

The price is right, by Helen Disney

How much should top public servants get paid? Do they deserve to reap large financial rewards or should the 'psychic returns' of public service suffice? Are public sector 'fat cats' worse than private sector ones and, if so, what should be done about it?

Last week, official statistics collated by The Taxpayers Alliance, a low-tax campaign group, kicked off a media debate about public sector pay rates. The research showed that some senior executives in the public sector now earn more than £500,000 a year, with pay increases well above inflation.

On average, the 171 people on the list received a rise of 8.4% between 2005 and 2006.

As well as sparking questions about the use of taxpayers' money in general, the figures also made waves with lower-paid public sector workers, who have been told by the chancellor that their pay rises must remain below 2%.

So, first off, is it 'fair' that top public servants should be paid such high salaries? Or to put it another way, which gets to the crux of the real argument, is it 'fair' that anyone is paid more than a million pounds?

The simple answer is 'yes', if they produce results of commensurate value. Too often, public support for high salaries is eroded because executive remuneration seems to reward failure rather than promote success.

If we are planning to start running public services in a more independent and business-like fashion, as the government now seems to want, then the right incentives must be in place for highly paid executives to deliver high-quality services, and to suffer financially if they do not meet expected standards.

As Peter Riddell rightly argued in *The Times* last week, the market for top executives is imperfect in both the public and private sectors and often reflects many other issues to do with public image or lack of transparency over pay deals. This needs to be looked at further to make sure high pay reflects genuine value for money and not simply cronyism.

Yet salaries and other compensations are not the whole package either. If we are going to have a sensible debate about public sector pay and about keeping costs to taxpayers down, we should also look further at working conditions and quality of life.

Any highly paid job comes at a high personal price — usually long hours, constant availability via e-mail and mobile phone and extra-curricular engagements in the evenings and at weekends.

Many people who don't do these jobs and complain about the salaries they attract don't see the whole picture of what goes into them and probably would not be prepared to give up so much of their own personal lives for their careers.

Pay aside for a moment, however, working in the public sector often comes down to more than simple compensation.

For all workers, there are other pressing issues, such as independence from political control, time spent with the patient, pupil or other service user, control over working hours and so forth.

In a survey of almost 100 former public service managers now working in the private sector, 86% of managers agreed that they had greater freedom to experiment and innovate under a contractual model than they enjoyed as a manager in the public sector.

The research, carried out by the Serco Institute, an industry-funded think-tank, also found that only a quarter of these managers would consider returning to the public sector.

Surveys of medical professionals across Europe report similar unease with lack of freedom in the public systems, including scant autonomy over the amount of time they can spend with patients, little freedom to prescribe according to medical need rather than on cost grounds, and inflexible working hours.

New grassroots organisations, such as the European Doctors Alliance and Nurses for Reform, are now springing up to try to address these issues and build support for change. Clearly something is going on here, which is bigger than pay alone.

While no one wants to see public money wasted, high salaries for top public servants are not an outrage per se.

What is a scandal is stifling the knowledge and expertise of senior public servants with too many top-down rules and targets so that they are unable to deliver the top-quality services these high-flying salaries now warrant — and which the public who hear about them will rightly expect. *Helen Disney is director of the Stockholm Network, a pan-European think-tank*