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REQUEST FOR INFORMATION ON THE REMUNERATION OF CHIEF EXECUTIVES OF ASSEMBLY SPONSORED PUBLIC BODIES

Sir John Bourn has asked me to respond to your letter of 28 January 2003, in which you asked for information on the remuneration arrangements of Chief Executives of Assembly Sponsored Public Bodies.

Guidance on the remuneration of Chief Executives

The current remuneration arrangements for Chief Executives are set out in guidance issued by the former Welsh Office in 1996 to the (then) non-departmental public bodies in Wales. Prior to this, their annual pay awards had been determined in line with the recommendations of the Senior Salaries Review Board for the Civil Service. The 1996 guidance required the Chair of each non-departmental public body to:

- draw up a performance pay scheme for its Chief Executive that was acceptable to the Welsh Office;
- include these arrangements in the Chief Executive's contract of employment; and
- establish a Remuneration Committee which would be responsible for undertaking the Chief Executive's annual performance assessment.

The guidance stated that each performance pay scheme should be based on objective criteria and measurable targets, and that no more than 20 per cent of the total performance award should be based on an assessment of the Chief Executive's personal performance. The remainder of the award would be based on the performance of the organisation against the specific objectives set out in its Corporate Plan.

The guidance also specified that the total performance award should not normally exceed 10 per cent of the Chief Executive's annual pay. Once the total award had been determined by the Remuneration Committee, a proportion of the award would be deemed to comprise a consolidated element, representing the Chief Executive's pay rise for the following year. The exact proportion was to be determined annually by the Secretary of State for Wales (since devolution in 1999 by the First Minister).

Remuneration of Chief Executives for the 2001-02 financial year

For the 2001-02 financial year, the First Minister determined that the consolidated element of all Chief Executive pay awards (based on their achieved performance during 2000-01) would be 3 per cent. This sum would be added to the basic gross pay of each Chief Executive. The balance of the award of each Remuneration Committee would not be consolidated and would represent the 'performance bonus' payable

for the year, which is disclosed separately in the 2001-02 annual accounts.

HM Treasury guidance requires the disclosure of the emoluments of Chief Executives and other senior staff in the accounts of individual Assembly Sponsored Public Bodies, and I review these as part of my statutory audits of those accounts. As part of my audit, I seek to confirm that each body has complied with all relevant guidance in the calculation of these annual pay awards. However, I do not look to question the judgements of each Remuneration Committee in assessing the actual awards made to Chief Executives.

From my audits of the 2001-02 accounts of the Assembly Sponsored Public Bodies, I found that the guidance was indeed being applied correctly in each case. I noted that there is one body where the current remuneration arrangements depart from the precise terms of the extant guidance – at the Qualifications, Curriculum and Assessment Authority the maximum bonus payable to the Chief Executive is 13 per cent rather than 10 per cent. However, in this case the Authority had sought and obtained the necessary Welsh Assembly Government approval for these departures from the guidance.

Annex A to this letter sets out the non-consolidated bonuses paid to Chief Executives during 2001-02 (that is, in respect of their performance for 2000-01). For ease of comparison, it also sets out the gross salaries paid to each in 2000-01 and 2001-02.

Bonus payable to the Chief Executive of the National Council for Education and Training for Wales

In your letter, you also enquired as to the performance bonus paid in 2001-02 to the Chief Executive of the National Council for Education and Training for Wales (the National Council). The non-consolidated performance bonus payment of £3,900, as reported in Note 7 to the National Council's 2001-02 accounts, was in respect of the Chief Executive's performance during 2000-01 and comprised three separate elements. Two were in respect of his dual roles as Chief Executive of both the Further and Higher Education Funding Councils from 15 May 2000 to 31 March 2001, and the remainder was in respect of his equivalent role in establishing the National Council between 10 October 2000 and 31 March 2001. My staff noted during their examination of this bonus payment that only £234 (6 per cent of the total bonus) related to his performance as Chief Executive of the National Council.

LEW HUGHES

ANNEX A

Client	Chief Executive	2000-01 Gross salary (paid) (£'s)	2001-02 Gross Salary (£'s)	2000-01 Bonus (£'s)	Bonus as % of 2000-01 Salary

Welsh Development Agency	Graham Hawker	38,621	108,148	Nil	n/a
Higher Education Funding Council		79,476			
Further Education Funding Council	Steve Martin				
National Council for Education and Training for Wales			101,200	3,900	4.9
Wales Tourist Board	Jonathan Jones	65,096	67,048	3,138	4.82
National Museum of Wales	Anna Southall	64,333	66,263	4,182	6.50
Qualifications, Curriculum and Assessment Authority for Wales	J. V. Williams	61,000	63,000	5,000	7.94
Welsh Language Board	John Walter Jones	57,274	58,992	3,723	6.50
Sports Council for Wales	Dr Huw Jones	56,934	58,641	3,832	6.73
National Library of Wales	Dr Andrew Green	54,036	55,657	3,421	6.33
Care Council for Wales	Rhian Huws Williams	n/a	27,500	n/a	n/a
Arts Council of Wales	Peter Tyndall	n/a	28,500	Nil	n/a
Local Government Boundary Commission	Edward Lewis	n/a	20,697	Nil	n/a
Countryside Council for Wales	Roger Thomas	n/a	13,000	Nil	n/a