

AMs update following Remuneration Board meeting 29 August 2014

Dear Assembly Member,

The Remuneration Board met on August 29. I was delighted to welcome Prof. Laura McAllister to her first meeting. Laura brings considerable experience and knowledge of the Assembly, Welsh politics more broadly, and effective governance. She is joining the Board for a year as we conclude our preparations for the Fifth Assembly. This meeting was primarily concerned with preliminary shaping of proposals.

Remuneration: AM Pensions

The Board considered the formal responses to our most recent consultation on pensions. We are grateful to those groups who have responded. We will be responding individually to each of the issues and questions raised in these submissions in the coming weeks.

We agreed to seek further discussions with HM Treasury around the operation of the cost cap, and how other small public sector pension schemes (like the one for Assembly Members) are dealing with this requirement of the Public Service Pensions Act 2013 (PSPA).

We also considered the governance arrangements for the pension scheme, and feedback from Members that a small Pensions Board might not be able to accommodate political balance.

Considering the nature of the role of Pensions Board members¹, we concluded that there was no compelling “good governance” reason for all political parties to be represented on the Pensions Board.

The PSPA requires “employer” and “member” representatives in equal numbers on the Board. In the interests of securing the highest standards of governance, and public transparency we are keen to avoid any perceptions of conflict of interest when it comes to the membership of the Pension Board. We therefore see this as an opportunity to adopt a new approach to the governance of Members’ Pensions.

¹ The role of the Pension Board is to (i) ensure that the scheme rules and relevant laws are complied with, (ii) ensure that the requirements of the Pensions Regulator are followed and (iii) do anything else required by the scheme rules.

Consequently, the Board is considering a Pensions Board made up of two employee (members of the scheme) representatives, two employer (the Commission) representatives and chaired by an independent member appointed by the Remuneration Board.

We will now discuss these proposals – and how representation might be arranged to ensure high standards of governance - with the Commission and the current Trustees of the scheme who requested further information on this in their consultation response.

Subject to those discussions, and further information from HM Treasury, the Board's legal advisers will now draft the pension scheme rules, for the Board to consider in detail at our November meeting.

Remuneration: AM Salaries

This meeting received two draft reports commissioned by the Board. One looked at the barriers to entering the Assembly (Bangor University), the second looked at the relative job weight of various roles held by Members (HayGroup). We very much appreciate the input that some Members have provided to inform these reports. Subject to some clarifications and additional information, these reports will feed in to our October session where we will consider issues around salaries and how they combine with pensions to form the total remuneration of Members. We anticipate publishing both reports as part of the formal consultation on proposals which will emerge from that meeting.

We had an initial discussion on the significance of the remuneration package for Members and the future development of the Assembly. We also considered comparative data on salaries and total remuneration in other UK legislatures, the public sector and Welsh economy.

We will be formulating proposals on total remuneration (salary and pensions) for the Fifth Assembly at our meeting on October 16 and 17, and would welcome any input from Members in advance of that meeting.

AM Allowances

The Board considered a briefing paper on allowances. We are keen to explore ways of giving Members greater freedom while maintaining high levels of transparency and value for money and will consider proposals across the range of allowances at our October meeting.

This section of the determination includes:

- Residential Accommodation;
- Members' Travel;
- Whether to introduce some form of additional Caring Allowance;
- Office costs;
- Allowances for Members leaving office.

We would welcome any comments from Members in respect of these issues ahead of our meeting in October. We will consult formally on any new proposals before the end of the year.

As always, I am happy to meet any Members who wish to raise matters with me. Please contact the clerk on remuneration@wales.gov.uk if you wish to arrange a meeting.

Best wishes,

A handwritten signature in black ink, reading "Sandy Blair". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

**Sandy Blair CBE
Cadeirydd / Chair
Bwrdd Taliadau/Remuneration Board**