



Comisiwn y Cynulliad Assembly Commission

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Independent Review Panel into future support for Assembly Members

This paper has been prepared for consideration by the National Assembly for Wales Commission. It has been deemed suitable for publication after such consideration in line with the Commission's rules for conduct of business. Premature publication or disclosure of the contents of this paper is not permitted as this might prejudice the Commission's deliberations

Purpose and summary of issues

1. To receive the second report of the Independent Panel on Financial Support for Members and to determine the scope, approach and timetable for the new Review Panel, which will consider the pay and support for Assembly Members in the future.

Recommendations (including priority deadline)

2. That the Assembly Commission discusses the issues set out in this paper and decides on the approach to be taken. The recommendations are:
 - The scope for the review to be broad, not limited by particular questions or the existing system here or elsewhere in the UK.



- The Review Panel to conclude their work and report to the Commission by the end of 2008/09.
- All Members of the Review Panel to be independent, to be paid a fee, and to be recruited through external advertising.
- Other experts to be invited to assist the Review Panel with their work.
- Full time, dedicated support to be set up for the Review Panel. The Chief Executive to oversee the Review Panel's work personally and appoint a suitable individual to manage the process.

Discussion

3. The attached report is the second and final report of the independent panel on financial support for Assembly Members that carried out a more limited review during 2007/08. The report summarises their conclusions, including their advice on the approach for the next phase.
4. The circumstances surrounding MPs' pay and allowances in Westminster have attracted extensive media coverage and widespread, ongoing criticism. Our arrangements in Wales include better controls, and so avoid some of the most difficult criticisms. However, our approach is largely based on the same model. For a number of reasons, the time seems right to examine more fundamentally the whole approach to pay and support for Assembly Members. The Commission may therefore wish to give the Review Panel a wide brief and to make it clear that you wish them to consider all possibilities, including radical departures from current practice. The overall objective for the panel might be:

“To report to the Assembly Commission on the best way of providing support for Assembly Members that is right for Wales, so underpinning future good governance and effective public service in Wales.”

5. In order for the Review Panel to be perceived as objective and impartial, the choice of members for the Panel is important. Given the considerable sensitivities and likely media interest, the Commission may feel that all members of the Panel should be independent and that no Assembly Members, or other serving politicians, should be on the Panel. For the same reasons, it would be preferable to advertise externally for Panel members, though within this we could invite



potential candidates to apply. Arrangements could be made to carry out this recruitment quickly, so that the Panel can be established within weeks. A Panel of between six and eight members would enable us to recruit a group of people with a range of experience and backgrounds.

6. There are likely to be other individuals who can make a valuable contribution to the work of the Review Panel, possibly being paid to do so, but without being members of the panel. For example, the Auditor General for Wales, the Standards Commissioner, and our Finance and Corporate Governance Adviser (Ian Summers), have already indicated that they would be happy to assist the work of the Panel. There are others who have considerable expertise, for example within local government and the WLGA. With the Commission's agreement, we will seek to draw on a diverse range of expert help, using the most appropriate means of doing so.
7. The Review Panel needs to have adequate administrative and other resources to enable it to carry out their work effectively. We would therefore recruit an individual at a fairly senior level to manage the process, with proper support. They would report directly to the Chief Executive who will oversee the work of the Review Panel. The aim would be to have these support arrangements in place by the end of May.

Governance Matters

Financial implications

8. Payment to Review Panel members would be in line with the remuneration provided to our Independent Advisers. This budget would be managed by the Corporate Unit, as would the staffing resource mentioned in paragraph 2 above. Funds would be sought from unallocated reserves once the Assembly Commission has agreed the content of this paper.

Risk Assessment

9. There are risks associated with issues around support for Assembly Members and any other elected representatives because of adverse media comment. This can be mitigated by the fact that an Independent Review Panel has been asked to make recommendations, giving an external and evidence-based view.

Compliance



10. Section 20(6) of GOWA 2006 allows for the Assembly Commission to be given the responsibility for setting the levels of salaries and allowances for Assembly Members. Standing Order 1.7 confers this responsibility on the Commission.

May 2008



THE SECOND REPORT OF THE INDEPENDENT PANEL ON FINANCIAL SUPPORT FOR ASSEMBLY MEMBERS

Assembly Members' Allowances

Introduction

1. In our first report of 3 March 2008, we recommended:-

“...a fundamental examination of the pay and system of financial support for Members under the developing devolution settlement. This will allow for further experience of the new powers of the Assembly as they develop to inform the review, and for a new approach to be adopted, tailored for the Assembly, which had the advantages of effectiveness clarity, transparency and simplicity.”
2. This recommendation was accepted by the Assembly Commission. We considered at a further meeting whether there were particularly urgent matters relating to Members' allowances which ought to be the subject of a recommendation before the fundamental review begins its work. This short report deals with that issue, and also suggests some themes for this more fundamental review.

Evidence

3. As with our first report, we believe that any recommendation should be based firmly upon the evidence before us. We received several submissions dealing with various matters of relevance to the question of allowances. All the evidence received can be seen on the Assembly's website.
4. When taking oral evidence, we asked witnesses whether there were urgent matters which needed to be addressed before the fundamental review took place.
5. We received representations that addressing the salary structure of Assembly Member Support Staff (AMSS) was a task which needed early attention, as did the levels of office costs allowance. The former because AMSS felt that their workloads and/or levels of responsibility were increasing alongside the role of Assembly Members (AMs) under their new settlement, and the latter because the allowance was not believed to be sufficient to provide good constituency office accommodation in every area.

Panel's Conclusions



6. In relation to both of these issues, our unanimous view was that they should not be the subject of further recommendations from this Panel. They are matters which are intrinsically bound with the overall scheme of financial support for Assembly Members and must be examined in the round. Each area should be the subject of additional relevant evidence, as although the information we received contained strong views, the factual evidence to support those views was not substantial.
7. To assist the next review of this matter, we would like to list the issues drawn to our attention which we felt merited consideration.
8. In relation to **salaries, conditions and number of AMSS:-**
 - a) We noted that in terms of numbers, both the House of Commons and the Scottish Parliament had recently agreed to allow for additional support staff for their Members. However, we felt that as the Commission had as recently as last year agreed additional staff, it would be wise to consider whether extra support would be needed in the context of the entire scheme of assistance for AMs. In particular, the next review might look at working methods and whether these might be more efficient and ways of making the support more flexible. There might also be an examination of the relationship between the work done by the Assembly's permanent staff and that done by AMSS, to see whether this was effective and if duplication exists. The employment position of AMSS might also be examined in this context.
 - b) The salaries, terms and conditions of support staff should be seen in a wider context. There may be lessons from the wider public sector or other jurisdictions, rather than restricting consideration to the UK Parliament and devolved legislatures. We noted that the scales of pay for AMSS were broadly similar to those in the other UK legislatures and followed similar principles to the public sector generally.
 - c) AMSS were concerned about job security and career progression, these issues could be examined by the next review. We all felt that it would be important for any adjustments to salary scales to be made within the current financial year, to allow retrospective applications if that was deemed appropriate.
9. The issue brought to our attention in respect of **office costs allowance** was essentially one of widely differing costs for constituency office accommodation in different parts of Wales. As the maximum allowance is the same for all AMs, this results in variable standards of office accommodation. We noted that despite this problem, AMs did not all spend up to the maximum of their current allowance, but this could be a feature of careful budget management and the longer term nature of an office lease arrangement.



10. Although we appreciated the weight of these representations, again we did not feel that the issues raised could be separated from the wider review. This review might have a range of alternatives open to it, including the possibility of allowing AMs one global budget for all financial support so that they could save in one area and spend more in others, or through the Assembly setting a standard for constituency offices and funding what each Member needed to provide that standard. There was also the possibility that the Assembly itself could acquire suitable office accommodation at strategic points in Wales and AMs would use this. In view of the timing of the substantial review, it should be possible to reach conclusions on this matter and put them in place before the next Assembly elections, when most Members' leasehold arrangements can change.

Approach of the next phase

11. Our advice in respect of the next phase of this work is as follows:-
 - a) The Panel should follow an evidence-based approach, and be equipped to gather a good range of factual evidence, expert advice and opinions. It should be in a position to see the work of the Assembly itself, how AMs contribute to the effectiveness of the institution and how the support package could best facilitate this.
 - b) It should also be in a position to take evidence from a wide range of legislatures, but also from other parts of the public sector, voluntary organisations, the private sector and politics.
 - c) The Commission has accepted our recommendations in respect of the salaries of Assembly Members and made some additional decisions about this. We feel that the focus of the next phase of the review should be on the other support given to AMs, although the entire package should be viewed in the round. Our view was that the salary scheme for AMs should now be sufficiently robust to take them to the next election, although we accept that the next phase may throw up additional factors in this area which we have not had time to consider.
 - d) The Panel's membership should be drawn from a wide range of representation and expertise, and should actively engage with public opinion on this matter. The Panel should be recruited openly.
 - e) Support for the Panel should be dedicated to this task. We were assisted by those who work for the Assembly Commission in the administration of Members' salaries and allowances and their expertise was invaluable, but the next phase is likely to be complex and time consuming, so dedicated support from experienced individuals will be needed.
 - f) The time given to the Panel to complete its task should be properly assessed and although it should work to a target date, this should be realistic given the commitments of Panel members and the workload



involved. We felt constrained by time in our phase of the review. On this basis, if the Commission is anxious to conclude the work of the Panel quickly, it will need to appoint panel members who can give the required time commitment.

Conclusion

12. In summary, we make no further recommendations to the Commissioners but we hope that they will take into account the lessons from our experience in this first phase of the review. We would like to thank all those who have taken the trouble to submit evidence, both in writing and orally, and to the Commission's staff for supporting our work.