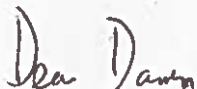


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WELSH GOVERNMENT RESPONSE TO THE PAC REPORT ON SENIOR MANAGEMENT PAY

The clerks have requested my advice on the Welsh Government response to the Committee's November 2014 report on *Senior Management Pay*. The Welsh Government accepts all 23 of the Committee's recommendations.

From the Welsh Government's response, it is clear that much of the work that will be taken forward to action the Committee's recommendations will be subsumed within work already in progress to develop a Welsh public sector pay policy and as part of the reforming local government programme. The Welsh Government has helpfully set out the anticipated timetables for that wider work. However the extent to which the work that is being taken forward will encompass all of the sectors covered by the Committee's report is not entirely clear, though the Welsh Government has indicated that it will be providing an update following a decision on the scope of the public sector pay policy work in Spring 2015.

There are a few issues that the Committee might wish to reflect on when considering whether it is satisfied at this stage with the Welsh Government response. First, the response to *Recommendation 6* suggests that the Welsh Government will be undertaking work to review monitoring arrangements linked to Accounting Directions and to ensure compliance with remuneration disclosure requirements in late Autumn 2015. This may not be sufficient to ensure greater compliance and consistency within individual sectors in the presentation of accounts for the 2014-15 financial/academic year particularly as regards higher education, further education and registered social landlords. The Committee might wish to seek further information about how the Welsh Government will seek to ensure basic compliance and consistent interpretation of current accounting directions in these sectors in the short-term, regardless of the scope of any future changes in those directions arising from the public sector pay policy work.

On a related point, the Welsh Government has indicated in response to several of the Committee's recommendations that it will be writing to local authorities to draw their attention to the Committee's report. While development of the public sector pay policy work will inevitably take some time, the Welsh Government could helpfully have committed to some wider communication about the Committee's report in the short-term. In particular the Welsh Government could encourage those sectors covered by the report to consider its findings and recommendations ahead of any more detailed guidance and requirements arising from the public sector pay policy work.

Whilst the responses to most of the Committee's recommendations refer to the timetables for activity response, the response to *Recommendation 7* does not indicate a specific timetable, whether aligned with or separate to the reforming local government programme.

Since the Welsh Government has already offered to provide further updates on certain matters in the short to medium term, the Committee might wish to request a full update on the action taken in response to its recommendations in late 2015 or early 2016. This will enable the Committee to take stock of the progress that has been made before the end of the fourth Assembly. The Committee will hopefully also have the opportunity at that point to consider the updated information on senior pay rates that the Welsh Government has committed to collating and publishing in response to *Recommendation 23* in the Committee's report.

Finally the Welsh Government has noted that how the proposed Public Services Staff Commission will assist in delivering the response to the Committee's report will depend on decisions on its role, remit and work programme. The consultation period on the Commission closes on 13 January 2015. The Committee might therefore wish to invite an update from the Welsh Government in this regard as soon as those decisions are taken.

I hope this advice is helpful to the Committee.



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES