

BRIEFING: December 2013

# QUANGO SALARIES

## FAST FACTS

- Nearly **£12bn** of Scottish Government money is paid to quangos (2013/14)
- That's **34%** of the Scottish Government's budget of £34.7bn (2013/14<sup>1</sup>)
- Of the 72 quangos where a salary range was provided, **19** chief executives earned as much as or more than the First Minister (2011/12)
- Reform Scotland believes all quangos, with the exception of tribunals, should either become fully independent of government, or have their functions transferred to existing government departments.

1. <http://www.scotland.gov.uk/Publications/2013/10/7480/2>

## BACKGROUND

In 2010, Reform Scotland published our report "Democratic Power". This report argued that although many non-departmental public bodies, or quangos, carry out important work, the way in which they are structured is neither accountable nor transparent.

We have previously published research looking at the expenditure by quangos in different areas, as well as the total proportion of the Scottish budget spent on quangos.

This new briefing focuses on the salaries of Chief Executives, using information published

by the Scottish Government, and highlights bizarre situations such as:

- 19 quango Chief Executives are earning as much as or **more than the First Minister**.
- the Chief Executive of Scottish Enterprise earns **double the salary of the Cabinet Secretary for Finance**, despite the fact that many people consider that the latter is the former's boss.
- the Chief Executive of every health body earns as much as or **more than that of the Cabinet Secretary for Health and Wellbeing**.

## CONTEXT

A quango is an organisation that has responsibility for developing, managing and delivering public policy objectives at 'arm's length' from government. Such bodies assist in the delivery of public services in Scotland including culture, healthcare, the environment and justice. They have a long history of operation in the UK and have become an established part of public sector delivery. In particular, quangos carry out statutory, regulatory and advisory functions and are managed by a Board whose members are directly appointed by Government Ministers.

However, in Reform Scotland's opinion they are not sufficiently accountable to the Scottish Parliament or the Scottish people.

Inside government, departments are headed by a minister who is accountable to the Scottish

Parliament between elections and to the public at elections. Equally, independent organisations which enter into contractual relationships with government to deliver certain services also offer greater clarity and transparency in the delivery of government objectives.

The growth of quangos has reduced accountability, with less direct ministerial involvement. Indeed, the growth in quango numbers and budgets has meant significant expenditure streams are largely invisible.

## RESEARCH

The Scottish Government regularly updates its online [National Public Bodies Directory](#).

This is a very useful and helpful source of information about the scale and costs of quangos in Scotland. Unfortunately, because there is no archive, it is harder to keep track of the changes over time.

The directory covers all public bodies, though some, such as Non-Ministerial Departments which are part of the Scottish Administration and staffed by civil servants, are not quangos.

As a result, for this research we have focused on Executive and Advisory NDPBs, as well as tribunals, health bodies and public corporations, which all feature in the directory and are classed as quangos. Though Reform Scotland would argue that some bodies, such as the new Scottish Police Authority, should be classed as quangos, for the purposes of this research we have stuck with the Scottish Government's classifications. The Scottish Government's explanation of the different categories of public bodies can be viewed [here](#).

The salary ranges of quango Chief Executives for 2011/12 are detailed in Table 2. The

salaries for Scottish Ministers in 2011/12 are detailed below:

**Table 1: Ministerial salaries**

	Ministerial salary	MSP salary <sup>1</sup>	TOTAL
<b>First Minister</b>	£83,326 <sup>2</sup>	£57,521	<b>£140,647</b>
<b>Cabinet Secretaries</b>	£43,227 <sup>3</sup>	£57,521	<b>£100,748</b>
<b>Junior Ministers</b>	£27,077 <sup>4</sup>	£57,521	<b>£84,598</b>

Of the 74 quangos detailed in the Scottish Government's National Public Bodies Directory, 60 entries provide the salary bands for Chief Executives. Two of the 60 quangos (Quality Meat Scotland and the Scottish Legal Complaints Commission) are funded by levies on their respective industries so have not been included in our research. The remaining 58 quangos are detailed in Table 2.

The data shows that the salaries of the 58 Chief Executives add up to around £7m. Specifically:

- **19 of the Chief Executives earn as much as or more than the First Minister**
- **39 earn as much as or more than a Cabinet Secretary**
- **48 earn as much as or more than a government Minister**

<sup>1</sup> [http://www.scottish.parliament.uk/Financeresources/SPCB\\_Annual\\_Accounts\\_2011-12\\_for\\_publication.pdf](http://www.scottish.parliament.uk/Financeresources/SPCB_Annual_Accounts_2011-12_for_publication.pdf)  
<sup>2</sup> <http://www.scotland.gov.uk/Publications/2012/09/1505/2>  
<sup>3</sup> <http://www.scotland.gov.uk/Publications/2012/09/1505/2>  
<sup>4</sup> <http://www.scottish.parliament.uk/Research%20briefings%20and%20fact%20sheets/SB10-56.pdf>

## RECOMMENDATION

Reform Scotland is not necessarily disagreeing with the level of salary awarded to the individuals listed. Indeed, the same could be said for all spending decisions illustrated made by quangos. However, we believe that the way in which such bodies operate is neither accountable nor transparent.

The current lack of openness and accountability is not conducive to good governance. This needs to change because the power exercised by government in our democracy derives from the consent of the people and should be exercised in their interests. It is difficult for people to judge whether that is the case when the current way in which government carries out its functions blurs accountability.

Many politicians have spoken about the need to reduce the number of quangos. However, until they realise that the problem is not a numbers game, but rather an inherent problem with the nature of quangos themselves, it is unlikely that the problem will be addressed.

It may well be the case that the salary for a particular Chief Executive is justified. However, **it is difficult to argue that any public sector salary should be higher than that of the person running Scotland, the First Minister.**

In such a case it perhaps suggests that the organisation shouldn't be in the public sector, and instead be a charity, or independent organisation, contracted by the government to carry out a certain role. Under these circumstances, what the Chief Executive is paid would be a matter for those organisations.

**Reform Scotland believes that, due to this accountability deficit, quangos should cease to exist as arm's-length bodies because they do not deliver accountability** (there is one exception to this, as noted below).

We believe each quango's functions should be either transferred to existing government departments reporting directly to a minister, or turned into a genuinely autonomous body which could then enter into an open and transparent contractual relationship with government to undertake certain functions.

In some cases, the best option will be to devolve their functions to local authorities – delivering the double benefit of accountability and real devolution.

The aforementioned exception to our recommended approach are tribunals such as the Children's Panel – they are judicial bodies separate from both the formal court system and the Scottish Government and their structure is acceptable for the specific role they perform.

**Our recommendation would introduce greater clarity, openness and transparency into the political process in Scotland, and enhance the accountability of public expenditure to the Scottish electorate.**

**Table 2: Salary bands for quango chief executives.**

All information taken from the [Scottish Government's National Public Bodies Directory](#)

Type of Quango	Name of Quango	Total Scottish Government funding 2013/14	CE salary 11/12 low range	CE salary 11/12 High range
Public corporation	Scottish Water*	£150,100,000	£235,000	<b>£240,000</b>
Executive NDPB	Scottish Enterprise	£231,100,000	£200,000	<b>£205,000</b>
Health body	NHS Lothian	£1,141,211,000	£190,000	<b>£195,000</b>
Health body	NHS Greater Glasgow and Clyde	£1,995,074,000	£185,000	<b>£190,000</b>
Public corporations	Scottish Futures Trust		£180,000	<b>£185,000</b>
Health body	NHS Lanarkshire	£865,099,000	£175,000	<b>£180,000</b>
Health body	NHS Grampian	£743,807,000	£170,000	<b>£175,000</b>
Health body	Healthcare Improvement Scotland	£15,918,000	£170,000	<b>£175,000</b>
Public corporations	Scottish Canals	£13,300,000	£155,000	<b>£160,000</b>
Health body	NHS Tayside	£629,086,000	£155,000	<b>£160,000</b>
Health body	Mental Welfare Commission for Scotland	£3,700,000	£155,000	<b>£160,000</b>
Health body	NHS Ayrshire & Arran	£603,400,000	£150,000	<b>£155,000</b>
Health body	NHS Fife	£539,486,000	£150,000	<b>£155,000</b>
Health body	NHS Forth Valley	£434,151,000	£150,000	<b>£155,000</b>
Health body	NHS National Services Scotland	£281,687,000	£150,000	<b>£155,000</b>
Executive NDPB	VisitScotland	£46,600,000	£140,000	<b>£145,000</b>
Executive NDPB	Water Industry Commission for Scotland	0	£140,000	<b>£145,000</b>
Health body	NHS Education for Scotland	£390,400,000	£140,000	<b>£145,000</b>
Health body	Scottish Ambulance Service Board (adding bands of two who served during different periods in the year)	£207,588,000	£140,000	<b>£145,000</b>
<b>FIRST MINISTER - £140,647</b>				
Public corporation	David MacBrayne Ltd	payments made to subsidiaries under legally binding contracts	£135,000	<b>£140,000</b>
Health body	NHS Borders	£175,409,000	£130,000	<b>£135,000</b>
Health body	State Hospital Board for Scotland	£33,573,000	£130,000	<b>£135,000</b>
Executive NDPB	Creative Scotland	£50,532,000	£125,000	<b>£130,000</b>
Health body	NHS Highland	£509,790,000	£125,000	<b>£130,000</b>
Health body	NHS 24	£61,500,000	£125,000	<b>£130,000</b>
Executive NDPB	Scottish Qualifications Authority	£4,900,000	£120,000	<b>£125,000</b>
Health body	NHS Dumfries & Galloway	£253,309,000	£120,000	<b>£125,000</b>
Executive NDPB	Scottish Environment Protection Agency	£35,897,000	£110,000	<b>£120,000</b>
Health body	NHS Orkney	£34,796,000	£115,000	<b>£120,000</b>
Health body	NHS Western Isles	£60,693,000	£115,000	<b>£120,000</b>
Executive NDPB	Skills Development Scotland	£187,400,000	£110,000	<b>£115,000</b>
Health body	National Waiting Times Centre Board	£44,471,000	£110,000	<b>£115,000</b>
Executive NDPB	Highlands and Islands Enterprise	£53,300,000	£105,000	<b>£110,000</b>
Executive NDPB	National Museums of Scotland	£34,166,000	£105,000	<b>£110,000</b>
Executive NDPB	Scottish Legal Aid Board	£149,062,000	£105,000	<b>£110,000</b>
Executive NDPB	National Galleries of Scotland	£14,435,000	£100,000	<b>£105,000</b>
Public corporation	Highlands and Islands Airports Ltd		£100,000	<b>£105,000</b>
Health body	NHS Shetland	£38,658,000	£100,000	<b>£105,000</b>
Health body	NHS Health Scotland	£18,522,000	£100,000	<b>£105,000</b>
<b>CABINET SECRETARY - £100,748</b>				
Executive NDPB	Royal Botanic Garden Edinburgh	£11,100,000	£95,000	<b>£100,000</b>
Executive NDPB	Scottish Natural Heritage	£52,254,000	£95,000	<b>£100,000</b>
Public corporation	Caledonian Maritime Assets Ltd		£95,000	<b>£100,000</b>
Executive NDPB	National Library of Scotland	£17,537,000	£90,000	<b>£95,000</b>
Executive NDPB	Care Inspectorate	£21,335,000	£85,000	<b>£90,000</b>
Executive NDPB	Scottish Children's Reporter Administration	£22,100,000	£85,000	<b>£90,000</b>
Executive NDPB	Scottish Criminal Cases Review Commission	£1,053,000	£85,000	<b>£90,000</b>
Executive NDPB	sportscotland	£35,150,000	£85,000	<b>£90,000</b>
Executive NDPB	Crofting Commission	£2,445,000	£80,000	<b>£85,000</b>
<b>JUNIOR MINISTER - £84,598</b>				
Executive NDPB	Cairngorms National Park Authority	£6,026,000	£75,000	<b>£80,000</b>
Executive NDPB	Loch Lomond & The Trossachs National Park Authority	£7,765,000	£75,000	<b>£80,000</b>
Executive NDPB	Scottish Social Services Council	£6,754,000	£75,000	<b>£80,000</b>
Executive NDPB	Bòrd na Gàidhlig	£5,154,000	£65,000	<b>£70,000</b>
Executive NDPB	Risk Management Authority	£900,000	£65,000	<b>£70,000</b>
Advisory NDPB	Scottish Law Commission	£995,000	£65,000	<b>£70,000</b>
Executive NDPB	Architecture and Design Scotland	£1,739,000	£60,000	<b>£65,000</b>
Executive NDPB	Royal Commission on the Ancient and Historical Monuments of Scotland	£6,100,000	£60,000	<b>£65,000</b>
Advisory NDPB	Judicial Appointments Board for Scotland	£400,000	£60,000	<b>£65,000</b>
Executive NDPB	Police Investigations & Review Commissioner for Scotland	£2,631,000	£55,000	<b>£60,000</b>

\* According to the Scottish Government's Public Bodies Directory, Scottish Water's salary range for 2011/12 was £350,000 to £400,000. As this was so much higher than any other quango, and differed to the information on the organisation's website, Reform Scotland contacted Scottish Water. Although it did not give us figures for 2011/12, we were informed that the pay range at November 2013 was £235,000 to £240,000. We have used the figures Scottish Water provided us with.