

BRIEFING: July 2014

# QUANGO SALARIES

## FAST FACTS

- 43 quango officials are paid more than the First Minister
- 132 – enough to fill the Scottish Parliament – are paid more than a Cabinet Secretary
- Over 200 are paid more than a government Minister
- Nearly 700 are paid more than an MSP
- 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 also previously published research looking at the expenditure by quangos in different areas and the total proportion of the Scottish budget spent on quangos.

Last year, we performed research which showed that 19 quango Chief Executives earn more than the First Minister.

This briefing builds on last year’s, but extends the research beyond simply Chief Executives to all quango staff.

Using information provided through Freedom of Information requests (to which 61 out of 72 quangos replied), we set out the total number of quango staff who earn more than the First Minister, a Cabinet Secretary, a Junior Minister and an MSP.

NOTE: Health boards are classed as quangos, however we have included in our figures ONLY board members and senior employees referred to in remuneration reports. In other words, we have NOT included clinicians.

## 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, Reform Scotland’s view is that 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](#).

There are 74 organisations which would be classed as quangos according to the Scottish Government’s directory. Two of the organisations, Quality Meat Scotland and the Scottish Legal Complaints Commission are not funded by the Scottish Government, but by levies on their respective industries, so we did not include them in this research. In addition, the Scottish Local Authorities Remuneration Committee was stood down in February 2013. Reform Scotland submitted Freedom of Information requests to the remaining 71 organisations asking them how many of their employees had a salary in excess of £141,000, more than £101,000, more than £85,000 and more than £58,000 – the salary levels for the First Minister, a Cabinet Secretary, a Junior Minister and MSPs – for the financial year 2012/13.

**Table 1: Politicians’ salaries**

2012/13	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>
<b>MSPs</b>	-	£57,521	<b>£57,521</b>

<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>

## FINDINGS

We received information from 61 of the 72 publicly-funded quangos. The data shows:

- **43 quango officials are paid more than the First Minister**
- **132 are paid more than a Cabinet Secretary – a six-figure salary**
- **202 are paid more than a government Minister**
- **686 are paid more than an MSP**

## RECOMMENDATION

Reform Scotland does not necessarily disagree 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 individual 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 quangos should cease to exist as arm's-length bodies because they are not sufficiently accountable (there is one exception to this, as noted below).**

We believe each quango's functions should either be 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 – something we have suggested should happen to NHS boards.

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: Quango salaries**

	Staff earning more than the FM's £141k	Staff earning more than a CabSec's £101k	Staff earning more than a Minister's £85k	Staff earning more than an MSP's £58k
<b>Executive NDPBs</b>				
Accounts Commission for Scotland	no employees			
Bòrd na Gàidhlig	0	0	0	1
Cairngorms National Park Authority	0	0	0	4
Care Inspectorate	0	1	1	23
Creative Scotland	0	1	1	6
Crofting Commission	0	0	0	1
Highlands and Islands Enterprise	0	1	1	16
Loch Lomond and The Trossachs National Park Authority	0	0	0	2
National Galleries of Scotland	0	2	2	8
National Library of Scotland	0	0	1	3
National Museums of Scotland	0	1	1	9
Police Investigations and Review Commissioner for Scotland	0	0	0	2
Risk Management Authority	0	0	0	2
Royal Botanic Garden Edinburgh	0	0	1	6
Scottish Agricultural Wages Board	no employees			
Scottish Children's Reporter Administration	0	1	1	7
Scottish Criminal Cases Review Commission	0	0	1	1
Scottish Enterprise	1	8	15	74
Scottish Environment Protection Agency	0	1	3	18
Scottish Funding Council	0	3	3	5
Scottish Futures Trust	1	5	9	13
Scottish Legal Aid Board	0	1	1	11
Scottish Natural Heritage	0	0	1	7
Scottish Qualifications Authority	0	1	2	5
Scottish Social Services Council	0	0	0	3
Skills Development Scotland	0	1	5	29
sportscotland	0	0	1	9
VisitScotland	0	2	6	19
Water Industry Commission for Scotland	0	1	3	5
<b>Advisory NDPBs</b>				
Judicial Appointments Board for Scotland	0	0	0	0
Mobility and Access Committee for Scotland	no employees			
Scottish Advisory Committee on Distinction Awards	no employees			
Scottish Law Commission	no employees			

Tribunals				
Lands Tribunal for Scotland	no employees			
Mental Health Tribunal for Scotland	no employees			
Parole Board for Scotland	0	0	0	1
Scottish Charity Appeals Panel	no employees			
Public Corporations				
Caledonian Maritime Assets Ltd	0	0	1	5
David MacBrayne Ltd	0	1	2	90
Highlands and Islands Airports Ltd	0	1	1	16
Scottish Canals	0	1	2	7
Scottish Water	4	11	19	79
Health Bodies				
NHS Ayrshire & Arran	1	6	6	7
NHS Borders	1	4	4	5
NHS Dumfries & Galloway	2	2	5	8
NHS Fife	1	3	4	4
NHS Forth Valley	4	7	8	9
NHS Grampian	2	5	5	5
NHS Greater Glasgow and Clyde	4	6	6	6
NHS Highland	1	4	6	6
NHS Lanarkshire	2	8	8	8
NHS Lothian	4	6	8	9
NHS Orkney	1	3	3	5
NHS Shetland	1	2	4	7
NHS Tayside	2	7	7	7
NHS Western Isles	1	3	5	5
Healthcare Improvement Scotland	1	2	3	9
National Waiting Times Centre Board	1	2	3	6
NHS 24	1	3	7	25
NHS Education for Scotland	4	10	16	58
NHS National Services Scotland	1	3	4	4
State Hospital Board for Scotland	2	2	6	6
<b>TOTAL</b>	<b>43</b>	<b>132</b>	<b>202</b>	<b>686</b>

The following quangos did not respond to our FOI request:

- Architecture and Design Scotland
- Children’s Hearings Scotland
- Royal Commission on the Ancient and Historical Monuments of Scotland
- Local Government Boundary Commission for Scotland
- Additional Support Needs Tribunals for Scotland
- Private Rented Housing Panel
- Mental Welfare Commission for Scotland
- NHS Health Scotland
- Scottish Ambulance Service Board

