



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Angela Burns AM
Chair – Finance Committee
National Assembly for Wales
Cardiff Bay
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Dear Angela

11 February 2011

Welsh Assembly Government Staff Numbers and Costs

Thank you for your letter of 3 February. The Committee has requested an explanation of the reduction in the proportion of SCS receiving a variable pay award in the 2010 – 2011 year, compared to the 2009-10 year.

I think it might be useful to explain the process of paying variable pay awards. Payments are assessed at the end of the reporting year which runs from April through to March. Normally, payments are made in July for the preceding reporting year. We have not made any payments yet for the reporting year 2010/11; the last payments made were for reporting year 2009/10. I would, therefore, like to suggest, to avoid any further confusion that we re-write your question to reflect this. This response is, therefore, based on an explanation for the reduction in the proportion of SCS members receiving a variable payment in 2010 based on performance in 2009.

The pay structure for members of the Senior Civil Service is managed by the Cabinet Office and overall pay bill increases for members of the SCS are determined each year by HM Treasury and the Cabinet Office. SCS pay is made up of base salary and variable pay and a specified proportion of the SCS pay bill is required to be paid in the form of variable pay awards. Variable pay awards are non-consolidated awards paid in addition to any base pay increases. They are paid as a lump sum and do not count towards pension entitlements.

In May 2010 the Prime Minister announced that the budget for Senior Civil Service performance-related pay would be reduced by two thirds for the performance year 2010/11 and only given to senior staff assessed to be the top 25% of performers.

The Welsh Assembly Government's SCS Remuneration Committee, along with many other UK Government Departments, decided to bring forward the Prime Minister's recommendation. With the agreement of the First Minister we therefore reduced the eligibility for variable pay to the top 25% performers within the SCS for payment in 2010. Clearly this had the effect of substantially reducing the number of awards made compared to the previous year. For information, 35 variable pay awards were made in 2010 for the reporting year 2009/10 compared to 118 in 2009 for reporting year 2008/09.

Yours Sincerely

GILL MORGAN

