there anything that we could do to push that awareness?

[10] **Mr Dimblebee:** One option that we suggest is for the committee to write again now to seek that further clarity or explanation where it is left hanging, to a certain extent. That is one example of where it was not really a complete response to the recommendations, because how it is going to communicate that to potential claimants is unclear in the Welsh Government's response. It is down to the committee as to whether you want to follow up on specifics or seek clarity where, currently, there is no clarity in terms of the recommendations, which would not prevent you from doing a fuller follow-up in the autumn.

[11] **Jenny Rathbone:** I agree that we do not want to have a ping-pong correspondence with the Government, and that there are two key points in March and September. We need to ensure that the Government has completed all the backlog, but we also need real clarity on the strategy for having a national roll-out, and consistency and transparency for an equitable system for which there is no postcode lottery. So, hopefully in September, we could think about calling in whoever is in charge of the national Powys project team to give evidence. That person has to be crucial in ensuring that all health boards are singing from the same hymn sheet.

[12] **Darren Millar:** I think that that is a fair point. So, we have three things on which we could possibly seek some clarity before a further evidence session in the autumn, post the laying of the updates to the committee and the full implementation of the new decision support tool. We have the retrospective claims, the review of old claims versus the completed closure, and how people can become aware that they can have their claims prioritised if there are extenuating circumstances. Are there any other issues on which we think that we can follow up at this time, in terms of getting a bit of clarity to assist Members?

[13] **Jenny Rathbone:** When in March do you think that we are going to get the information from the Government?

[14] **Darren Millar:** Obviously, we are in March now. We need to give the Government until the end of the month to provide us with an update. However, from what Paul Dimblebee has just told us, it looks as though there might be some slippage in it being able to meet its aspiration to complete the reviews. As we understand it, those completed reviews are completed reviews with final decisions; that is what we appear to have been told during our evidence sessions. The Minister's response seems to suggest that that is just an initial review, rather than a fully completed review of any claims that are in that backlog.

[15] **Mr Dimblebee:** I would expect the response or the progress report in March to still be quite bullish. I will have to look carefully at the language that it uses, such as the number of 'reviews' completed, rather than 'cases' completed. So, we have to look carefully at the language. In September, by which time this should be finished, we should be able to do some analysis underpinning that as to exactly what progress has been made.

[16] **Darren Millar:** Clearly, however, people will be hanging on to some of these retrospective claim issues, particularly people who are in the system at the moment awaiting the outcome of their old claims in the backlog. So I think that, in particular, is something that we have to seek some clarity on. Are there any further comments?

[17] **Gwyn R. Price:** You said, Chair, that there could be slippage. Is there any idea of how much slippage?

[18] **Darren Millar:** It is very difficult for us to establish, because we have not had updated figures. It was remiss of me as well, Gwyn, not to welcome you to the committee today. I am sorry. We are delighted to have you back for the day. Of course, we did receive apologies from Sandy Mewies, which I should also have noted. You can tell that it has been a rushed morning. We are delighted to have you back.

[19] Essentially, we had some updated figures during the oral evidence sessions that seemed to suggest that the backlog was potentially going to be cleared, but the presentation of those figures could well have been in line with the Minister's interpretation of the initial reviews being completed, rather than the full ones. So, we will get some clarity on that. If Members are content, we will write to ask about those three particular points: the retrospective claims, the reviews versus completed reviews, and extenuating circumstances and how those can be communicated to individuals so that they can get some additional priority with regard to their claims being completed. Are Members content with that? We will then follow that up after we have had a memorandum from the Wales Audit Office in the autumn. Excellent.

09:41

**Trefniadau Llywodraethu Bwrdd Iechyd Lleol Prifysgol Betsi Cadwaladr:
Trafod yr Ymateb gan Lywodraeth Cymru
Governance Arrangements at Betsi Cadwaladr University Local Health Board:
Consideration of Response from the Welsh Government**

[20] **Darren Millar:** We have had a full response to our report of 7 February. We have also, of course, had a note from the Wales Audit Office, giving us its view as to whether the response is a decent one or not, shall we say. I think it is fair to say that there appears to have been some good progress on this. It has certainly given the Government a nudge in terms of some of the good governance work that it has been doing. I know that the Wales Audit Office has engaged further with developing some—how shall I put it—escalation measures and prompts for the Government and others to be able to implement it. Members will probably be aware that we have been looking at the potential of bringing back the new chair of Betsi

Cadwaladr university health board around June in order to be able to give an update to the committee from their perspective as to where things are at, by which time, of course, the new chief executive of the organisation should have been in post long enough to get their feet under the table. However, as usual, there are some issues with the response that the Wales Audit Office, I am sure, wants to draw our attention to. So, it is over to you, Mike.

[21] **Mr Usher:** Thank you, Chair. The response was something of a mixed bag. It is a positive response in that the Welsh Government has accepted all of the committee's recommendations addressed to it. There was one recommendation addressed to the health board, and I do not think that the committee has actually had a response on that one— recommendation 11. The committee's recommendations were accepted by the Welsh Government. However, on a number of the responses to the recommendations, we feel that the response did not perhaps go quite far enough in terms of providing the committee with sufficient information as to what specifically is being done to address the issues that lie behind the recommendations.

[22] We have listed in the letter those recommendations where we think more could be done. I do not propose to go through all of them, unless the committee wishes me to, but I will give you a couple of examples. On recommendation 1, which looked at performance management for chief executives and chairs of NHS organisations, the response is a descriptive one; it describes the existing arrangements. It does not really tell the committee anything about what is being done to review and strengthen those arrangements to ensure that they are indeed robust, and I think that the thrust of the committee's recommendation was robustness. So, there is perhaps not quite enough assurance there as to what is happening.

[23] Similarly, in relation to recommendation 18, which looked at promoting the sharing of findings from external reviews that are commissioned by individual bodies or across the NHS, the Government's response is, again, fine in so far as it goes, but it addresses only clinical reviews, and we thought that the committee's recommendation was really directed at covering reviews of all types, including, for instance, corporate governance. So, again, that is an example of where, perhaps, the response has not gone far enough.

09:45

[24] The Chair has also referred to recommendation 20 and the work that is being done on developing clearer arrangements for escalation and intervention in health bodies. There is some good work being done. Our involvement in terms of early, open and transparent sharing of information between ourselves, Healthcare Inspectorate Wales and the Welsh Government going forward will, we think, put that on a better footing for more timely intervention by the Welsh Government where that is necessary and, indeed, for the healthcare inspectorate and the auditor general to step in, using our powers where appropriate as well. So, there is some good work being done there. So, again, that is a positive. However, overall, we thought that possibly a little bit more from the Welsh Government might be helpful, and we have suggested that the committee may want to take some further evidence from the Welsh Government, from David Sissling, on this, but that is a matter for you.

[25] **Darren Millar:** Thank you for that, Mike. Committee members will know that we are in the process of arranging a sort of valedictory session with the director general, who, of course, will be leaving the Welsh Government at the end of this month. So, we are in the process of getting dates together for that. Do you think that that would be an opportune time to take these matters up, before he departs, or do you think that it is something that we should look at with the new director general, once they are in place?

[26] **Mr Usher:** I think perhaps taking that opportunity to have that session with David Sissling would be helpful. That could be a fairly wide-ranging session, obviously, looking

across the whole panoply of health issues that the committee has looked at, and seeking David's valedictory views, as it were, but I think you could perhaps touch upon some of these points in that session as well. These, I think, are the ones for him to draw a line under perhaps, rather than to leave for his successor to inherit as outstanding items of business with the committee.

[27] **Mr H. Thomas:** I will also just mention, if I may, in relation to recommendation 20, that I am meeting David Sissling and Kate Chamberlain, chief executive of HIW, this afternoon to agree, hopefully, the final text of how we look after escalation of issues within the health service. I think that will be extremely positive and would have helped us had we had that earlier in terms of addressing some of the issues in Betsi Cadwaladr.

[28] **Aled Roberts:** May I just ask whether it would it be possible for us to have some kind of briefing regarding governance arrangements? I have started digging into things such as child and adolescent mental health services and artificial limb services, and it appears that there are budgets that are governed by the Welsh Health Specialised Services Committee. To be honest with you, it is a bit like treading in treacle. I do not understand what the arrangements are. I do not understand whether NHS Wales centrally has a governing body that is responsible for overseeing those kinds of arrangements. Whenever I write in, I just seem to have a *Yes Minister* response. So, for the sake of myself, my innocence and naivety, I wonder whether it is possible to get some kind of briefing with regard to the governance arrangements for those centralised functions.

[29] **Darren Millar:** Is that something that you would be able to assist us with, because obviously there are some tertiary type services provided within a health board for which there is an all-Wales responsibility, effectively?

[30] **Mr D. Thomas:** Yes. I think the answer is 'yes'. There should already be some documentation somewhere that describes how the Welsh Health Specialist Services Committee works. We could try to corral that and pass it back to the committee.

[31] **Darren Millar:** As I understand it, it is more of a commissioning body for those services, rather than necessarily that it is accepting the responsibility for the Government.

[32] **Mr D. Thomas:** Yes, it is exactly that. You have, in effect, representatives from each of the health boards who sit around a committee, for want of a better phrase, and then there is a commissioning process by which that works, but the governance arrangements therein are interesting. We can just describe what happens and the committee can have a look at that.

[33] **Aled Roberts:** I also do not understand the governance arrangements, as far as NHS Wales is concerned, because it seems that there is always a sort of situation where it is the responsibility of the health board and I am unaware of what the board arrangements are within NHS Wales, the cost of those board arrangements and the numbers of executive and non-executive directors. So, that information would be helpful.

[34] **Darren Millar:** Again, is that something that you could perhaps provide us a note of?

[35] **Mr D. Thomas:** I think so, yes. We can farm what already exists, put a bit of shape on it ourselves and we will try to help as much as we can.

[36] **Darren Millar:** That sounds good, Dave. Thank you.

[37] **Jenny Rathbone:** I have a similar concern about education consortia. It may be that we will want to do an inquiry a little further down the line about how these collaborative arrangements across boundaries really work, because, in the light of the Williams

commission, they may become increasingly important.

[38] **Darren Millar:** That is in terms of governance more widely—

[39] **Jenny Rathbone:** Yes. Aled stuck to health governance, but there are other issues around where there are joint responsibilities and who exactly is looking after it.

[40] **Aled Roberts:** There is in education, of course, the new national governance model for the consortia that will be implemented from 1 April.

[41] **Jenny Rathbone:** Okay. So—

[42] **Darren Millar:** I think, to be fair, as we are lifting the lid on some of the senior pay issues, it is becoming clear that there is a whole myriad of different ways in which pay is set because of the different governance arrangements within the various organisations that are funded by taxpayers. So, again, perhaps that will give us a little bit of an opportunity to shed some light on this.

[43] **Alun Ffred Jones:** Yn dilyn yr hyn yr oedd Aled yn ei ddweud, yr hyn a fyddai'n ddefnyddiol i mi fyddai cael rhyw fath o fap o'r gwasanaeth iechyd yng Nghymru a gweld beth yw'r cyfrifoldebau canolog a phwy sydd yn gyfrifol amdanynt, a'r cyfrifoldebau lleol. Wel, mae'r cyfrifoldebau lleol o ran y byrddau'n haws i'w dilyn, ond mae'r pethau canolog yn anodd iawn i Aelodau, ac o gael map byddai'n haws inni wedyn ddadansoddi unrhyw wendidau sydd yn ymddangos. Felly, gwnaf apel am rywbeth felly wrth ymateb i gais Aled.

Alun Ffred Jones: Following on from what Aled said, what would be useful for me would be to have some kind of map of the health service in Wales and to see what the responsibilities are centrally and who is responsible for those, and then the local responsibilities. Well, the local responsibilities in terms of the boards are easier to follow, but the central things are very difficult for Members, and having a map would make it easier for us to analyse any weaknesses that come to the surface. So, I make an appeal for something like that in response to Aled's request.

[44] **Darren Millar:** Yes, that is a fair point. Does anyone else want to come in on this response?

[45] **Jenny Rathbone:** I think that, if we are seeing David Sissling and the chair of Betsi Cadwaladr, that should cover most of the points.

[46] **Darren Millar:** In the meantime, I do not think that there is much point in writing to the Welsh Government again if we have David Sissling coming in within the next few weeks in order to give us a valedictory session on different things. So, we can follow up with that and then if the Wales Audit Office can just provide us with a briefing overview of the governance arrangements within the NHS in particular, Dave, that would be very useful. If Members are content, we will use that as the basis of our way forward. Excellent. Thank you very much.

[47] We are going to take a short break now for a quick coffee before the TaxPayers' Alliance arrives. The witness is not due in until 10.10 a.m., but if they arrive a bit earlier we will start the evidence session a little earlier. We will break until at least 10.00 a.m.

*Gohiriwyd y cyfarfod rhwng 09:52 a 10:08.
The meeting adjourned between 09:52 and 10:08.*

Cyflog Uwch-reolwyr: Sesiwn Dystiolaeth 4 **Senior Management Pay: Evidence Session 4**

[48] **Darren Millar:** The Public Accounts Committee is back in session. We are moving on now to item 5 on our agenda, continuing with our inquiry into senior management pay in the public sector. This is the fourth evidence session that we will have had on this subject, and I am pleased to be able to welcome, for the first time to the National Assembly, the TaxPayers' Alliance to give evidence to an Assembly committee.

[49] Robert Oxley is here representing the organisation. I understand, Robert, that you are the campaign director for the TaxPayers' Alliance. We have received a written evidence submission from you. I hope that you have had a decent journey down; I know that there were some interruptions to your previous journey and that you were unable to make it. Would you like to make a few opening remarks and tell us a little more about the organisation in doing so, and then give us an overview of the written evidence that you have provided? Then, we will open the floor up to questions from Members. Over to you.

[50] **Mr Oxley:** Certainly. Thank you very much to the committee for rescheduling and allowing me to return. It is a great opportunity to come to speak to you. Hopefully, the evidence that I can provide will be of use in the committee's work.

[51] I should start by saying what the TaxPayers' Alliance is. I am sure that a few of you will have that question. The TaxPayers' Alliance is loosely described as a campaign group and sometimes as a think tank. It is a group that believes in lower taxes, better public services and is generally characterised as being on the centre right of the political discourse. We are strictly non-partisan. We do not base our judgments on policy depending on the colour of the rosette; that does not affect us. That certainly provides us sometimes with a unique perspective on issues and allows us to interact with a broad range of political opinion.

[52] We do not seek to represent every taxpayer, in the sense that there will always be people who disagree with our viewpoints. That is the nature of it, but we try to put forward a voice for taxpayers in general, who have often been kept out of the political debate. In submissions like this, there is often written evidence provided by various interested groups, be it representatives, in this case, of councils, council staff, council leaders and unions. There is not always a voice standing up to say, 'Well, actually, this is what taxpayers might think.' Obviously, taxpayers are not a homogenous group who have one single view, but, too often, the voice of the people, whose money is being spent, is not represented in a debate. That is what the TaxPayers' Alliance seeks to provide in this kind of session.

[53] We grew up—well, we celebrated our tenth anniversary last month, on 14 February. We started as an operation in the bedroom of Matthew Elliott, our founder; now we boast 85,000 grass-root supporters and events across the country. We are focused on campaigning for lower taxes and for far greater accountability. In fact, one of the things that we would obviously talk about as one of the TPAs policy victories is greater transparency and greater accountability in public spending, something which I think most often applies in local government, in local government spending and local government pay in particular. I suspect that one of the reasons that we are quite well-known when it comes to local government pay is the publication of our town hall rich list, which you will find referenced in our evidence today. The town hall rich list started in 2007 and it started in a very different landscape when it comes to public sector pay. We used to have to submit freedom of information requests to every local authority across the UK to find out what senior executives in those councils were being paid. That was a very different world to what we have now, where councils have a statutory duty to publish certain information. However, I think that what is clear is that the way that the information is presented, the accuracy, the ease of access and the standardisation

varies hugely from one local authority to another.

[54] We would view it very much as a victory for the TaxPayers' Alliance that the previous Westminster Government started this process of opening up transparency. The current Westminster Government has done so as well, and I see that that has been reflected in the efforts of the Welsh Assembly. What we believe is that there is no certain benchmark for what a council chief executive should be paid, but, ultimately, with greater transparency, greater scrutiny and greater accountability, we think that that pay should be far more representative of what the people who are ultimately footing the bills believe it should be. So, our key argument in any case when it comes to local government pay would be transparency.

[55] **Darren Millar:** Thank you for those remarks. In terms of access to information, you are quite right that there is lots of data out there; that is what some of the witnesses have been telling us. I might just remind you that our inquiry is beyond just looking at local government in particular; we are looking at the whole gambit of Government and governance in Wales in terms of senior pay from the taxpayers' purse, effectively. However, in terms of that access to information, you made reference to the fact that there is information out there, but that it is quite inconsistent in terms of the way in which it is presented and that it is not always easy for the layperson to fathom what the information might necessarily mean. Do you think that there is a case for the standardisation of the presentation of that information? Do you think that every local authority should have a page dedicated to these things, or do you think that there ought to be one overarching part of the Welsh Government's website, perhaps, that ought to draw attention to public sector pay rates, wherever they might be in the public sector?

[56] **Mr Oxley:** I think that it is difficult at the moment to find our information. Most occasions, when it comes to either local government pay, NHS pay, or even the fire service in Wales, you have to go into the statement of accounts, and it is normally buried. In terms of the level of access for me and other members of the Taxpayers' Alliance who are used to dealing with these kinds of accounts, we would find the information quite quickly, but we would obviously find quite large inconsistencies in the way those data are presented by councils. A journalist or someone who has an interest in the area but maybe not expertise will eventually find it with the right prodding—understanding, maybe, that they are not looking for 'council pay' but for the term 'remuneration'. To the average resident and the average taxpayer who is footing this bill, it will take them a long time simply to find those data. You have to be willing and know that you have to go to look in the council accounts and that the information is probably going to be buried on about page 100. You also have to know how it is going to be broken down. So, certainly, at the moment, it is not easy to find the information. When you find the information, you find quite significant inconsistencies.

10:15

[57] We have conducted our town hall rich list, and I believe that there is a duty for councils at the moment, in respect of anyone earning over £150,000, to supply the full details. Councils have a certain amount of leeway in respect of staff in senior positions. So, you will have some inconsistency, whereby a member of staff could be earning over £100,000, but if that individual is not deemed to be senior, there is no requirement to provide greater data. With employees earning above £50,000 in England and above £60,000 in Wales, councils have to break that information down by amounts in bands. So, you can discover how many staff members in Wales in 2011-12 earned over £100,000; it was 117, I believe, according to a report in our town hall rich list.

[58] The problem is that, with councils pulling those data out, you will have inconsistencies between how they account for named staff and how they account for what we call staff in those bands: those earning above £60,000. Sometimes, they will conflict, making it often very difficult to work out how many staff members in a local authority or trust earn

more than a certain amount. So, that is the case just in the accounts. When it comes to the pay of senior Welsh Government directors, I found the details of the absolute figures that directors were being paid quite quickly a couple of weeks ago. However, it was more a process of Googling the information rather than going on to the Welsh Government's website and finding information about senior pay. We need more consistency from all bodies in publishing these data, and we need more than just the thought that it has to be put in the accounts at the end of the year. It would be far better to have a dedicated page on any local body's website that provides information about pay, pensions, bonuses and exit pay—all of the kinds of things that taxpayers ultimately end up paying for. Yes, it is a lot better than it was in 2007, but it is a testament to the work of the Taxpayers' Alliance that we have gone from having to submit freedom of information requests to get these data to pulling them out of accounts. Hopefully, I suspect that the next step will be to go on to a council website and to go on to a standardised web page and click on those data. Frankly, when that happens, the need for the town hall rich list will be far less.

[59] **Darren Millar:** If individual local authorities and other public sector organisations are the ones that ought to be displaying this information, do you not still think that there might be some sort of role for the Wales Audit Office to pool the data in Wales? We have been very well served by the Wales Audit Office during the course of this inquiry, in that it has pooled the data from these various sources together in one memorandum to support our inquiry. That was not an easy task, in many respects. In fact, some of the local authorities have challenged some of the data that are in it because of these discrepancies in terms of the way that they present the information. It is sometimes very difficult to compare like with like within the document as a result. So, is there a role for the Wales Audit Office to produce this sort of report on an annual basis in order to support transparency in terms of senior management pay in the public sector?

[60] **Mr Oxley:** Greater transparency is an improvement. The Welsh Government already does a similar exercise with council tax levels. There is a great graph that you can see mapping council tax levels in Wales, which is obviously quite an important issue relating to local government pay. The point is that you do not want to duplicate transparency and you do not want to duplicate something if it can be done better, basically, by civil society.

[61] Yes, it is useful for the Welsh Government and bodies like the Wales Audit Office to look at this overarching information. They should scrutinise it, and they should look at the overall trends, but that should not be a replacement for councils, authorities and trusts publishing the data themselves in a standardised format because, suddenly, those overarching national comparisons become far easier when you are effectively taking information out of similarly presented websites and documents. So, yes, there is certainly a case for that because we can judge trends, and we can look at what is happening to remuneration in senior levels across government. That is an important step because, at a time when money is short, you want to know that you are getting best value for taxpayers' money. However, that should not be an excuse for councils not to provide the data. It should be just as easy for an Assembly Member to be able to look at the overarching data from Wales as it should be for a local resident to see how much their local chief executive has been paid.

[62] **Darren Millar:** I have a few Members who want to come in here, so I will bring in Julie and then Gwyn.

[63] **Julie Morgan:** I just wondered whether your organisation looks at the higher pay in relation to what the others in the organisation earn, and whether you think that there may also be a case for publishing the low pay in the organisation. I just wondered whether you look at the gap between them and others in the organisation.

[64] **Mr Oxley:** I think that the Department for Communities and Local Government does

make a requirement in the accounts to give relationships—to give the factors of how high top pay is to the bottom, and that kind of relationship. It does establish that. That is an important step, and it is something that should be standardised as part of that presentation of senior pay. If council chiefs are taking increases, the taxpayers might not think that that is right; however, at the same time, when staff at the same institution are seeing pay freezes, for example, that will obviously be deeply unfair to those staff. I obviously need to be very careful because I understand that this is under legal action at the moment, but there has been a case in Caerphilly where senior executive officers—

[65] **Julie Morgan:** We know about it.

[66] **Mr Oxley:** I am sure that you do. They were allegedly giving themselves salary increases that were not done in the correct manner and are, as I say, the subject of court action. From what I understand, that information came about because it was challenged by staff at that very local authority who were seeing their pay frozen. That relationship there shows that that information does need to be published because it will increase transparency, both from the side of the relationship between staff, but also overall transparency of how taxpayers' money is being spent.

[67] **Julie Morgan:** So, you think that there is a case for making actual upfront—

[68] **Mr Oxley:** Absolutely. It should be included in information that councils publish and, again, in a standardised format so that it is far easier to scrutinise, and far easier for someone who is paying the bills to see what is being spent, but also easier for the national audit office when it wants to look at that kind of data. The point is that, with this effort for greater transparency, we also have to consider the burden of extra bureaucracy. So, I do not think that this information is too difficult to publish. I am sure that there will be suggestions that, by demanding this out of various bodies, this is an extra layer of bureaucracy, but my point would be that, genuinely, the savings that come from greater transparency would offset any of the very minor extra efforts that need to be put in for preparing that data.

[69] **Julie Morgan:** Just generally in terms of higher pay, how do you think that Wales is doing in relation to the rest of the UK? Do you have—

[70] **Mr Oxley:** It is interesting because I would suggest that—. There are some very interesting statistics. First, you look at the number of higher rate taxpayers in Wales, which has been previously highlighted in the media. Looking at the public sector, in particular, I suspect that senior local pay means that public sector pay accounts for a far greater percentage of higher rate taxpayers in Wales than it does on a national average. That is just an interesting statistic. If you look, for example, at the number of staff earning over £100,000 in Wales in 2011-12—as I said, that was 117—and if you compare that to the number in Yorkshire and the Humber, which was just under 140, you will see that Yorkshire and the Humber has around 22% more staff earning over £100,000, according to our figures, yet Yorkshire and the Humber has a population of around 77% greater than that of Wales. So, my suggestion would be that it appears that there are more staff earning over £100,000 in Wales per head of population compared to, say, the Yorkshire and the Humber region. The flipside of that, interestingly, is that the same is not true when you start looking at those who earn over £150,000. That, I suspect, is something that you might have a look at—

[71] **Julie Morgan:** So, other areas would be higher than Wales—

[72] **Mr Oxley:** Other areas would be higher, but, when you look at the population, the average incomes and council tax bills, I think that Wales is heavily staffed when it comes to local government. Is it at the top end compared to other parts of the country? No, but certainly it has a significant number of staff earning over £100,000 and, potentially, more per head of

population than other regions of the UK.

[73] **Darren Millar:** The Member for Caerphilly, Gwyn Price. [*Laughter.*]

[74] **Gwyn R. Price:** Actually the Member for Islwyn, but covering Caerphilly, yes, so we will not go into that too much, and, no, I was not on that committee at the time.

[75] You say that ordinary taxpayers are rarely represented in some of these decisions. In your view, how could the public be represented?

[76] **Mr Oxley:** First, a body like the TPA is a contribution. I am sure that there might be people here who disagree with the viewpoints of the TPA, but if you are honest in your viewpoint, that voice should be heard in the debate. You have a voice representing unions, a voice representing councils—a council lobby organisation paid for by taxpayers—so it is absolutely right that somebody should be there standing up for taxpayers. Obviously, there are elected members and they have a job of representing their voters. However, I would suggest that there is also a role for people to scrutinise and provide extra data and expertise when it comes to looking at issues of local government finance, tax, spending, and of waste as well. I think that that is a role for the TaxPayers' Alliance.

[77] Ultimately, one of the best things that you can do when it comes to local government pay is that by providing greater information to local residents, you empower them. You empower them at the ballot box because, quite frankly, if a council chief executive sees a pay rise and then, the next year, it comes to elections, the councillors who should have overseen that pay rise are accountable to their public. We are not going to say, 'This person should be paid x, y and z'. That is not our remit. However, we will say that, compared to x, y and z in another local authority, this appears to be excessive and excessive given the historical trends and excessive given the increase in council tax bills despite the fact that services appear to have been cut. So, we will provide that information, but, ultimately, the job of really holding people to account over pay has to come down to councillors. This is why I would suggest that all pay rises of this sort need to be voted on by full councils with declarations, with greater transparency, and also with a greater voice for what I would call independent voices in independent remuneration panels.

[78] Independent remuneration panels now contribute to part of this debate, and they are often drawn from local government. Looking at the Independent Remuneration Panel for Wales, I believe, looking at the five members of it, that they all have local government or public sector backgrounds. So, I think you need a greater voice from civil society and from business, from the private sector and from the people ultimately paying for this and who are without, some might say, a vested interest in the pay deals.

[79] **Gwyn R. Price:** Would you say that you were available to go to all these meetings? Let us be fair, it is happening in councils all across the country every single week. You cannot be everywhere. Where will you constructively be able to do that?

[80] **Mr Oxley:** We cannot be everywhere as a group, but we have a broad activist base and a broad supporter base, and we encourage them to get involved at a council level. Obviously, our contribution here today is the way we can centrally help and, hopefully, steer that debate. Quite frankly, the town hall rich list is our way of steering the debate. Would we be having this debate today had the town hall rich list not been about in 2007? I think that there is an argument you could make that we would not necessarily be having this debate or that we would not necessarily have seen the same level of scrutiny of senior public sector pay if that kind of document had not been produced. Again, that is one way to steer the debate.

10:30

[81] When it comes to local involvement at council meetings up and down the country, it is about making council meetings more accessible to the public, making the public more engaged with council decisions and making the public more engaged with local councillors. There are lots of ways that we can strengthen local democracy, but, ultimately, we will only ever ensure that local government decisions are strong and scrutinised if the public is engaged and empowered by the information that it needs to scrutinise what is going on.

[82] **Gwyn R. Price:** Therefore, you support the televising of proceedings.

[83] **Mr Oxley:** Absolutely. One of the things that I have welcomed recently are steps to make it—. Some councils have tried to prevent the filming of their meetings. We conducted research in the north of England about councils that were preventing this, because a number of bodies were preventing the filming of local proceedings, which we thought was totally inappropriate. These are council decisions that affect every resident and if they cannot attend the meeting physically, they should be able to scrutinise it through filming. There is a case to be made that it can cost to stream meetings. This meeting is being streamed and there will be a cost and, sometimes, the viewership is not spectacular.

[84] **Darren Millar:** I challenge that, of course.

[85] **Mr Oxley:** I am sure that friends and family are watching. [*Laughter.*] What I would suggest is that there is a need to keep the costs of streaming council meetings down. It can be far less expensive than the amount that many local authorities have spent on streaming simple council meetings. It does not take the most expensive set-up. By doing that and allowing people to watch, you will engage ordinary members of the public and ordinary residents, particularly when there is a controversial issue—maybe when it is a budget-setting meeting. You will also engage civil society—people who are not necessarily local councillors, but who are engaged, whether they are engaged via their local community group or a conservation group in that area. Those are civic society people who are interested in certain issues. By streaming those meetings, if they cannot get to that meeting in person, they can see those proceedings and those words tend to spread. It is also about empowering the local media. Local newspapers are a very strong way of scrutinising local government and local pay decisions.

[86] **Darren Millar:** Just as a point of information, members will be aware that there have been moves from the Welsh Government to support local authorities with the costs of allowing them to stream their meetings. In addition to that, the Minister for Local Government and Government Business made a statement recently outlining that she would expect all chief executive posts, for example, to be subject to a full vote of all councillors when pay and conditions are being set. I am going to bring in Aled and then Jenny Rathbone.

[87] **Aled Roberts:** Rwyf am ofyn fy **Aled Roberts:** I would like to ask my nghwestiwn yn Gymraeg. question in Welsh.

[88] **Darren Millar:** Sorry, I should have said that headsets are available. Turn it to channel 1. The National Assembly for Wales is a bilingual institution, so Members can contribute in either English or Welsh. We will just make sure that we have it set up for you.

[89] **Aled Roberts:** Roeddwn i am **Aled Roberts:** I wanted to refer to the same gyfeirio at yr un datganiad a wnaethpwyd gan statement by the Minister. Draft guidelines y Gweinidog. Roedd canllawiau drafft yn were published at the same time and the cael eu cyhoeddi ar yr un pryd ac mae'r Government at present is consulting on those Llywodraeth ar hyn o bryd yn ymgynghori guidelines until 14 March, I believe. Has the ynglŷn â'r canllawiau hynny tan 14 Mawrth, TaxPayers' Alliance responded to the

rwy'n credu. A yw'r gynghrair wedi ymateb i'r ymgynghoriad i roi ei safbwynt ynglŷn â'r canllawiau? consultation to give its views on the guidelines?

[90] **Mr Oxley:** I am not aware that we have responded to that consultation, but I will duly note that and ensure that we make a contribution if we have the expertise and availability to do that.

[91] **Aled Roberts:** Rwy'n meddwl y byddai hynny o gymorth. Fe wnaethoch ddweud yn gynharach yn eich tystiolaeth nad oeddech yn credu y dylid meincnodi cyflogau prif weithredwyr. A ydych felly'n dweud nad ydych o blaid yr hen gyfundrefn, lle yr oedd pob prif weithredwr yn cael ei dalu, neu ei thalu, o fewn bandiau yn ôl poblogaeth yr ardal leol? **Aled Roberts:** I think that that would be useful. You said earlier in your evidence that you do not believe that there should be benchmarking in terms of chief executives' pay. Are you therefore saying that you are not in favour of the old system whereby every chief executive was paid within bands according to the population of the local area?

[92] **Mr Oxley:** The problem is that when you start to set benchmarks like this, given the fact that local communities and local areas face very different challenges and very different local circumstances, you get to the point where you will have some council chief executives, I would suggest, being underpaid and some being overpaid. I think that it is better to make council pay responsive to local residents. I also believe that, if you do not have that, you remove the incentive from local councillors to scrutinise what is going on. Again, as mentioned, every councillor should be voting on council pay. That would avoid the situation that I was referring to earlier and, again, it would ultimately drive down costs. It would keep council pay, quite frankly, in a more realistic world. So, I do not believe that the uniform setting of pay is the right step forward. I think that it is better to have it set by local priorities and set by local councillors—or certainly scrutinised by local councillors—but also for there to be incentives to ensure that pay comes down or is, at least, frozen. We have seen, particularly in the last 10 years, a huge increase in council tax bills, a reduction in services and, at the same time, quite significant jumps in senior pay across local government. I think that the Hutton review, which looked at this, described those increases as 'significant'. I am not sure where the justification for that came from, given the fact that many people would suggest that if you are paying higher bills and getting fewer services, you are getting a worse service.

[93] **Aled Roberts:** Yng Nghymru, roedd polisi canolog bod mwy o'r penderfyniadau dros faint oedd yn cael ei wario yn lleol yn cael eu gwneud yn lleol. Yng Nghymru, mae hanes o Lywodraeth ganolog yn rhoi llawer iawn mwy o arian i lywodraeth leol nag yn Lloegr, felly mae rhai o'r codiadau yn y dreth gyngor yng Nghymru o ganlyniad i bolisi canolog. Fodd bynnag, rwy'n derbyn yr hyn rydych yn ei ddweud, y dylai'r cyngor llawn fod yn pleidleisio ar unrhyw godiad o ran cyflog uwch swyddogion. **Aled Roberts:** In Wales, there was a central policy that more decisions for what was spent locally were made locally. In Wales, there is a history of central Government giving much greater funding to local government than in England, so some of the increases in council tax in Wales are down to central policy. However, I accept what you are saying, that the full council should be voting on any increases in senior officers' pay.

[94] Mae'r ymchwiliad hwn yn ymwneud â'r holl sector cyhoeddus yng Nghymru. Os ydym yn newid y canllawiau o ran llywodraeth leol, fel bod mwy o gyfrifoldeb ar y cynghorwyr lleol, sydd yn atebol i'w This inquiry deals with the entire public sector in Wales. If we change the guidelines for local authorities so that greater responsibility falls upon local councillors, who are ultimately accountable to their

trethdalwyr yn y pen draw, rwy'n meddwl bod mwy o broblem mewn sectorau eraill, megis y gwasanaeth iechyd. Yng Nghymru, nid oes llawer o atebolrwydd i'r cyhoedd o ran yr hyn sy'n digwydd yn y gwasanaeth iechyd. Er enghraifft, wythnos diwethaf, eto o dan ryddid gwybodaeth, rydym wedi cael ar ddeall bod £800,000 wedi ei dalu i dri uwch swyddog o fewn y bwrdd iechyd yn y gogledd heb i unrhyw un fod yn ymwybodol o'r sefyllfa honno. A oes gennych unrhyw dystiolaeth o Loegr neu'r Alban ynglŷn â sut mae cael mwy o atebolrwydd mewn sectorau megis y gwasanaeth iechyd?

taxpayers, I think that there is a greater problem in some of the other sectors, such as the health service. In Wales, there is not a great deal of accountability to the public in terms of what goes on in the health service. For example, last week, again by way of a freedom of information request, we learned that £800,000 was paid out to three senior health board officers in north Wales without anyone being aware of that situation. Do you have any evidence from England or Scotland about how we bring greater accountability into sectors such as health service?

[95] **Mr Oxley:** I would suggest that many of the measures that have been taken in local government, in terms of scrutiny, need to be applied now to the health service. There have been lots of changes in the last decade in its very structures, but the point here is that there is a significant problem with management pay-offs, as you pointed out. Another example that we recently had in England was that an NHS manager took a £1 million pay-off and then walked straight back into the job about four months later. That kind of merry-go-round, whether in England or in Wales, really angers people. There is no justification for it. You are still working for the same body, and to take that kind of pay-off is an absurd waste. The exact same applies to the example that you cite. So, you need to apply the same levels of scrutiny that we are seeing in local government to NHS pay. If you go into your local hospital, you should be able to find out what the chief executive is being paid and how many staff there are, possibly, working in the backroom.

[96] A wider point to make about public sector pay is that I think that we must not forget that public sector pay in Wales is far higher than private sector pay. The Institute for Fiscal Studies calculates the public sector pay premium to be about 18%; it is about 8% nationally. That does not even include pensions data; pensions, again, are generally far more generous in the public sector. So, I think that the public sector has a problem when it comes to pay, in terms of it being far more generous than the private sector. At a time when private sector workers have seen their wages squeezed and their tax bills, generally, go up, that kind of difference is not sustainable and something has to be done to address that. I suggest that the way is not to set an automatic benchmark covering the entire country, it is to devolve more power. You mentioned giving more power to local authorities. One thing that the TaxPayers' Alliance has in its vision for the tax system is a lot more money being raised locally and decided on locally. It is the same for NHS trusts—localism and greater scrutiny will certainly help to avoid those kinds of pay-outs.

[97] I also think that we need to publish data, whether it is at local government level or at an NHS level, on the amounts for pay-outs, bonuses and potential contract clauses. All of that needs to be out there. There seems to be a tendency in local government or in the NHS when an eye-watering pay-off is paid, with taxpayers footing the bill—the kind of pay-off that generally brings universal condemnation—for shoulders to be shrugged and for people to say 'It was in the contract but we've changed the contracts now, so this won't happen again', but sadly it does happen again.

[98] So, not only do councillors and those scrutinising NHS boards and NHS spending need to look at current pay deals, they also need to look at the contract information of individuals. They need to ensure that there are no rewards for failure, as it were, and that no significant rewards are written into clauses, particularly staff not being fired when they make grave mistakes, or staff able to walk away with significant pay-offs despite clouds hanging

over them, or able to walk away with a significant pay-off or to start claiming a pension and then walk straight into another job.

[99] Another principle that the TaxPayers' Alliance is deeply opposed to is double-dipping, where you are able to claim your pension and a salary at the same time. If you are working in the public sector, whether it is in the NHS or for a council, you should claim one or the other, not both.

[100] **Darren Millar:** I have a couple of Members with supplementary questions. I will come to Mike first and then Jenny; then you can continue with your other questions.

[101] **Mike Hedges:** I have two supplementary questions. First, surely the reason that public sector pay is higher is because medical doctors come under the public sector, and they tend to distort public sector pay.

[102] **Mr Oxley:** I can answer that straight away. The Institute for Fiscal Studies and the Office for National Statistics, which also does this kind of analysis, account for qualifications, gender, age and whether you have been to university. So, it is not just a simple case that you have more highly qualified professionals in the public sector.

[103] **Mike Hedges:** I did not say 'more highly qualified'—I specifically said medical doctors. Very few medical doctors are employed in the private sector, compared with places such as America, where they are mainly employed in the private sector. You find that medical doctors are relatively highly paid. Does that not cause a distortion?

[104] **Mr Oxley:** If you consider a medical doctor by the amount of training that they have had, the amount that they have invested and the length of training, and compare someone who has invested a similar amount of time and money training for a qualification to gain a role in the private sector, that is the comparison that you can make. I cannot defend the exact analysis of the IFS, but it is a very well-respected body, and the Office of National Statistics, which made the same analysis, makes the same suggestion that they are comparable, and that they see that difference.

[105] **Darren Millar:** We will get a note on the IFS issue from the research service.

[106] **Mike Hedges:** On the local government issue, for the best part of 100 years local government salaries were set nationally, based on it being a county or a county borough, or a rural district council or urban district council which then became district councils. You said that you did not like this idea of having salaries set in that way. I was not quite convinced by the argument that you were putting, because they did take population into account and they did take into account the different types of councils. Those salary recommendations still exist—they were last set in 2007—but have not been implemented probably since 2000. Can you further explain why you do not think that it is a good idea to have salaries set within those bands?

10:45

[107] **Mr Oxley:** I would suggest that it is about more than just population, council size and council type. In fact, I suspect that all members of this committee represent very different areas, and I suspect that they will also have very different opinions on what their council chief executive should take home and the challenges that he faces. That is because you cannot just judge the role of a local authority and the services that it provides simply on the numbers of people there and the type of authority. So, I think there are unique challenges, whether it is down to deprivation, education, or the type of buildings and the type of focus that the council is going to have. Councils have very different focuses and very different services and when

you do go with uniformity, you do not tend to reward those councils that try to do things better, try to improve or try to cut costs. We have seen it across England and Wales; there are a variety of councils that are putting council tax up by 5%—inflation-busting 5% increases—and there are other councils that are cutting council tax. There is a difference between not only the circumstances that they face but the approaches that those councils take to decisions. So, I do think that, given that they take different approaches and that they are faced with different circumstances, there is a strong case that council chief executive pay should reflect those different decisions, but it should be accountable to the people paying it.

[108] **Mike Hedges:** I will finish with this. Surely, decisions on what the council is spending money on should not be made by the council chief executive; they should be made by those who are democratically elected. You mentioned that we all represent different types of areas; the one thing that is absolutely certain is that we are all paid exactly the same.

[109] **Mr Oxley:** We could talk about regional pay, but I suspect that I would be on a losing path on that one. You are right that it is about the role of the elected chiefs in those councils driving that. I would also argue that, with the councils that have either frozen council tax or have cut it, a lot of that has been driven by the type of individual who is in charge of the council and their priorities. I think that that is also reflected when it comes to the chief executive. As much as the council leader can have a vision, a lot of it depends on the ability of the council chief executive, or whatever the role in that council—many councils are doing without chief executives; they are doing with finance directors and managing directors—charged with implementing that vision.

[110] **Jenny Rathbone:** This is not a level playing field, because some local authorities in England have had a massive transfer of resources to more wealthy local authorities, which might explain why they are putting up the council tax more in one area than another. However, sticking with senior officers' pay, you made an interesting comparison between the public sector and the private sector in Wales, saying that the public sector top people are paid 18% more. Yet, in your written submission, you said that comparisons with private sector executives are unhelpful. I wonder if you can expand on that, because you seem to be making that comparison.

[111] **Mr Oxley:** There are two sides. When it comes to overall public and private sector, it is possible to make comparisons, because you are talking about a very broad sector. When it comes to council chief executives, the reason we suggest that those comparisons are not helpful is that because, so often, those comparisons are not made to the equivalent roles in the private sector. In fact, in recent evidence submitted by Unison to the Westminster select committee, it compared the pay of the chief executive of Derbyshire council to that of the finance director of the *Daily Mail*. It judged it on the number of workers there and on pay and said that, clearly, the council chief executive was being underpaid when compared to the private sector. We would suggest that this comparison is unhelpful for a number of reasons. First, if the *Daily Mail* loses its customers, it does not get to lock them up. If you do not pay your council tax, you get carted off to prison. If you mess up and result in failure at that council, you tend not to get fired. More importantly, your colleagues and the people working for you tend not to lose their jobs, because, quite frankly, you are not dealing with profits and losses. When it comes to business sectors and making those comparisons, those companies go bust if they make mistakes—

[112] **Jenny Rathbone:** Not always.

[113] **Mr Oxley:** Not always, but they tend to, unless they are a bank—banks have been bailed out by Westminster. They do not tend to go bust, and, if they do lose money, they tend to keep their role. I would also suggest that, in terms of the experience and quality of individuals, most council chief executives have consistently worked in the public sector and

have very little experience of the private sector. I would suggest that a council chief executive trying to go out into the private sector would struggle to gain employment in the roles that, often, these comparisons are made to. That is why I think that it is perfectly legitimate to compare the overall public sector and private sector, when you account, as the Institute for Fiscal Studies does, for those various areas, but comparing a council chief executive with a finance director of a FTSE 100 company, as is often done, is actually a little bit misleading and does not look at the kind of unique decisions of that role.

[114] **Jenny Rathbone:** I think this is where I have a considerable problem with your argument, because local authorities cannot go bust, but they cannot set deficit budgets either, otherwise they end up in prison. When we talk about risk, the risks for the head of a local authority and the safeguarding responsibilities that they hold are significantly more than responsibility for whether or not goods get to the supermarket on time. Would you accept that?

[115] **Mr Oxley:** I would accept that. One of the things that we note in our evidence is that the role of a council chief executive is very varied. It is challenging, there are certain legal responsibilities, and it can be very varied. My point is that it is not comparable to being the finance director or chief executive of a FTSE 100 company. You say that in a supermarket, it might be about things not being delivered on time, but, if a company goes bust, that is a person's livelihood. They no longer earn any money, they can no longer support their families, and, ultimately, they might end up at a food bank. There is a deep difference between those two roles. I do not see them as comparable. I do not think that this kind of constant run-up to private-sector pay is helpful when it comes specifically to council chief executives. Also, one of the things that we have normally had is this suggestion that people work in the public sector out of a feeling of civic duty—something that I endorse, and think is superb. Most public sector workers are in the public sector not because of the pay—although, as I said, they do tend to get paid better than their private sector counterparts—not because of the pensions, and not because of the greater holidays, the greater allowances, the more flexible working patterns or the job security. The reason that they do it is because of civic duty, and because they believe in what they are doing and they get an enjoyment and job satisfaction. If you are going to start arguing that those chief executives should earn the equivalent of a chief executive of a FTSE 100 company, you need to get real about—

[116] **Jenny Rathbone:** I did not make that argument.

[117] **Mr Oxley:** I am not saying that you did, but, if you do make that argument, you get rid of that whole idea of civic duty.

[118] **Jenny Rathbone:** I quite agree, but I was not making that argument. I was questioning you as to why you were making that argument in terms of saying that the pay of public servants is more than those in the private sector in Wales, because I would argue that, in some circumstances, the responsibilities are a good deal more onerous. Obviously, if a chief executive screws up in a local authority, they will lose their job too.

[119] **Mr Oxley:** I would challenge that idea, actually.

[120] **Jenny Rathbone:** Okay, but the potential for scrutiny of a local authority is greater, simply because electors can boot out the councillors if they do not think that they are doing a good job after four or five years, whereas the shareholders in a FTSE 100 company have very little possibility of scrutinising or indeed exercising any control over what the chief executives of these top companies get up to. So, while I applaud the work that you are doing in shining a light on top executives' pay, I think that there is a huge flaw in your argument saying that they cannot be compared. I am not at all saying that we should compare them in terms of salary; it could be that other people's salaries are far greater than they need to be.

However, it is difficult to understand why you do not think that there should be some comparison in terms of the weight of responsibility being given to people.

[121] **Mr Oxley:** The problem is that the choices that are used for the comparison are so often wrong. That is why we would suggest that it is not so helpful. It is not so much the fact that you should not look at the differences, but the choice of comparison. The unique circumstances of, say, a chief executive, means that it is difficult to make those comparisons, and we, often, as in those examples that I cited, end up with the wrong comparison. So, that is why. Overall, the IFS report on a public sector pay premium, which is the one that I quoted, accounts for a whole range of jobs and issues. Once you start trying to compare council chief executives with the private sector, given the reasons that I gave about the unique fact that obviously they face challenges but also there is job security, the fact that they do not lose customers—

[122] **Jenny Rathbone:** They lose electors though. The councillors lose electors.

[123] **Mr Oxley:** The councillors lose electors, but, again, that is another reason as to why we need councillors to scrutinise their chief executives, or their roles, far more.

[124] **Jenny Rathbone:** We agree.

[125] **Mr Oxley:** The reason I am saying that that comparison is not helpful in this case, specifically with regard to high pay, is quite frankly because the choices of comparison are so far off that it is impossible to make that comparison. Whereas, if you look at a sector more generally, it does make it more easily comparable.

[126] **Jenny Rathbone:** In the search for the appropriate person to fill a senior post, do you accept that testing the market for the availability of the person to meet the person specification is probably the best way of working out what the pay should be? That, necessarily, will force a comparison with the private sector, because candidate X has the option to work somewhere else.

[127] **Mr Oxley:** Regarding recruitment, I would suggest that the key driver when looking for a candidate should be about the candidate that we can get for the best value for money and that provides taxpayers with the best value. In short, there are not a huge number of council chief executives going across to the private sector. The reverse is not true. Private sector employees will come across to the council and to public sector employment at a senior level. So, the suggestion that you need to be paying rates that are equivalent, or market rates, does not hold true. It is a false comparison, as I said. When looking for somebody in that market, the focus should be on the most suitable candidate that we can get for, quite frankly, the cheapest amount, because the job of representing taxpayers is about getting value for money and getting a suitable candidate for as low an amount of money as possible.

[128] **Jenny Rathbone:** I do not think that we disagree on that.

[129] **Darren Millar:** I just have a question before I bring in Alun Ffred Jones. We took evidence from the Hay Group, which is often used on a consultancy basis to assist local authorities in determining what the pay and conditions of their senior staff might be. It was suggested to us that, rather than making significant comparisons with the private sector, their focus tended to be on looking at what the going rate within the public sector would be for a senior member of staff in a local authority or any other public sector organisation. Do you have any concerns about the use of private consultancies by local authorities to assist them in looking at what the rate that they might advertise a post at might be?

[130] **Mr Oxley:** Well, there are two sides to that. First, there is the question of whether

comparing to other local authorities a good comparison. Secondly, should you use external help to arrive at that figure? On whether you should use external help, in the past, we have been strongly critical of councils that have spent too much on consultants. Quite frankly, if you have to keep getting in outside help for every decision that you make, surely then the question is, 'What are you paying the staff that you already have so much for?' There is a role for outside help when it comes to one-off projects, very niche expertise or very large capital projects. No-one is saying that councils should never spend money on consultants, but when you do so consistently rely on them for every decision of this type, there is a danger, and you think, 'Is this what is needed? Surely, this is a function that can be performed within the council.' Too often there is a default setting of, 'We should get some outside help in', and I think, as I said, that a council chief executive and a council leader who is looking to cut waste and provide better value for local taxpayers will scrutinise that as hard as possible.

11:00

[131] When it comes to comparison with other local authorities, the danger in that is that you basically create a pay arms race: 'X authority is paying 10% more, so we have to pay 10% more'. Then you start basing recruitment decisions on how much you think somebody else is paying rather than what you actually need to pay to get the candidate. If there were a shortage of people experienced in running public sector roles in local government then you would understand why higher pay was justified, and you would understand why particular expertise—say, in dealing with a failing children's service—might demand higher pay. However, just making a crude comparison and that logic of 'X is paying 10% more, so we should pay that' leads to constant increases. That is a big reason why we have seen significant increases in local government pay, and also why we are seeing significant increases in councillors' allowances as well.

[132] **Darren Millar:** There has been a perception—although the Hay Group gave us evidence to the contrary—that each time consultants are brought in they recommend significant increases in pay rather than the opposite, in terms of potential reductions in pay and remuneration. Is that a view that you would concur with?

[133] **Mr Oxley:** I would not say that we have necessarily seen that with consultants, because, quite frankly, we have not always studied the consultants' recommendations. However, when we have looked at, say, independent remuneration panels, which tend to look at this sort of thing, but more at councillors' allowances, because they have always compared to people who are higher, that has constantly led to an increase, and normally an increase above the average. So, it has constantly drifted upwards. That is why we would again take it back to the point of local scrutiny, judging what local taxpayers feel about that, providing them with more information so that they can judge whether the current chief executive should be earning that, and also going with the candidate who is the most suitable candidate for the lowest possible price. We are not just saying 'A race to the bottom'; we are saying, 'A suitable candidate'. Then you start having greater scrutiny of what is a suitable candidate.

[134] The other thing that I think is interesting is that, if you look at recent years, as new chief executives have been recruited—I think the *Local Government Chronicle* did studies on this—their pay has been going down. So, there is a suggestion that this is being recognised, and that starting pay for chief executives is reducing. Again, I would attribute that to greater transparency and greater scrutiny. What is also noticeable is that, during this period, public satisfaction with council services has tended to go up, so again I would suggest that kind of torpedoed the myth that you need to pay more for your chief executives in order to get the best candidates to deliver public services, because the evidence at the moment is that councils have started recruiting at a lower rate and public services are improving. That suggests to me that there is room for existing pay to be frozen or even cut.

[135] **Darren Millar:** Alun Ffred Jones is next.

[136] **Alun Ffred Jones:** Bore da, Mr Oxley. O ran cyflogau uwch swyddogion, mae fel petai fod anghysondeb yn eich dadleuon. Rydych yn dweud ar un wedd bod swydd swyddogion llywodraeth leol yn wahanol i rai uwch swyddogion mewn cwmnïau preifat, a ni ddylech gymharu'r ddau, ac eto rydych eisïau i dâl uwch swyddogion mewn llywodraeth leol a'r sector cyhoeddus yn gyffredinol gael ei benderfynu fel petai nhw mewn cystadleuaeth â'i gilydd, fel petai ryw farchnad rydd. Beth sydd o'i le â rhyw fath o gysondeb ar draws llywodraeth leol yn arbennig, fel yr oedd Mike Hedges yn cyfeirio ato?

Alun Ffred Jones: Good morning, Mr Oxley. Talking about senior management pay, it seems as though there is inconsistency in your arguments. On the one hand, you say that the jobs of local government officials are different from those of senior officials in private companies, and that you should not compare the two, and yet you want the pay of senior officers in local government and the public sector in general to be decided as though they were in competition with each other, as if there were a free market. What is wrong with some kind of consistency across local government in particular, as Mike Hedges suggested?

[137] **Mr Oxley:** I want competition for the candidate for the role, because that is the way that you get the best candidate in the sense of what you are offering. I would suggest that when you have a large supply and low demand, you can demand that councils themselves can require more from the candidates and can require lower starting pay. As I said, the evidence suggests that new roles are being paid at a lower rate, so I think that that is evidenced there. When it comes to making comparisons between specific roles at the top of councils and roles at the top of the private sector, quite frankly, the reasons that I have stated—profit maximisation versus services, what happens with failure and the risk to employees, the other benefits and job security—mean that they are not comparable. So, I think that you can, at least, compare candidates, but you certainly do not need to compare the salary that they should be given to those in the private sector.

[138] **Alun Ffred Jones:** Mewn gwirionedd, mae'r codiadau enfawr a ddigwyddodd ym maes llywodraeth leol wedi digwydd am ein bod wedi rhyddhau cynghorau i dalu'r hyn roedd y farchnad, medden nhw, yn galw amdano. Y gymhariaeth o hyd oedd gydag uwch swyddogion mewn cwmnïau preifat, yn enwedig yn y sector ariannol. Dyna sydd wedi arwain at y chwyddiant anferthol hwn yng nghyflogau swyddogion llywodraeth leol ac yn y sector breifat yn gyffredinol. Felly, nid wyf yn siŵr iawn pam eich bod yn dadlau dros y farchnad rydd honno yng nghyflogau llywodraeth leol tra eich bod chi, ar yr un pryd, yn dadlau eu bod yn cael eu talu gormod yn barod.

Alun Fred Jones: The truth is that the huge increases that happened in local government happened because we freed councils to pay market rates in accordance with demand, or so they said. The comparison was with senior officials in private companies, particularly in the financial sector. That is what has led to this huge inflation in the pay of local government officials and in the private sector generally. So, I am not really sure why you are arguing for that free market in local government pay while, at the same time, arguing that they are getting paid too much already.

[139] **Mr Oxley:** Council pay has not been put into the free market. Council pay has been decided, often, by those with a vested interest in pay at the top, and does not bear any of the traits of a free market, as I said, because of the fact that, when things go wrong or companies go bust and people lose—. The typical ideas of what you would expect from a free-market competition—. Quite frankly, one Welsh council is not competing against another, so there is no market in that sense. So, we do not have a free market in council pay. What we have seen is an unaccountability of council pay in the last decade and an ability for those who are setting

it not to be accountable to the people paying the bills. So, I would reject the concept that it is the free market that has led to higher council pay; it is more the structure of local government, which is distinctly not free market—it is anti-market.

[140] **Darren Millar:** Very often, chief executives in a local authority or any other part of the public sector, perhaps, other than the NHS—we have had very different evidence about the way that the pay scales are set within the NHS—will be partially responsible for the decision making about the pay and terms and conditions of the people within the organisation that they are at the head of and lead. Is there any evidence to suggest that chief executives use their positions to inflate the pay and conditions of those people below them whom they manage, in order to close differentials that then have an impact on their own pay?

[141] **Mr Oxley:** I am not going to accuse chief executives of trying to increase the pay of those below them just so that they can get a pay rise, but you have to look at the culture and the fact that in the interactions, whether they accept it or believe it or not, there is a vested interest there. Because of that, the natural human tendency will be to increase the pay below you if you feel that, if it is closer to yours, that naturally justifies your pay. The problem is that, in a council, when you do not have a profit and loss account, and when, in the past, you have simply been able to bring in more money via council tax hikes, you have not had that bottom line. The difference with a firm in the private sector is that if its chief executive suddenly decides to increase the wages of everyone below them, they might be happy because they will think that they will get better productivity out of the workers, but the point is that those costs then have to be passed on somewhere. If they are passed on to consumers, consumers will tend to vote with their feet. If the product is not better or if they have a choice, they will go to buy a cheaper product of the same quality.

[142] **Darren Millar:** With respect, Mr Oxley, it is not the chief executive who sets the council tax; it is local councillors.

[143] **Mr Oxley:** The relationship between chief executives and the council—

[144] **Darren Millar:** There is one chief executive—

[145] **Mr Oxley:** Basically, to give the interactions between the councillors and the council officers and to suggest that council officers do not have a significant influence on the council tax level is slightly naïve. If you look at the reports that have been prepared and what they often suggest, you will see that they say, ‘You need to increase council tax by 4%; if you don’t, we have to slash x, y or z services’. It is the kind of false choice that councils often present in referenda to the local public to justify increasing council tax. So, council officers, making that decision—. To go back to my example of a business, if a business increases wages in that way and then has to pass that cost on through, say, higher prices to consumers, it loses business; eventually it will go bust and will probably have to lay off workers. So, there is an influence for that individual to make sure that they do not hike pay to a point that is not sustainable for the business.

[146] However, in local government, the fact is that you can—or at least have too often been able to—take a bit more money out of people’s pockets, particularly in the last decade when there were more good times and we were seeing inflation-busting pay rises and people were doing well, and it was far easier to do that kind of thing. That is why, again, I say that there is not always comparability between decisions made by the chief executive of a council and those made by the chief executive or finance director in the private sector. So, actually, yes, I would say that officers do have a big impact on a council setting the council tax.

[147] Once again, that testifies to the strength of a politician or council leader about how they manage that relationship with a senior officer, because if a council chief executive comes

to the council officer and says, 'We need to do x, or we will have to hike council tax', or, 'I need these five employees', if they do not challenge that decision and say 'no'—. We have had anecdotal evidence of council chiefs who have been doing this well and they have said, 'I have been told that I need to make savings of x, tell me how I can do this without making redundancies', and an officer has then come back to them, given them a report and said, 'We can do x and y'. When the council chief has then challenged them to do it again, they have come back with the savings without effecting redundancies, and they have asked, 'Why didn't you come to that in the first place?' So, there is always a vested interest, whether it is setting the pay of those below or the reports that, say, council officers give to council leaders.

[148] **Aled Roberts:** Rwy'n derbyn llawer iawn o'r hyn rydych wedi ei ddweud, ond rwyf wedi darllen eich tystiolaeth ynglŷn ag ymgynghorwyr, ac rwyf wedi bod yn y sefyllfa honno. Fel cynghorwyr, mae'n rhaid ichi gael cyngor arbenigol o rywle. Tra fy mod yn deall yr hyn rydych yn ei ddweud o ran sefydliadau fel SOLACE—Cymdeithas Prif Weithredwyr ac Uwch-reolwyr Awdurdodau Lleol—lle mae cyswllt eithaf agos rhwng y bobl yr ydym yn sôn amdanynt a'r sefydliad hwnnw, beth yw'r modd gorau i gynghorwyr, sy'n bobl leyg, yn y pen draw, i dderbyn y dystiolaeth honno? Credaf fod perygl—a chytunaf ag Alun Ffred—fod llawer iawn o'r pwysau ar uwch-gyflogau o fewn y sector gyhoeddus wedi bod o achos y farchnad rydd, i ryw raddau. Rwyf wedi derbyn cyngor gan arbenigwyr sy'n dweud, 'Mae'n rhaid ichi godi'r cyflog oherwydd bod cynghorau o'ch cwmpas chi yn talu llawer iawn yn fwy na chi'. Felly, y farchnad sy'n tynnu'r cyflogau'n uwch, ac rwy'n meddwl y dylech ystyried hynny. Fodd bynnag, os nad ydym i gael y cyngor arbenigol hwn gan ymgynghorwyr, gan bwy byddai'r cyngor hwnnw yn cael ei roi i'r cynghorwyr?

Aled Roberts: I accept a great deal of what you have said, but I have been reading your evidence in relation to consultants, and I have been in that situation. As councillors, you have to have expert advice from somewhere. While I understand what you are saying about organisations such as the Society of Local Authority Chief Executives and Senior Managers, where there is a close connection between the people we are talking about and that organisation, what is the best way for councillors, who are lay people, ultimately, to get that evidence? I think that there is a danger—I agree with Alun Ffred—that a great deal of the pressure on senior pay within the public sector has been because of the free market, to some extent. I have received advice from experts who say, 'You have to increase pay because there are councils around you paying a great deal more than you are paying'. So, it is the market that is drawing those wages higher, and I believe that you should consider that. However, if we do not get this expert advice from consultants, where would that advice to councillors come from?

[149] **Mr Oxley:** You make a good point about SOLACE, which, obviously, is a lobbying group for council chief executives. Again, one way or another, it is funded by taxpayers. That is little more than an employee group often used to push up pay. So, I would agree that, sometimes, councillors are dealing with some incredibly complex issues that they have to consider as lay people, and you do want to have some expert opinion. As I have said, there is a case for using outside help when there is a deficiency within the council, but there is a danger when that expert advice does come in. You need to be very careful about where it is coming from. If it is coming from the local government association, SOLACE or the unions, then they have a vested interest in this game.

11:15

[150] Therefore, I can understand the desire to use paid consultancies, but, as I said, if the relationship between council officers and councillors is a strong one, where the councillors are strong enough to sometimes challenge the advice that they get from officers, you do not necessarily need to take the advice so much or rely so heavily on the advice of external

consultancies and groups. I think that it is about empowering councillors, when it comes to the council officers that they have before them, to get the right answer.

[151] The difficulty is that you have council officers sometimes having to give recommendations on pay. It is not a perfect system, but what is clear is that, at the moment, the way that it is working is tending to fudge the system towards higher pay. If you were just to go to one overall set rate, you would lose any of the responsiveness towards local situations. So, I would argue for greater transparency, greater scrutiny of those arguing for pay increases funded by taxpayers and also greater roles for civil society, such as groups like the TaxPayers' Alliance, putting the taxpayer's voice forward, saying, 'No, you don't need to do that; you don't have to pay this; get a better answer out of your council officer'.

[152] **Aled Roberts:** Mae awgrymiadau'r Llywodraeth sy'n cael eu cynnwys o fewn y canllawiau drafft y soniais amdanynt yn gynharach yn dweud, ar hyn o bryd, y dylai'r cyngor sefydlu neu benderfynu ar y codiad cyflog, ond dylai hynny gael ei drafod gan y panel annibynnol—yr *independent remuneration panel*—er mwyn iddo roi cyngor i'r awdurdod lleol ar sefyllfa'r cynnig sy'n cael ei wneud. A ydych yn meddwl bod hynny'n dderbyniol, neu a ddylai fod rhyw fath o gyngor yn cael ei roi gan y panel annibynnol cyn i unrhyw fath o benderfyniad gael ei wneud?

Aled Roberts: The suggestions of the Government that have been put forward in the draft guidelines that I mentioned earlier say that, at present, the council should be setting or deciding wage rises, but that that should then be discussed by the independent remuneration panel for it to give advice to the local authority on the situation regarding the proposal made. Do you think that that is acceptable, or should there be some advice given by the independent panel before any kind of decision is made?

[153] **Mr Oxley:** When you are talking about 'centrally', are you talking about the JNCs setting it?

[154] **Aled Roberts:** No, the statement that the Minister for local government made on 4 February was suggesting that—I think that the draft guidance states this—what the Government proposes is that the council discusses the proposal with regard to senior pay and that that is then referred to the independent remuneration panel for it to give its views on the proposal before it is finally decided on. Would you favour that kind of situation, or would you think that that does not go far enough?

[155] **Mr Oxley:** Forgive me, because I was not totally aware of the statement beforehand. My suggestion when it comes to involving independent remuneration panels is that they can be an asset, but you need to look at what their make-up is. No disrespect to the current remuneration panel for Wales, but, if you look at its background, it is very skewed to one sector and it will be skewed to one viewpoint. If you are going to involve IRPs further, make them broader and more representative of the local community, and make sure that they have a range of opinions and experience coming into that.

[156] We have been in contact with other IRPs across the UK and there is a great difference between them, basically. Some of them are far more representative of their communities and they have people who have absolutely zero connection to the council and they have not been appointed by the council chief executive, say, in some cases, so there are no questions about cronyism or any of that. It is noticeable that, when you have a more broadly based IRP, you tend to get better decisions, or you certainly get decisions that, I would say, reflect more what I believe are taxpayers' views, what keeps costs down and what keeps tax bills down.

[157] **Jenny Rathbone:** Where does the Equal Pay Act 1970 sit in your calculations?

[158] **Mr Oxley:** Look, this is a difficult one. Are you referring to historical cases or current cases?

[159] **Jenny Rathbone:** Well, equal pay for equal value—that concept.

[160] **Mr Oxley:** I think that a candidate should be judged on their experience, ability and get up and go. I think that sex should have absolutely nothing to do with it, quite frankly.

[161] **Jenny Rathbone:** So, a woman doing the same job with the same capability should get the same pay as a man.

[162] **Mr Oxley:** I think that the market, when it looks at that, would see no difference.

[163] **Jenny Rathbone:** But, it does—sorry.

[164] **Mr Oxley:** If you want to have a campaign group on the differences in male and female pay, I agree, but—

[165] **Darren Millar:** We are straying slightly.

[166] **Jenny Rathbone:** Where do you sit on tax-avoidance schemes to increase remuneration, by, for example, changing the pension arrangements, giving shares or things like that? You are the TaxPayers' Alliance.

[167] **Mr Oxley:** There were two council chief executives, if I remember rightly—

[168] **Darren Millar:** If I could just caution everybody—obviously, actions are being taken by the police to investigate certain matters in Wales, so please do not comment on specifics and comment instead on the general point about tax-avoidance schemes and the use of different arrangements in order to provide remuneration.

[169] **Mr Oxley:** We have seen suggestions in the past that councils have come to arrangements with their chief executives, whereby they have paid them directly rather than through top-ups into the local government pension scheme—generally, schemes that would be considered to be tax-avoidance schemes. There are two points that the TPA would make. Generally, we want a tax system that means that you do not have questions about tax avoidance. However, when it comes to the public sector, when you are being paid taxpayers' money, the focus on making sure that your financial affairs and your tax affairs are more transparent and subject to greater probity is clear, because, ultimately, you are being paid taxpayers' money. If you are coming to contrived arrangements to minimise your tax bill or if the council is facilitating that, coming up with artificial schemes to allow that, then that is not going to sit well. Ultimately, the solution to the whole system is to have a tax system that is fit and proper so that it does not matter whether the council decides to pay you directly or through the LGPS. When it breaks from avoidance, which is legal, to evasion, or when it comes to an avoidance scheme where you are going to get dragged into the courts, then that is totally inappropriate for a council.

[170] **Jenny Rathbone:** I did not ask you about tax evasion; that is obviously illegal. Therefore, do you oppose tax avoidance in the public sector?

[171] **Mr Oxley:** Absolutely.

[172] **Jenny Rathbone:** Do you oppose tax avoidance in the private sector?

[173] **Mr Oxley:** We oppose private sector tax avoidance to the extent that everyone will

seek to minimise their tax bill.

[174] **Jenny Rathbone:** Why?

[175] **Mr Oxley:** Because—

[176] **Darren Millar:** We are straying away from the subject of senior pay in the public sector.

[177] **Jenny Rathbone:** Can I just ask one other question? Have you looked at how headteachers' pay is set by school governing boards?

[178] **Mr Oxley:** We have not looked at it in the sense of compiling overall statistics, but there are a couple of points to be made on this. Teachers' pay is generally not quite clear in council accounts—

[179] **Jenny Rathbone:** We are not talking about teachers' pay; we are talking about headteachers' pay.

[180] **Mr Oxley:** When I say teachers' pay, you tend to look at headteachers' and senior pay. Some councils will include pay for teachers, whether it relates to headteachers or senior teachers, at the top level. I suspect that the example that you could quote is academies paying quite high salaries for current teachers—

[181] **Jenny Rathbone:** I was not particularly—

[182] **Mr Oxley:** There have certainly been questions when a school has paid a significantly high amount to teachers. The arrangement needs to be open and transparent. The time when you might justify significantly higher pay for a teacher is if they are turning around a failing school. Given the importance of education to children's future and to what is going on, you will see higher pay in certain schools if a headteacher is brought in to turn around a failing school. With that, we would argue that transparency in order to scrutinise is needed, so that parents who are sending their children to that school—and the taxpayer is paying for that school—can see that they are paying more for a headteacher but that they are turning around a school that had been failing children and is now sending them to top universities across the UK.

[183] **Jenny Rathbone:** However, we do not have any of those sorts of schools in Wales.

[184] **Mr Oxley:** If you want to do something, it would be to make teachers' pay more transparent in council accounts, because in some places they include it and in others they do not.

[185] **Darren Millar:** We will have just one final question and then we will bring this session to a close. We have heard different views on performance-related pay in the public sector and the extent to which that is possible or not. It appears that some local authorities in Wales use performance-related pay to incentivise performance within their local authority, and some do not. Some have tried and found it difficult to manage, and others have not tried. What is the view of the TaxPayers' Alliance in respect of performance-related pay?

[186] **Mr Oxley:** I will caveat my answer with the fact that I am not an expert in performance-related pay, and it is not something that I have prepared for on this. However, broadly, performance-related pay is a good thing. If you have a brilliant teacher and you want to keep them, should a school or a council not be able to make that decision? Should that not be justified locally? Assuming that all of that is transparent, and that the people ultimately

footing the bill can see that they are paying more for a superstar teacher, then that is good. However, it works two ways. If you are going to start paying well-performing staff more, then the entry level should potentially be lower, and if staff are not living up to the job, then there should be a stronger process for getting rid of or improving failing staff, because, at the moment, that is not what is happening.

[187] **Darren Millar:** On that note, that draws us to the end of this particular evidence session. Thank you, Robert Oxley, for your attendance today. You will be sent a copy of the transcript of today's proceedings so that you can correct it if there are any factual inaccuracies. We will make sure that we collect some further information in respect of the public sector pay premiums to which you referred.

[188] **Mr Oxley:** If you would like, Chair, I am happy to submit the documentation on that, because it is stuff that we have looked at before.

[189] **Darren Millar:** That would be very helpful—and, indeed, a link to the article in the *Local Government Chronicle* would be interesting for Members in terms of the deflationary pressure on pay at present.

[190] **Gwyn R. Price:** Could I ask something? Do you have any evidence for saying that some councils do not have chief executives?

[191] **Mr Oxley:** I can point you in the direction of councils that have either decided to share chief executives or get rid of them or go to managing directors. We have engaged specifically with councils that have done this to get their feedback about how it has worked, and what they have normally said is that they have given us evidence about how you need to think about the process, and how the strategy needs to be communicated properly. So, what we would not say is that every council should go and abolish their chief executive. For some, it will work. If councils do go along that line, they should study the ones that have done it, because some of them have done it very successfully, and others, without the proper communication, or having come across pitfalls, have not been able to implement a procedure that could have saved money in the long run.

[192] **Darren Millar:** Of course, all of this is against the background of potential local government reorganisation in Wales a short while down the road. So, there may be opportunities to look at some of these things more creatively in future. Thank you very much indeed for your attendance today.

11:28

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting**

[193] **Darren Millar:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).

[194] Are Members content? I can see that you are, so we will go into private session.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:28.
The public part of the meeting ended at 11:28.*