

Proposed changes to the Determination regarding salaries for Assembly Members in the Fifth Assembly

**Remuneration Board
of the National Assembly for Wales**

November 2014

The Remuneration Board

The Remuneration Board of the National Assembly for Wales is the independent body responsible for setting the pay, pensions and allowances of Assembly Members and their staff. The Board was established by the National Assembly for Wales (Remuneration) Measure 2010, which received Royal Approval on 22 July 2010.

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How to submit a response to this consultation

If you wish to submit a response, please send an electronic copy of your submission to **Remuneration@wales.gov.uk** and entitle the email "Consultation – AM Salaries"

Alternatively, you can write to:

Gareth Price, Clerk
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Cardiff Bay, CF99 1NA.

Submissions should arrive by 12 January 2014. It may not be possible to take into account responses received after this date.

When preparing your submission, please keep the following in mind:

- your response should address the questions posed by the Board. For easy reference, these are set out in Chapter 6, tables 11 and 12.
- in the interest of transparency, the Remuneration Board has agreed that it will normally make responses to public consultations available on our web pages. If you do not want your response or name published, it is important that you clearly specify this in your submission.

Introduction

The role of the Remuneration Board is to set the pay, pensions and allowances of Assembly Members. Our founding legislation makes clear that we are an independent body and, though we consult and listen to Assembly Members, they have no formal role in the decisions we take. This is important. Wales set the lead in the UK in moving to take decisions over the remuneration and financial support of its national politicians completely out of the hands of the politicians themselves. The proposals set out in this consultation document are, therefore, our responsibility alone.

As independent decision makers, our aim is to set levels of salary and pension that are appropriate for the growing responsibilities of the most important democratic institution in Wales. We are no longer talking about the fledgling Assembly established in 1999. The Fifth Assembly, starting in 2016, will be a fully-formed Parliament like those in Westminster and Scotland, with increased law-making and tax-setting powers and wide-ranging influence over life in Wales.

With new responsibilities come new expectations of Assembly Members. The National Assembly is responsible for authorising some £15 billion of expenditure to fund the delivery of public services in Wales; it oversees and challenges the actions and decisions of the Welsh Government; it makes laws for Wales, and it represents the interests of all citizens. We are proposing a significant increase in the salary of Assembly Members to reflect the weight of responsibility they now carry and the competencies that they need to fulfil their roles.

The overall package of remuneration we are proposing is designed to reward appropriately those who carry this level of responsibility. It is designed so that financial considerations should not deter talented individuals from seeking election on financial grounds. We hope that political parties and the people of Wales will share our view of the standing of the National Assembly, the quality of individuals they should expect to seek election and the level of performance they should then demand of them.

This consultation document should be viewed in conjunction with the earlier proposals we made in respect of pensions¹ as, taken together, salary and pension represent the total remuneration that Assembly Members receive. The significant changes we propose to the Members' pension scheme will make it less generous – Members will shoulder slightly more of the pension cost themselves and the pension cost to, and the risk taken on by, the taxpayer will be reduced. These changes to the pension should make the arrangements more affordable over the longer term.

¹ *Consultation on future pension arrangements for Assembly Members*, Remuneration Board, July 2014

In 2015-16 the cost of Members' salaries, additional salaries and pension contributions is forecast to be £5.2m. Overall, this package of proposals for 2016-17 would add £286,000 to the cost of salaries, office holder salaries and pension contributions.

Some will say this is a bad time to be paying higher salaries. But this is the logical time. Since the start of the Fourth Assembly, Members have seen a change in responsibility which continues to grow. It is not a question of paying more for the same: this has become a new job which demands a new level of remuneration to reflect its qualitatively different character. We have worked to identify a proper, fair and reasonable level of remuneration for the responsibilities of Members at the start of the Fifth Assembly. Having reset the level, we propose to link their salaries thereafter to the earnings of the people they serve. If wages in Wales go up, then Members will see their salaries rise too. If wages remain static or fall, then Members' salaries will do likewise.

In addition to our proposals on the base pay of Assembly Members, the Board is responsible for the setting of additional remuneration of those who hold office in the Assembly, or who are Government Ministers. This consultation also seeks views on our proposals for these office holders.

We recognise that proposals to increase the pay of politicians will always provoke a reaction from the public, the media, and from politicians themselves. It is important that the rationale and evidence that lie behind the headline figures are properly understood and that is why we have set these out in some detail in our consultation document. We hope that our proposals will lead to a considered and measured debate about the role of remuneration in influencing the strength and success of the Assembly in the future. So, if you have a view, please read this consultation document, consider the rationale for our proposals and contribute to our deliberations.

Early in 2015, we will consult again on the total package of salary, pension, allowances and support, and we intend to publish our final decisions in May. That will give anyone thinking of standing for election in 2016 a year's notice of the remuneration and financial support they can expect to receive.

A handwritten signature in black ink, reading "Sandy Blair", written over a horizontal line.

Sandy Blair CBE DL
Chair of the Remuneration Board

Preface

This consultation document sets out our proposals for Assembly Members' salaries for the Fifth Assembly starting in May 2016.

Chapter 1 sets out the Board's obligations and duties. Some of these are set out in the legislation which created the Board. Some of these are self-imposed principles that we have agreed should guide our thinking.

Chapter 2 looks at our methodology and the evidence we considered.

Chapter 3 considers the context and evolution of the role of an Assembly Member and the way that remuneration has changed over the years both in Wales and across the UK's legislatures.

Chapter 4 looks in detail at how we reached a base salary for Assembly Members; it also covers the indexation we are proposing to apply to the base salary over the five years of the next Assembly.

Chapter 5 covers the rationale behind each of the proposals for the various Executive office holders (roles in Welsh Government).

Chapter 6 does the same for office holders in the legislature (roles in the National Assembly for Wales).

Annex A provides a more detailed breakdown of the figures and total costs which our proposals would incur.

Annex B provides a summary of the Board's AM Survey results.

01. Obligations and principles

1. The Board has three statutory obligations when setting salaries, other financial arrangements and allowances for Members. These are set out in the Assembly Measure which created the Board². They are:
 - to provide Assembly Members with a level of remuneration that reflects fairly the complexity and importance of the functions which they are expected to discharge and which does not deter, on financial grounds, persons with the necessary commitment and ability from seeking election as Assembly Members;
 - to provide Assembly Members with adequate resources to enable them to exercise their functions as Assembly Members; and
 - to ensure that public money is spent with probity, accountability, value for money and transparency.
2. With respect to Members' salaries, the Measure requires the Board to make only one determination per Assembly unless it *'is of the opinion that there are exceptional circumstances which make it just and reasonable'* to do otherwise. We are therefore required to make clear in advance the salary arrangements for Members for the full five years of the next Assembly.
3. Assessment of the two central requirements in respect of remuneration – fairly reflecting the complexity and importance of the role, and not deterring those with the necessary commitment and ability from seeking election – will not necessarily lead to the same conclusion about the appropriate level of pay. We must, however, apply both tests to our decisions and find the right balance.
4. In addition to our statutory obligations, we remain committed to the three principles that underpinned the decisions described in our 2011 report, *Fit for Purpose*³. These are:
 - **strategic purpose**
our Determination should support the strategic purpose of the Assembly and facilitate the work of its Members;
 - **right for Wales**
decisions must be appropriate within the context of Welsh earnings and the wider financial circumstances which affect Wales; and
 - **value for money**
the system of financial support should represent value for money for the tax payer.

² *National Assembly for Wales (Remuneration) Measure 2010*

³ **Fit for Purpose**, *Remuneration Board of the National Assembly for Wales, March 2011.*

Strategic purpose

5. In designing a financial framework that supports the strategic purpose of the Assembly, we are grateful to the many present and past Assembly Members who have shared their thoughts and experience on the roles they fulfil. In particular, we are grateful to the Presiding Officer, First Minister, Party Leaders and Assembly Commission for their guidance on the challenges the Assembly faces today and in the foreseeable future. As the Presiding Officer described to us in correspondence in June 2014:

The challenges for the remainder of this Assembly and for our successors after the 2016 election are significant. We must cement and develop our position as the national democratic forum for Wales and swim against the tide of disengagement and disillusionment with parliamentary politics that has stemmed largely from events in Westminster. It is certain that the Assembly will acquire new responsibilities over taxation and borrowing and likely that the extent of its policy responsibilities will be widened too. It will tackle these challenges with just 60 Members - small by international standards, smaller than many local authorities in Wales and by far the smallest legislature in the UK. This places an enormous burden on Members, in particular those in opposition and on the back benches who carry sole responsibility for legislative, financial and policy scrutiny.

6. It is clear to us that, to fulfil its strategic purpose, the Assembly needs Members of the highest calibre – Members who have strong leadership qualities, are intellectually able, are utterly committed to their constituents yet able to take decisions in the national interest - and with the determination and resilience to live life under constant public scrutiny and expectation.

Right for Wales

7. We continue to believe that our decisions on financial support and remuneration for Assembly Members should be set in the Welsh context. So, in this consultation on Members' pay, although we have taken account of arrangements for parliamentarians elsewhere, we have reached our decision in the light of specifically Welsh circumstances.

Value for Money

8. As well as a duty to equip Assembly Members with the financial support and remuneration appropriate to the job, we also feel strongly that we must give the taxpayer value for money. Our decisions on pay and pensions and the transparent and fair regime we put in place around the reimbursement of necessary costs are designed to balance those factors.

02.Methodology

How we approached our work

9. In March 2014 the Board held a day of discussions with individuals with experience and/or knowledge of the Assembly. The discussions – under Chatham House rules – covered the strategic role of the Assembly, and included people from inside and outside the Assembly.
10. We invited all Assembly Members to respond to an anonymous e-survey on a range of issues – including both base and additional office holder remuneration – in May 2014. We received 17 completed surveys⁴. A 28% response rate means the survey cannot be considered to be a definitive guide to Members' views as a whole. However it provided useful information about the thoughts of some Members.
11. The Board tendered for and commissioned two independent reports to support our work on Members' remuneration:
 - Bangor University undertook research into the barriers that face people seeking to become an Assembly Member and whether salary is a significant factor in the decision to stand. Their report – *Evaluating Barriers to Entering the Assembly: What Prevents Us From Standing?*⁵ – is available to download. Their work included interviews with 20 people including current and former Members, plus past candidates and party officials.
 - HayGroup was commissioned to compare the relative job weight and responsibilities of a range of roles undertaken by Assembly Members⁶. Its report⁷ - *Job Evaluation and Remuneration Benchmarking for Assembly Members* - is also available to download on our web pages. It's work included interviews with nine different office holders and a backbench Assembly Member.
12. In June, to inform our work on Ministers' salaries – in particular to obtain greater understanding of the nature and extent of the ministerial roles – we held a series of discussions with members of the Welsh Government. We are grateful to the First Minister, Counsel General and other members of the Government for their time and responses.

⁴ *The largest party group in the Assembly wrote to the Board setting out their reasons for not responding to the survey.*

⁵ ***Evaluating Barriers to Entering the Assembly: What Prevents Us from Standing?*** Bangor University, July 2014

⁶ *This work asked them to compare the relative size of jobs, but did not ask for recommendations on pay.*

⁷ ***Job Evaluation and Remuneration Benchmarking for Assembly Members, HayGroup, August 2014***

13. In addition to the above, we also looked at a range of other data. The main ones, which we include in this paper are:
 - Comparisons with elected politicians in other UK legislatures;
 - Comparisons with various measures of median earnings in Wales over time;
 - Comparisons with other public sector roles.
14. This consultation document sets out our proposals, based on the evidence we have considered. We look forward to receiving other evidence and views through the consultation process, which we will evaluate in the New Year.

03. Context

The changing role of an Assembly Member

15. One of the Board's duties is to assess the *complexity and importance of the functions discharged* by Members. In doing so, it is important to consider how these have altered over time. From its establishment in 1999 until the end of the Second Assembly in 2007, the Assembly was increasingly recognised as the initiator of policy on devolved matters and as a major stakeholder, deriving from its democratic mandate, on non-devolved issues as well.
16. The second Government of Wales Act, in 2006, created entirely separate legislative and executive institutions in Wales and gave the 2007-11 Assembly powers to make primary law via a process involving the UK government and parliament. The yes vote in the referendum held in 2011 released the Assembly from that process so that, since the start of the Fourth Assembly in 2011, it has been free to legislate independently on any devolved matter.
17. Clarity over the extent of the Assembly's legislative reach is still evolving. In its most recent judgment⁸ on these issues, the Supreme Court made clear that it views the Assembly's power to legislate in much broader terms than many had previously believed.
18. The Wales Bill currently before Parliament implements recommendations of the Silk Commission so that the Assembly elected in 2016 will also have taxation and borrowing responsibilities for the first time. Further fiscal powers are likely to flow. In his July statement on the Welsh Government's legislative programme for the remainder of this Assembly, the First Minister indicated that it will bring forward a Tax Collection and Management Bill. This will pave the way for the replacement of UK Stamp Duty Land Tax and Landfill Tax with new, devolved Welsh taxes from 2018.
19. The Silk Commission also recommended that the Assembly's devolved policy responsibilities should be extended further with the following key recommendations for party manifestos at the next UK general election in May 2015:
 - replacing the existing conferred powers model with a reserved powers model⁹;
 - transferring powers from the UK Parliament to the Assembly for transport, broadcasting, teachers' pay, sewerage, energy consents, youth justice, policing and, in the longer term, other justice powers; and

⁸ *Agricultural Sector (Wales) Bill Reference by the Attorney General for England and Wales*

⁹ *Under a reserved powers model, a devolved parliament can legislate on any matter except those explicitly reserved to Westminster. The existing conferred powers model in Wales means that the Assembly can only legislate in the 20 policy areas that are devolved to it.*

- strengthening the capacity of the Assembly to scrutinise legislation and hold the Welsh Government to account without increasing overall political representation in Wales.

20. As we write, the Wales Bill is being considered by Parliament and it is clear that many of the recommendations of the Silk Commission are soon to become law. The legislative responsibilities of Members are now significant and certainly bear no comparison to those carried by their predecessors under earlier mandates. Looking forward, the responsibilities of those elected in 2016 will be greater still – most obviously to include powers over taxation and government borrowing for the first time, together with a likely further increase in the breadth of legislative competence. Further constitutional change is also a realistic prospect.

The size of the Assembly

21. Changes to the responsibilities of the National Assembly mean that in the Fifth Assembly the work conducted by Members will be more directly comparable with other legislatures.
22. However, the National Assembly has to undertake its responsibilities with far fewer Members than other parliaments in the UK and overseas and it is smaller than many local authorities in Wales. This is relevant to consideration of remuneration as it requires individual Assembly Members to be able to assimilate a vast amount of information about a wide range of subjects and to bear a weight of responsibility that is seldom seen elsewhere.
23. With just 60 Assembly Members, all need to play an active role in the core functions of the institution. Every week, all Members must be active in debates and questions in Plenary and in the oversight, legislative and policy development work of committees. In larger parliaments, many Members may go for long periods without such opportunity, exposure and pressure.
24. There is no hiding place in the National Assembly: all Members carry a high degree of either executive authority or responsibility for the scrutiny and oversight of government. In turn, this means that the institution cannot afford to have Members who do not have the competencies to meet these challenges.
25. Our decisions on remuneration and financial support must be made, and viewed, in this light.

How the remuneration of an Assembly Member has changed

26. When the Assembly was first established, the pay of an Assembly Member reflected recommendations from the Senior Salaries Review Body (SSRB). The essence of the SSRB's work then (and in subsequent reviews in 2001 and 2004) was to evaluate the roles and responsibilities of Assembly Members in relation to Westminster MPs and comparators in the public and private sectors.
27. In 1999, the SSRB assessed the job of an Assembly Member as equivalent to 74.3 per cent of that of a Westminster MP and set the salary accordingly. In a subsequent review in 2004, it increased that proportion to 76.5 per cent.
28. When the Government of Wales Act 2006 came into force, the responsibility for setting Members' pay and allowances transferred to the Assembly Commission. In autumn 2007, the Assembly Commission established an independent panel to consider Members' pay and allowances, particularly in the light of changes to Members' responsibilities arising from the Government of Wales Act 2006¹⁰.
29. That independent Panel reported in March 2008 and recommended that the basic salary of an Assembly Member should increase from 76.5 per cent to 82 per cent of that of a Member of Parliament – backdated to May 2007, the date of the previous Assembly election¹¹.
30. This was the position when the Remuneration Board came into being in 2010 – a time when economic austerity was a factor for everyone in Wales. In our initial consideration of Assembly Members' salaries, we concluded that there was no reason to suppose that the level of £53,852, as at March 2011, would act as a serious deterrent to standing for election as an Assembly Member. With support from the leaders of all four political parties in the Assembly, we therefore decided that Members' base salary should be fixed at that level for four years, from the beginning of the Fourth Assembly.
31. The subsequent extension of the Fourth Assembly term by a year meant that the Board had to set a salary for 2015-16. We determined earlier this year that the base salary for 2015-16 ie the year preceding the Fifth Assembly, will be increased by 1 per cent. This is broadly in line with public sector workers, but we made clear that this was an interim arrangement and that we would do a more detailed study for the Fifth Assembly¹². In 2015-16 the base salary of an Assembly Member will therefore be £54,390.

¹⁰ Report of the Independent Panel on Financial Support for Assembly Members, 2008

¹¹ Ibid

¹² **Determination on Members' Pay and Allowances**, Remuneration Board, August 2014

Elected Members in other UK legislatures

32. The most obvious comparator roles for an Assembly Member are those undertaken by elected politicians in the other legislatures of the UK.
33. In its 2014 report, HayGroup made that exact comparison. It notes that¹³:

"In 2001 when we carried out a similar exercise we placed the role in job weight terms one step below a Member of the Scottish Parliament. The primary reason at the time was the involvement of the Scottish role in primary legislation, whereas the role in Wales was confined to secondary legislation.

"...we now believe that Assembly Members should be viewed as equivalent to MSPs."

34. HayGroup now considers the weight of the job done by Assembly Members to be the same as for MSPs, and one level below MPs. It also notes that the scale of the differential is small ie 'a trained evaluator can only just tell there is a difference'.

Westminster

35. In December 2013 the Independent Parliamentary Standards Authority (IPSA) produced its final report on MPs' pay and pensions. Following detailed analysis and extensive consultation, it decided that a proper and fair salary for MPs from 2015 onwards is £74,000 per annum, linked to average earnings thereafter. This will be the salary paid to the 40 MPs representing Welsh constituencies.
36. IPSA received considerable criticism for its decision – from the public and from MPs themselves. It has justified the scale and timing of a 9.3% increase as follows:

"... we recognise that we must answer the question: why do this now? Why do this at a time of austerity, when the British economy is struggling and when household budgets are under such pressure? Our answer is simple, but not glib: the lesson of the last 30 years is that there is never a good time to tackle this question. Wait for the moment when it is politically expedient to address it – when all the stars are aligned – and one would wait a long time, risking a repetition of the sad story of those last 30 years."

37. Alongside this increase in base salary, the MP pension scheme has been made less generous and is now broadly on a par with most other pension schemes in the public sector.

¹³ *Job Evaluation and Remuneration Benchmarking for Assembly Members, HayGroup, August 2014*

Scotland

38. From 2002, the pay of a Member of the Scottish Parliament was set at 87.5% of that of a Westminster MP. At the end of 2013, the Scottish Parliament Corporate Body (SPCB) recommended to the Parliament that that link with MPs' pay should be broken and that, in future, MSP pay should be directly linked to pay increases for public sector employees in Scotland. Base pay and office holder salaries will be increased in this way from 2015. In 2014-15, the base salary is £58,678.
39. The pension scheme for MSPs has not been reviewed as it has in Westminster, Northern Ireland and Wales. The pension scheme for MSPs after the next election will therefore be more generous than those in the other UK legislatures.

Northern Ireland

40. Members' pay in Northern Ireland is set by an Independent Financial Review Panel (IFRP) similar to the Remuneration Board. The Panel recently increased the base salary of Members of the Legislative Assembly (MLA) from £43,101 to £48,000 and has fixed it at that level until the end of the Assembly in 2016. Changes to the Members' pension scheme are being consulted on.
41. The IFRP notes in its report that the key reason why MLAs have a lower salary than other elected members in the other UK legislatures is because there are so many of them per head of population¹⁴.

"The major difference that the Panel identified between the roles of MLAs, MSPs and AMs is therefore one of size and volume. The nature and complexity of much of the work undertaken in these three legislatures is broadly comparable although there are differences in the extent of the powers devolved and these have changed over time in all three bodies. However in Northern Ireland there are so many members for the size of the electorate that the overall scope and depth of the individual responsibility of each MLA is less than in other legislatures."

¹⁴*Northern Ireland Assembly Members' Salaries, Allowances, Expenses and Pensions, Report of the Independent Financial Review Panel, March 2012. Paragraph 133*

04. Assembly Member salary for the Fifth Assembly

Our approach and rationale

42. In the introduction to this consultation document, we drew attention to the fact that we are an independent body and that Assembly Members have no role in the decisions we take, other than a right to be consulted. This is particularly important in relation to our decision on salary, which we recognise is likely to be the focus of attention. Our proposals on salary are based on our own deliberations, the evidence we have collected and the conclusions we have drawn as a Board and, as such, they are our responsibility.
43. In reaching our decision on the base salary of Members in the next Assembly, we approached the task from three different angles and combined the evidence from each of these. The three broad considerations were to:
 - Ensure the salary properly reflects the responsibilities that will be carried by Assembly Members in the Fifth Assembly and the quality of the individuals needed to discharge such a vital role;
 - Look at the total package of remuneration including both salary and pension;
 - Compare data on remuneration for comparable roles and earnings in the wider economy, particularly in Wales.
44. We believe this approach has provided useful reference points to guide our thinking and that the combined approach gives appropriate assurance, so we can be confident that our conclusion is robust and well-founded. The remainder of this chapter sets out our findings in each of the three areas.

Responsibilities of Assembly Members in the Fifth Assembly

45. Assembly Members are at the heart of representative democracy in Wales. The value of democracy and our democratically elected representatives is high. The Assembly needs high calibre politicians with diverse backgrounds and skills, and a broad knowledge of the work of the Assembly. Members are accountable for the development and scrutiny of legislation, for scrutiny of the Welsh Government's policies and public service delivery, and for representing the interests of tens of thousands of constituents.
46. We swiftly concluded that retaining the base salary at its present level would be wrong. Although such a level would still place Assembly Members in the top 5% of earners in Wales (based on ONS data¹⁵), we believe it would significantly undervalue the responsibilities Members now carry and those they will be carrying in the Fifth Assembly. The weight of the job of an Assembly Member has increased considerably since the salary was last reviewed in 2011. The job weight is about to rise still further to a level broadly equivalent to that of the other national legislators in the UK.
47. While we recognise the fact that Members stand for election primarily out of a desire to serve the public and their nation, it would be perverse to set their salaries at a level that undervalues their crucial role. Indeed, we believe it would send a negative message about the standing of the Assembly and the calibre of individuals who should aspire to seek election in the future.

Total package of remuneration

48. We have consistently maintained that the salaries of Assembly Members should not be seen in isolation but as part of a package of remuneration. The principal elements of a Member's remuneration are their salary and the effective value of their pension scheme. Establishing a present value of a right to receive a pension in the future is very complex, and would result in different values being attributable to each individual Assembly Member due to differences in age, period of service and a number of other factors. For these reasons we have taken the value of the contributions made by the Assembly Commission as a proxy for the value of the pension in order to determine "total remuneration".
49. Currently, Members typically contribute 10% of their salary towards their pension and the taxpayer (through contributions from the Assembly Commission) a further 23.8%. Earlier this year we consulted on fundamental changes to the design and cost of the Members' pension scheme¹⁶. The combined effect of these changes when they are implemented in 2016 at the start of the Fifth Assembly will alter the balance of cost between the beneficiaries (Assembly Members) and the taxpayer. The nature of the pension benefits provided for service from the start of the Fifth Assembly will be less generous (save for transitional arrangements for those Members who are close to normal retirement age) and Members will shoulder a bit more of the cost themselves (10% up to 11%) and the taxpayer less (23.8% down to 16.6%) (see Table 2). The pension scheme will, however, remain an attractive scheme despite these changes.
50. Members receive reimbursement of expenses for costs which they necessarily incur in carrying out their duties up to fixed maximums set out in our Determinations on allowances. These sums do not form part of a Member's package of remuneration as they receive no personal benefit from them.

Data to inform our decision

Comparisons with Westminster

51. There is an argument that Assembly Members should now be paid the same, or have the same level of total remuneration, as MPs. The research we commissioned from the HayGroup indicated only a small difference in the job weight of the two roles, with the job weight of an AM just below that of an MP. The scale of the difference is one that HayGroup believes only a trained job evaluator could perceive and one that, in any case, need not necessarily be reflected in a pay differential.
52. Our own observation is that, although there are differences between AMs and MPs in the responsibilities they carry, the roles undertaken are similar in principle. Both represent their constituents, both can propose, amend and approve legislation, both

¹⁶Consultation on future pension arrangements for Assembly Members - July 2014. Remuneration Board.

can authorise significant sums of public expenditure and both oversee the activities of national governments. Indeed, as we set out earlier, although the portfolio of policy areas devolved to the Assembly is smaller than that of Westminster, all 60 Assembly Members carry a high degree of responsibility in relation to it.

53. There is one differentiation, however, that we believe needs to be taken into account when comparing AMs' and MPs' pay. It relates to the principle that our decisions should be taken in the Welsh context. Earnings in Wales over the last five years have been around 10-15% lower than in the UK as a whole. Assembly Members are rooted in Wales and represent the people of Wales. We believe that this should be reflected in the remuneration they receive.
54. In the past, there was a direct link between the salaries paid to MPs and those of AMs. Increases in the Assembly's responsibilities were reflected in changes of pay that took the base salary from 73% of that of an MP in 1999 to 82% after the introduction of a separate executive and legislature and primary legislative powers in 2007. However, we note that when IPSA's pay rise for MPs is brought in next year the ratio will be back to the same level as when the Assembly was established, though no-one could argue that the level of responsibility carried by an Assembly Member in 1999 is the same as it is today.

Table 1: AM base pay compared with that of an MP: 1999-2015

April/May	AM	MP	AM as % of MP
1999 (1 st Assembly)	£34,438	£47,008	73%
2003 (2 nd Assembly)	£42,434	£56,358	75%
2007 (3 rd Assembly)	£50,169	£61,181	82%
2010	£53,852	£65,738	82%
2011 (4 th Assembly)	£53,852	£65,738	82%
2012	£53,852	£65,738	82%
2013	£53,852	£66,396	81%
2014	£53,852	£67,060	80%
2015	£54,390	£74,000	74%

55. If AM pay in 2015 were to represent the 2007 level of 82% of an MP's, it would be set at around £60,700. Given that the responsibilities of the post-Silk Assembly will be more significant than the pre-referendum predecessor in 2007, there is no doubt that the ratio should be higher still. If it were to reach the long-standing Scottish 87.5%, for instance, the figure would be closer to £65,000.

Comparisons with other legislatures in the UK

56. The research conducted by HayGroup evaluated the job weight of an AM as equivalent to an MSP and just below that of an MP. The salary of an MSP is currently £58,678 and will change over the next two years in line with the pay of public sector employees in Scotland. In Northern Ireland, the salary of an MLA has been set at £48,000¹⁷ until the end of the current Assembly.
57. The following table sets out the current 2014 salaries and the effective value of pension benefits in the National Assembly for Wales, Scottish and UK Parliaments. It also sets out equivalent figures for subsequent years where known.

Table 2: Comparison of Total Remuneration¹⁸ in 2014, 2015 and proposals for 2016

	Year	Pension scheme	Salary	Employer pension contribution rate	Estimated Employer contribution (rounded)	Total remuneration
MP	2014-15	Current	67,060	20.4%	13,700	80,760
	2015-16 (a)	Future	74,000	12.4%	9,200	83,200
AM	2014-15	Current	53,852	23.8%	12,800	66,652
	2015-16	Current	54,390	23.8%	12,900	67,290
	2016-17 (b)	Future	64,000	16.6%	10,600	74,600
MSP	2014-15 (c)	Current	58,678	20.2%	11,900	70,578

(a) Contribution rate assumes 54:46 taxpayer:MP ratio given IPSA's final report on pay and pensions and GAD assessment of the cost of the scheme being 22.9% of payroll in 2013.

(b) Contribution rate if the Board's consultation proposals on pay and pensions were implemented and applied.

(c) MSP salaries have yet to be set beyond 2014-15.

¹⁷ See explanation at paragraph 41-2

¹⁸ In this report we are using Total Remuneration to mean the total pay and employer pension contributions received by a Member. See paragraphs 49-51.

AM salaries relative to the Welsh economy

58. We also took account of the levels and changes in earnings in the Welsh economy. The following table compares Members' base salary with various measures of median earnings in Wales.

Table 3: Median earnings (£) in Wales: 1999-2013

	Assembly Members basic salary	All earners median	All earners 90 th percentile	Managers & Senior Officials Median	Managers & Senior Officials 80 th percentile	Ratio of AM salary to median pay	Ratio of AM salary to mean pay
1999	34,438	16,457	29,159	22,900	34,483	2.1	1.9
2007	50,169	21,105	39,051	28,288	41,263	2.4	1.9
2008	51,899	21,830	41,320	29,874	43,321	2.4	2.0
2009	53,108	22,800	42,368	31,061	43,384	2.3	2.0
2010	53,852	23,178	41,889	31,119	43,795	2.3	2.0
2011	53,852	23,397	42,583	30,046	46,782	2.3	2.0
2012	53,852	23,617	42,956	29,974	47,220	2.3	2.0
2013	53,852	24,182	43,240	30,593	49,119	2.2	2.0
Increase since 1999	56.4%	46.9%	48.3%	33.6%	42.4%		
Increase since 2007	7.3%	14.6%	10.7%	8.1%	19.0%		

Source: Annual Survey of Hours and Earnings, Office of National Statistics

59. Since 1999 Assembly Members have seen greater growth in their base salary than the median for all earners in Wales, the 90th percentile of earners, the sub-group classified as Managers & Senior Officials and the 80th percentile of that group.
60. However, the salary freeze since 2010 means that a different picture emerges if comparison is made with 2007, the first year when the Assembly had primary legislative powers. On this measure, Members' salaries increased by around 7% between 2007 and 2013, half the growth seen in median earnings across the Welsh economy. It is also worth noting that the earnings of the 80th percentile of 'Managers and Senior Officials' in Wales increased by 19% over the period.
61. In 2009, the salary of an Assembly Member was estimated to be in the top 2% of all earners, and the top 5% of 'Managers and Senior Officials' in Wales. In 2013, Members' base pay put them in the top 5% of all earners in Wales and in the top 15-

20% of 'Managers and Senior Officials'¹⁹. Had Members' pay maintained its position in the Welsh earnings distribution, it would now be well above £60,000²⁰.

62. In addition, had pay tracked changes in any one of prices, median earnings or the earnings of the 80th percentile of 'Managers and Senior Officials' in Wales since 2007, it would have reached between £65,000 and £70,000 by 2015. Had it tracked them since 2010, the base from which the freeze was taken, it would have reached between £59,000 and £66,000 by 2015.

Other public sector comparators

63. As well as pay in other parliaments, we also considered levels of remuneration for senior roles in other parts of the public sector in Wales. In particular, we made use of the significant volume of data generated by the recent inquiry into senior management pay undertaken by the Assembly's Public Accounts Committee (PAC).
64. Data submitted to the inquiry by the Wales Audit Office examined the pay of Chief Executives and senior staff in local government in Wales, the health service, Welsh Government and other public sector bodies.

19 For all earners - 95th percentile £52,800, 96th £56,100, 97th £60,200. Sample numbers are too small to be precise for 'Managers and Senior Officials', though £53,852 is estimated to be between the 80th and 85th percentile – unpublished ASHE data for 2013 provided by Welsh Government Statistical Service.

20 The 97th percentile of earnings for all earners in 2013 was £60,200.

Table 4: Pay of senior public sector staff in Wales: 2012-13

	Chief executives		Directors and senior managers: minimum and maximum points on pay bands (£000s)	
	Min	Max	Min	Max
Local authorities	106,000	195,000	60	149
NHS bodies	120,000	200,000	50	224
National Parks	74,000	76,000	60	74
Fire Authorities	116,000	131,000	60	124
Chief Constables	133,000	154,000	75	179
Police & Crime Commissioners	65,000	85,000
Deputy Police & Crime Commissioners	41,000	66,000
Wales Probation Trust		100,000	55	85
Welsh Government		160,000	100	224
Auditor General for Wales		150,000	100	124
National Assembly for Wales Commission		140,000	50	124
Public Services Ombudsman for Wales		135,000	75	99
Arts Council for Wales		90,000	50	74
Care Council for Wales		95,000	50	74
Children's Commissioner for Wales		90,000	50	74
Countryside Council for Wales		95,000	50	99
Estyn (schools inspectorate)		105,000	50	74
Forestry Commission Wales		70,000	50	74
General Teaching Council for Wales		85,000	50	74
Higher Education Funding Council for Wales		105,000	75	99
Boundary Commission for Wales		75,000
National Library of Wales		75,000	50	74
National Museum Wales		100,000	50	99
Older People's Commissioner for Wales		90,000	50	99
Sport Wales		75,000	50	74
Welsh Language Commissioner		95,000	50	74
Head teachers		..	60	149

Sources: WAO Memorandum to Public Accounts Committee - Senior Management Pay across the Welsh public sector. Police & Crime Commissioner websites

65. Unsurprisingly, chief executive salaries across the public sector are significantly higher than Assembly Members' salaries. But a high number of other senior staff also earn well above that level, especially in the larger bodies. As illustration, a trawl through the individual financial statements required of each local authority indicates that they

employed over 1,100 individuals in Wales in 2012-13 with remuneration of more than £60,000 per annum. Information provided to the PAC shows over 300 staff in Welsh universities in 2012-13 with remuneration of £100,000 or more and over 120 in the eight FE colleges in Wales with remuneration of more than £60,000. The Welsh Government's Equality Report for 2012-13 shows that it employed around 800 staff with salaries of £50,000 or more.

66. HayGroup notes that for a job of a comparable job weight level in the UK General Market, a median salary of £82,500 would be expected, and might also include some element of performance related pay. The comparable figure for a job of similar level in the public/not for profit sector would be £69,300.
67. We could have continued to amass data of this kind, such as police superintendents, general practitioners and army officers. Indeed we did consider more comparator occupations, such as local authority leaders, NHS staff, accountants and other finance professionals, lawyers and the judiciary, as part of our research. It soon became apparent that the message was consistent and clear: although none of the data contradicted or undermined the conclusion that Assembly Members are amongst the top earners in Wales, they confirmed that a salary of £60,000-£70,000 would be consistent with those paid in other senior roles in the public sector in Wales. This is the kind of range covered by a variety of senior managers and directors in public sector organisations across Wales.²¹

Assembly Member salary for the Fifth Assembly - our conclusion

68. **Taking all of these factors into consideration, we propose to set the base salary of Assembly Members at the start of the next Assembly at £64,000.**
69. This figure reflects the level of responsibility carried by the role, is appropriate when compared with comparable roles and takes account of wider changes in earnings in Wales.
70. The base salary is 17.7% greater than that payable in 2015-16 – the final year of this Assembly. Taking into account the changes being made to the Assembly Member pension scheme, it is a 10.8% increase in total remuneration.
71. We realise that this higher salary is unlikely to receive support from all quarters. It would be a significant increase at any time, let alone when public sector finances are squeezed and many people in Wales are suffering economically. Our role, though, is to take decisions that are right for the National Assembly and, from that, for the country as a whole. To be less bold, to set a salary that does not reflect the weight of

²¹ See Annex A for a range of director and senior manager pay bands across the Welsh public sector.

responsibility carried or the quality of individual needed, would be to do the institution and the country a disservice in the long term.

72. As an alternative to setting the salary at £64,000 in 2016, the Board considered whether it would be appropriate to phase the change in salary over the course of the next Assembly. However, this would mean that the total remuneration would be at a level below our assessment of what is correct for four years. On balance, therefore, we are not proposing such a phased approach.
73. Wales needs good governance and good government. This requires a strong, effective National Assembly. For it to be so, the individual Members of the Assembly must be exceptional in their motivation and abilities and remunerated appropriately.
74. Our proposal, therefore, is intended to send a signal about the standing of the National Assembly, the calibre of individual that the Welsh electorate should expect to represent them, and the level of performance that they should demand of them. We hope too that it will be a spur to the political parties to help them diversify and strengthen the candidates they put forward.

Question 1: Do you agree with our proposal that Assembly Members should be paid a base salary of £64,000 in 2016-17, the first year of the Fifth Assembly? Please explain your view.

Indexation

75. With respect to Assembly Members' salaries, the Board is required to make only one determination per Assembly unless it *'is of the opinion that there are exceptional circumstances which make it just and reasonable'* to do otherwise.
76. We therefore propose to establish a correct level of salary for the first year of the Fifth Assembly and then to adjust each year to reflect changes in median earnings in Wales.
77. We considered whether the link should be with public sector pay. We decided against this. Members represent all the citizens of Wales and so we believe strongly that their pay should be linked to an indicator that reflects all sectors of the economy.
78. The Office of National Statistics produces two measures which we could use for this purpose:
 - the Annual Survey of Hours and Earnings (ASHE) provides data on annual gross pay for full-time employees. It is usually published in November and updated in March; or
 - a rolling three month measure of average gross weekly earnings (AWE) of full-time employees which is published quarterly.
79. Differences in the way the data are compiled mean that they vary in their volatility from period to period. Comparing Welsh figures for the two indicators, making comparisons over the last seven years, the ASHE figures have been subject to less dramatic fluctuation than the AWE figures.
80. We propose that the remuneration of Assembly Members should be indexed each year in line with changes to median earnings in Wales as measured by the relevant year's March update to ASHE.

Question2: Do you agree that it is appropriate to index Assembly Members' pay over the five years of the Fifth Assembly?

Question2A: If so, do you agree that the ASHE figure for median gross weekly earnings of full-time employees in Wales is the appropriate index?

05. Additional salaries for office holders

81. Our remit requires us also to set salaries for the First Minister and members of the Government and for any other remunerated office holders within the Assembly. It is our responsibility to decide which offices should attract additional remuneration and, if so, at what level.
82. Of the Assembly's 60 Members, 34 (plus the Counsel General) currently receive additional salary in respect of the responsibilities of the offices they hold – the Presiding Officer and Deputy Presiding Officer; party leaders; committee chairs; party business managers, the First Minister and other members of the Welsh Government. Though this proportion is high, it is a function of the small size of the National Assembly. Like any legislature, it relies upon certain key office holders to drive its work if it is to be effective. Those offices are common to any parliament and executive, irrespective of size, and are likely to represent a higher proportion of total membership in smaller institutions. We believe that the holders of those offices carry significant responsibilities, over and above those of an ordinary Assembly Member, that warrant additional remuneration.
83. When the same individual Assembly Member holds more than one remunerated office, s/he is eligible for the higher additional salary only.

Remunerated roles

84. We propose that additional salaries should be paid to the holders of the following roles within the National Assembly for Wales:
 - Presiding Officer
 - Deputy Presiding Officer
 - Opposition Group Leaders
 - Committee Chairs
 - Assembly Commissioners
 - Members of the Business Committee
85. We propose that additional salaries should be paid to the holders of the following roles in the Welsh Government:
 - First Minister
 - Minister
 - Counsel General
 - Deputy Minister

86. Details of all the changes and comparisons with 2015-16 are included in Table 13 in Annex A.
87. Our approach to setting the level of additional salary for each of those roles was informed by the HayGroup research on job weighting and built upon our decision in respect of the base salary of an Assembly Member.
88. Many of the roles of Assembly Members that we have described earlier in this report, relating to the oversight and challenge of the executive, are not, by definition, carried by those who are members of the Welsh Government. For this reason, we split our consideration into two blocks: those relating to the operation of the executive: the First Minister, Ministers, Deputy Ministers and Counsel General; and those relating to the operation of the Assembly as a legislature and institution.

Welsh Government roles

89. In the proposals that follow we have shown the salary element for those in executive roles as a total salary. We feel this is the simplest way to present the proposal and reflects the fact that the primary driver for the remuneration of a member of the Government will be their executive responsibilities rather than the core duties of other Assembly Members (holding the Government to account, scrutinising legislation, participating in committee work and so on). In practice, this total salary will be made up of the base salary received by all Members and an additional salary relevant to the particular office held.
90. The starting point for our proposals on additional salaries for members of the Government is the amount to be paid to the First Minister. Together with the base salary for all Assembly Members, this provides the parameters within which all other decisions on office holder salaries are taken.

First Minister

91. The position of First Minister is the most important political office in Wales. It carries great responsibility, workload and public scrutiny. There is no question that the position should be remunerated highly. Yet we are also conscious that those who take on such roles do so because they wish to serve their country, not because of the salary offered. Indeed, were the Prime Minister of the UK, or First Ministers of any of the devolved nations, paid at a rate that truly reflected the weight of their job, they would almost certainly receive many times the current amounts.
92. The research we received from HayGroup assessed the weight of the role of First Minister as being some way below that of the UK Prime Minister, very slightly below that of the First Minister of Scotland and in the same range as a UK Cabinet Minister.
93. We are conscious that the pay of the Prime Minister has reduced significantly in recent years as a result of a series of political decisions. Though it does not, therefore,

provide a particularly meaningful benchmark against which to judge the First Minister's remuneration, we do not believe it would be justifiable to exceed it.

94. We therefore propose to set the total salary of the First Minister at £140,000.

Table 5: Salaries of First/Prime Ministers in the UK²².

	UK (2014)	Scotland (2014)	Northern Ireland (2014)	Wales (2014)	Wales (proposals for 2016)
Members' Basic Pay	£67,060	£58,678	£48,000	£53,852,	£64,000
Prime/First Minister	£142,500	£143,680	£120,000	£134,722	£140,000

Ministers

95. Ministers in the Welsh Government carry a high level of executive responsibility. As HayGroup's report puts it, "These are significant political and managerial roles with a major impact on life in Wales."
96. Some ministerial portfolios are larger than others and there is a case for remunerating them differently. We have rejected this idea and propose a single salary level for all Ministers. All are members of Cabinet taking collective responsibility for the primary decisions of government and the remit given to each is a matter for the First Minister.
97. Clearly the weight of the role is smaller than that of the First Minister. Nonetheless, the addition of fiscal powers to the arsenal of the Welsh Government means these roles will have greater responsibilities in the Fifth Assembly. On the other hand, the additional responsibilities of scrutiny and oversight, which forms the basis for our proposal on the base salary of Assembly Members, are not carried by members of the Government.
98. HayGroup assessed the weight of role as equivalent to a Minister of State in the UK government. A UK Government Minister of State's salary in 2014 is £98,740. It also suggests that a similarly weighted role elsewhere in the UK market would attract a salary in the region of £278,000.
99. Taking all these factors in to consideration we propose to set the total salary of a Minister in the Welsh Government at £100,000.

²² *Job Evaluation and Remuneration Benchmarking for Assembly Members, HayGroup, August 2014, p18*

Table 6: Ministerial salaries in the UK²³

	UK (2014)	Scotland (2014)	Northern Ireland (2014)	Wales 2014	Wales (proposals for 2016)
Members' Basic Pay	£67,060	£58,678	£48,000	£53,852	£64,000
Cabinet Minister	£134,565	£102,775	£86,000	£95,801	£100,000
Minister of State (UK only)	£98,740	N/A			

Deputy Ministers

100. As with Ministers, the weight of responsibilities carried by Deputy Ministers varies considerably. Some have been responsible for taking legislation through the Assembly and others have portfolios which might, in the UK Government, be shared across several Ministries.
101. Deputy Ministers are not members of the Cabinet. Each reports to one or more Ministers. There are, therefore, fundamental differences in their weight of responsibility and accountability as compared to Ministers.
102. HayGroup assessed the weight of role as equivalent to a Parliamentary Under Secretary of State in the UK government. A Parliamentary Under Secretary of State's salary in 2014 is £89,435. HayGroup also suggest that a similarly weighted role in the general UK Market could earn £145,000, while elsewhere in the public/not for profit sector the salary would be in the region of £123,000.
103. Taking all these factors in to account we propose to set the total salary of a Deputy Minister at £85,000.

²³ Job Evaluation and Remuneration Benchmarking for Assembly Members, HayGroup, August 2014, p18

Table 7: Ministerial salaries in the UK

	UK (2014)	Scotland (2014)	Northern Ireland (2014)	Wales (2014)	Wales (proposals for 2016)
Members' Basic Pay	£67,060	£58,678	£48,000	£53,852	£64,000
Deputy Minister	£100,620 ²⁴	£86,300	£60,000	£80,237	£85,000
Parliamentary Under Secretary of State (UK only)	£89,435	N/A			

Counsel General

104. The Counsel General's role is unique. As the Welsh Government's Law Officer, the Counsel General is the Government's chief legal advisor and represents the Government in the courts. He can also refer matters to the Supreme Court for judgement. The Counsel General's role in respect of the three Assembly Bills that have been considered by the Supreme Court illustrates the significance of the role in shaping the legislative powers of the Assembly and the constitutional position of Wales.
105. Although the current incumbent is not an Assembly Member, he is accountable to the Assembly for the exercise of his statutory functions; answers questions in the Assembly every four weeks and attends Cabinet. In principle, the position could be held by an Assembly Member, but we agree with the view of the current Counsel General and members of the Government, that the nature of the role today is likely to require the skills of a senior lawyer. Although the role was described to us as full-time, the current incumbent also undertakes some private work.
106. Law Officer roles exist at UK level and in the other devolved nations. The asymmetry of the positions though – for instance the absence of a separate legal jurisdiction for Wales – meant that we found it difficult to draw direct comparison of job weight and remuneration.

²⁴ Minister of State, House of Commons

107. HayGroup assessed the weight of role as equivalent to a Minister in the Welsh Government and a Minister of State in the UK government (see Table 6, above).
108. In our view, the role is important and carries significant job weight. We are not convinced, however, that the salary offered should be at the level that could be demanded by a senior constitutional lawyer working full time in private practice.
109. We propose that the total salary of the Counsel General should at the start of the Fifth Assembly be at the same level as that of a Minister ie £100,000.

National Assembly roles

110. The following roles carry additional responsibilities above those of an ordinary Assembly Member. In our view they are key to the effective functioning of the National Assembly as a parliamentary body and therefore warrant additional remuneration. We propose to pay additional salaries to the holders of these various offices as they lead and drive the strategic operation of the whole institution.

Presiding Officer

111. Just as the First Minister is the head of the executive arm of government, so the Presiding Officer is the leader of the parliamentary arm.
112. The Presiding Officer is the figurehead of the parliament, speaking for it and protecting and enforcing its powers. As the chair of the Assembly Commission, the Presiding Officer sets the strategic direction of the organisation itself. As the chair of the Business Committee, the Presiding Officer leads the organisation of the formal business of the Assembly as well as chairing its proceedings in Plenary and ruling on matters of order.
113. Historically, the remuneration of the Presiding Officer has been the same as that of a Minister. This job weight was confirmed by the HayGroup research. We propose to break that link and to signal that, as the head of the legislative arm of our constitution, we view the role as carrying even greater significance.
114. We propose that the total salary of the Presiding Officer should be £105,000.

Table 8: Salaries of Presiding Officers and Speakers in the UK

	UK (2014)	Scotland (2014)	Northern Ireland (2014)	Wales (2014)	Wales (proposals for 2016)
Members' Basic Pay	£67,060	£58,678	£48,000	£53,852	£64,000
Speaker/ Presiding Officer	£142,826	£102,775	£92,000	£95,801	£105,000

Deputy Presiding Officer

115. In the absence of the Presiding Officer, the Deputy carries all of the same responsibilities in relation to formal Assembly proceedings. While it is not a formal requirement of the role, the current incumbent has also taken on a variety of other roles, for example, chairing one of the Assembly's core scrutiny committees.
116. As in other legislatures, and in the current Assembly, we propose to remunerate the role at the same level as a Deputy Minister.
117. We propose that the total salary of the Deputy Presiding Officer should be £85,000.

Table 9: Salaries of Deputy Presiding Officers and Deputy Speakers in the UK

	UK (2014)	Scotland (2014)	Northern Ireland (2014)	Wales 2014	Wales (RB proposals for 2016)
Members' Basic Pay	£67,060	£58,678	£48,000	£53,852	£64,000
Deputy Speaker/ Presiding Officer	£108,430 ²⁵	£86,300	£57,000	£80,237	£85,000

Committee Chair

118. Much of the Assembly's core business is conducted through the work of its committees. Committee chairs - through leadership, shaping of their committees' agendas, and representing their committees in Plenary, the media and in Welsh public life - have an important role in supporting and driving the strategic goals of the Assembly.
119. In our 2011 report on office holder remuneration we attempted to define the role and responsibilities of committee chairs for which we felt additional remuneration was warranted²⁶. We were pleased that the role description was subsequently taken up by the Assembly's Business Committee and promulgated as a means to set the Assembly's expectations of its chairs. Since then, we understand that several committee chairs have used the role description to gather feedback on their performance from their committee members and others and as a basis for their own professional development.

²⁵ *Chairman of Ways and Means, House of Commons*

²⁶ **Office Holder Remuneration**, Remuneration Board of the National Assembly for Wales, July 2011

120. These are all positive steps that we welcome. We are also very supportive of the ambition described in the Assembly Commission's report on world class committees²⁷ and the significance it attaches to the role of committee chair.
121. We share the Commission's desire, expressed last year in its Review of Committee Support, to see a programme of systematic professional development activity for committee chairs. While this is not a matter for us to insist upon, we hope that all office holders, not just committee chairs, would wish to embrace opportunities to develop and refresh their skills.
122. To be effective, a professional development programme specific to committee chairs will need to be genuinely supported by the incumbents themselves, the Assembly Commission and the party groups in the Assembly.
123. With capable, high performing chairs, the effectiveness of the Assembly scrutiny and legislative functions is enhanced greatly. Without them, the Assembly will never function as the world class parliament to which the Assembly Commission aspires. In recognition of this, we propose to increase the additional salary paid to committee chairs.
124. During the Fourth Assembly the Board has set two levels of additional salary for committee chairs. Chairs of the core committees which scrutinise legislation, finance and policy are paid at a higher level ie £12,420 on top of the base salary. Those of two committees - Petitions and Standards of Conduct – are remunerated at 2/3 of that rate, ie £8,280 on top of base salary. In principle we are happy to continue to follow that approach. Based on a committee system broadly equivalent to today's, we propose that the higher rate of additional salary for committee chairs should be £13,000, taking the total salary for a Member holding the position to £77,000. If the next Assembly were to adopt a committee system that, in our view, justified a lower level of payment for chairs of some committees, we propose that that lower rate should be approximately 2/3 of the higher rate ie £8,660.
125. However, the Board cannot come to final judgement on remuneration for committee chairs until the committee system of the next Assembly is in place. We will, therefore, revisit the issue, to confirm the final rate or rates, early in the Fifth Assembly.

²⁷ **Review of Support for Committees**, National Assembly for Wales Commission, December 2013.

Assembly Commissioner

126. The corporate body for the National Assembly for Wales is known as the Assembly Commission. It is made up of the Presiding Officer, and four other Assembly Members, known as Commissioners.
127. Commissioners are subject to distinct duties, which require them to act independently of their political parties. Whilst they can take into account the views of colleagues within their political groups, they are not representatives of them. They must act collectively and take joint responsibility for the duties conferred on them as a Commission. Commissioners are required to oversee strategic decisions made by Commission staff in managing the resources put in place to support the National Assembly's work, and to hold the Assembly's management to account.
128. The HayGroup report assessed the weight of this role to be just below that of a committee chair. However, the role of the Commissioners is important in the running of the Assembly and the Board's view is that it should retain parity with the higher additional salary paid to committee chairs.
129. We propose that the additional salary for Assembly Commissioners should be £13,000, taking the total salary for a Member holding the position to £77,000.

Opposition group leaders

130. Effective opposition within the Assembly leads to better government. The leaders of the opposition groups are, therefore, critical to the performance of the Assembly. Although each will undertake their roles according to their own priorities and leadership styles, all must have a grip on every aspect of party policy and management, and present to the nation an alternative vision to that of the Government,
131. In our 2011 report on office holder salaries we identified a number of key areas of responsibility. These include:
- setting their group's strategic direction;
 - presenting an alternative vision to that of the Government;
 - providing constructive opposition to government including working consensually;
 - holding the Government to account, and challenging it when appropriate;
 - influencing policy and legislation;
 - developing party policy;
 - representing the Assembly;

- acting as chief spokesperson for the party and its policies; and
- managing Assembly Members and staff within the party group.

132. The work done by HayGroup weighted the responsibilities of the largest opposition party in the Assembly as similar to that of a Minister. Our observation is that the Assembly is not based on a binary Westminster model. In the Assembly, the role of all the opposition party leaders is crucial in holding the Government to account.
133. We therefore propose to continue to pay all opposition group leaders a base level of additional salary to reflect the contribution of their roles to the achievement of the Assembly’s strategic purpose. We also propose to continue to pay a proportional element, dependent on the size of the group, to reflect the additional responsibilities and complexities involved in leading larger parties. This will be capped at the level of a Minister.
134. We propose that the base additional salary payable to the leader of any opposition group (currently defined by the Assembly’s Standing Orders as three Members or more) should be the same as a committee chair, £13,000. A further £1,000 per Member in the party group will be payable up to a maximum total salary (basic + additional) of £100,000 (ie the salary of a Minister).

Table 10: Current and proposed Opposition Party Group leader additional salaries

	2014 salary	Proposed 2016 salary
Basic Formula	£54,390, base salary, plus £12,420 + £1,000 per group member up to £41,949	£64,000 base salary plus £13,000 + £1,000 per group member up to £36,000
Practical examples		
Leader Group of 5	£71,810	£82,000
Leader Group of 10	£76,810	£87,000
Leader Group of 15	£81,810	£92,000

The Business Committee

135. In the current Assembly, additional allowances are paid to the business managers of each of the political groups in the Assembly, with the amount received being dependent on the number of Assembly Members in the group. We propose to change that in two ways: to remunerate the members of the Business Committee – the Assembly’s mechanism for organising and managing its formal parliamentary business – and to pay each the same amount, irrespective of group size.
136. The Business Committee is chaired by the Presiding Officer and has responsibility for organising Government and Assembly business in Plenary. It is also responsible for proposing committee structures and remits at the outset of a new Assembly, agreeing timetables for consideration of legislation by committees and considering

revisions to the Standing Orders which govern the Assembly's procedures. In line with Standing Orders, each party group in the Assembly nominates a Member to sit on the Business Committee in order to represent their group.

137. The work of these business managers is not confined to the Business Committee itself. An important aspect of the role is undertaken behind the scenes, negotiating and managing Assembly business and proceedings. We continue to see this work as a key factor in ensuring the effective conduct of Assembly business.
138. The role of party business manager is often combined with that of whip. We are clear that the business manager role in supporting the strategic purposes of the Assembly should be remunerated but the internal political party work of a whip should not.
139. Since the Business Committee is the formal manifestation of parliamentary management for all groups in the Assembly, we intend to use it as the basis for the payment of additional salary. We propose that members of the Business Committee should receive an additional salary equivalent to 2/3 that of the higher committee chair rate (ie £8,670 in 2016).

Question 3: Do you agree with the Remuneration Board's proposals for remuneration of:

- **Presiding Officer;**
- **Deputy Presiding Officer;**
- **Committee Chairs;**
- **Commissioners;**
- **Opposition Group Leaders;**
- **Business Committee Members;**
- **First Minister;**
- **Welsh Ministers;**
- **Deputy Ministers;**
- **Counsel General.**

Question 3A: if you disagree, please explain why and what you think would be an appropriate level of remuneration for that post.

06. Summary of proposals and questions

Our proposals

140. In our thinking the Board has considered both salary and pensions together in what we refer to as total remuneration. We think this is the fairest way to consider what each individual Assembly Member receives from the taxpayer.

141. The table below provides an at-a-glance summary of the Board's proposals.

Table 11: Summary of the Board's proposals for 2016-17²⁸

Office holder salaries	2015-16 total salary	2015-16 total remuneration	2016-17 total salary	2016-17 total remuneration
AM basic salary	£54,390	£67,300	£64,000*	£74,600
Welsh Government roles				
First Minister	£135,260	£167,500	£140,000	£163,200
Welsh Minister	£96,339	£119,300	£100,000	£116,600
Counsel General	£96,339	£119,300	£100,000	£116,600
Deputy Minister	£80,775	£100,000	£85,000	£99,100
National Assembly roles				
Presiding Officer	£96,339	£119,300	£105,000	£122,400
Deputy Presiding Officer	£80,775	£100,000	£85,000	£99,100
Assembly Commissioners	£66,810	£82,700	£77,000	£89,800
Committee chairs (higher)	£66,810	£82,700	£77,000	£89,800
Committee chairs (lower)	£62,670	£77,600	£72,660	£84,700
Business Committee attendee	N/A ²⁹	N/A	£72,660	£84,700
Opposition group leader (14) ³⁰	£80,810	£100,000	£91,000	£106,100
Opposition group leader (11)	£77,630	£96,100	£88,000	£102,600
Opposition group leader (5)	£71,810	£88,900	£82,000	£95,600

²⁸ Figures for total remuneration are rounded to the nearest 100, as these are estimates.

²⁹ In 2015 payments were made to business managers relative to the size of their group. Full details can be seen in Annex A.

³⁰ The figures in brackets represent the size of the current groups in the Assembly. Groups in the next Assembly may be of different sizes but we have used the current figures in our projection to provide a straightforward comparison.

Consultation questions

142. We have set out specific consultation questions following each proposal in the document. Some address issues of principle, but in general, we are asking what your views are, and, where you disagree with our conclusions, to explain why you think a different figure would be more appropriate.

Table 12: Consultation questions

Issue	Questions
Assembly Member base salary	Do you agree with our view that Assembly Members should be paid a base salary of £64,000 in 2016-17, the first year of the Fifth Assembly? Please explain your view.
Indexation	Do you agree that it is appropriate to index Members' pay over the five years of the Fifth Assembly?
	If so, do you agree that the ASHE figure for median gross weekly earnings of full-time employees in Wales is the appropriate index?
Office holder salaries	Do you agree with the Remuneration Board's proposals for remuneration of: <ul style="list-style-type: none"> – First Minister; – Welsh Ministers; – Deputy Ministers; – Counsel General – Presiding Officer; – Deputy Presiding Officer; – Committee Chairs; – Commissioners; – Opposition Group Leaders; – Business Committee members.
	If you disagree, please explain why and what you think would be an appropriate level of remuneration for that post.

Details of how to respond to the Consultation can be found on page 4.

07. Annex A

Additional data tables

Table 13: Full comparison and percentage change in total remuneration from 2015-16 and 2016-17

	2015-16 AM salary	2015-16 Office holder salary	2015-16 Total salary	2015-16 Total remuneration	2016-17 AM salary	2016-17 Office holder salary	2016-17 Total salary	2016-17 Total remuneration	Percentage change in total remuneration
AM salary	£54,390		£54,390	£67,340	£64,000		£64,000	£74,620	10.8
Welsh Government roles									
First Minister	£54,390	£80,870	£135,260	£167,450	£64,000	£76,000	£140,000	£163,240	-2.5
Welsh Minister	£54,390	£41,949	£96,339	£119,270	£64,000	£36,000	£100,000	£116,600	-2.2
Counsel General (if not an AM)	£96,339	N/A	£96,339	£119,270	£64,000	£36,000	£100,000	£116,600	-2.2
Deputy Minister	£54,390	£26,385	£80,775	£100,000	£64,000	£21,000	£85,000	£99,110	-0.9
National Assembly roles									
Presiding Officer	£54,390	£41,949	£96,339	£119,270	£64,000	£41,000	£105,000	£122,430	2.7
Deputy Presiding Officer	£54,390	£26,385	£80,775	£100,000	£64,000	£21,000	£85,000	£99,110	-0.9
Assembly Commissioners	£54,390	£12,420	£66,810	£82,710	£64,000	£13,000	£77,000	£89,780	8.5
Committee chairs (higher)	£54,390	£12,420	£66,810	£82,710	£64,000	£13,000	£77,000	£89,780	8.5
Committee chairs (lower)	£54,390	£8,280	£62,670	£77,590	£64,000	£8,660	£72,660	£84,720	9.2
Business Committee member	See table below for business managers				£64,000	£8,660	£72,660	£84,720	

Opposition leader (14)	£54,390	£26,420	£80,810	£100,040	£64,000	£27,000	£91,000	£106,110		6.1
Opposition leader (11)	£54,390	£23,240	£77,630	£96,110	£64,000	£24,000	£88,000	£102,610		6.8
Opposition leader (5)	£54,390	£17,420	£71,810	£88,900	£64,000	£18,000	£82,000	£95,610		7.5
2015 - party business managers	2015 addition	Total Remuneration								
Party business manager (30)	£12,420	£82,710								
Party business manager (14)	£9,710	£64,100								
Party business manager (11)	£8,960	£63,350								
Party business manager (5)	£7,460	£61,850								

Table 14: Overall cost of the Remuneration Board's Assembly Member salaries proposals³¹**All figures in 1,000s**

Assembly Members	2015-16 Forecast	2016-17 Forecast	Change
Salary costs	£3,263	£3,840	£577
Office holder costs	£899	£824	(£75)
Pension contributions	£990	£774	(£216)
Total	£5,152	£5,492	£286

Source: National Assembly for Wales forecasts of expenditure.

³¹ NB These figures are the Assembly finance team's forecast of what would be paid out during the financial years if the proposals in this document were adopted.

08. Annex B

Summary of AM survey results

Background

In order to inform the Remuneration Board's proposals for the remuneration and support of Assembly Members during the Fifth Assembly all 60 Members were invited via email and the Members' intranet to complete a short online survey. The Board's request was also repeated in an email from the Presiding Officer.

The survey period ran from 15 May 2014 to 7 June 2014 and a total of 17 responses were received. 13 responses were in English and 4 responses were in Welsh. This represents a response rate of 28% and the results may not be representative of the views of all Assembly Members.

The largest party group wrote to the chair expressing reservations about the survey, saying they would not be responding and would prefer to give their views in other ways eg via the Assembly Member representative group and face-to-face meetings.

The response rate is lower than in the previous survey carried out in 2011 where 22 Assembly Members responded (37%).

The survey was anonymous and not every respondent answered every question. This paper provides a summary of the responses to each question.

Results

Members' prioritisation of responsibilities

Respondents were asked when carrying out their current role how they would rank several functions in order of importance.

Some 17 Members responded to this question, and their answers are set out in the table below.

Figure 1: In carrying out your current role, how would you rank the following in order of importance? (1 = most important and 7 = least important)

	Rank						
	1	2	3	4	5	6	7
Supporting my party	17.6	0.0	0.0	11.8	11.8	17.6	41.2
Holding the Government to account on policy and finance	17.6	47.1	23.5	11.8	0.0	0.0	0.0
Scrutinising legislation	17.6	17.6	35.3	11.8	11.8	0.0	5.9
Dealing with constituency casework	23.5	23.5	17.6	17.6	5.9	0.0	11.8
Monitoring performance and protecting/promoting the interests of the constituency	23.5	5.9	5.9	11.8	47.1	5.9	0.0
Devising and promoting policy options appropriate to Wales	0.0	0.0	17.6	11.8	17.6	47.1	5.9
Responsibilities associated with your additional office holder role	0.0	5.9	0.0	23.5	5.9	29.4	35.3
	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Dealing with constituency casework and monitoring performance and protecting/promoting the interests of the constituency were the highest priorities for 23.5% of respondents, followed by holding the Government to account on policy and finance, scrutinising legislation and supporting my party which were all seen as most important by 17.6% of respondents. No Assembly Members said that devising and promoting policy options in Wales or responsibilities associated with their additional office holder role were their number one priority.

In what way, if any, does the reality of your work as an Assembly Member in the Fourth Assembly differ from your expectation when you were elected?

Of the 11 responses to this question, many outlined that they did not expect such a heavy workload, which was mainly down to the preparation required for committee and Plenary business, adapting to changes in the legislative process and an increase in casework.

What can the Remuneration Board do to help Assembly Members more effectively fulfil their responsibilities?

Of the 11 responses to this question, many stated that there needed to be some flexibility around the management of their office budgets, in particular relating to the employment of staff and the commissioning of research. Some outlined the demands of the role and

how important it was for the Board to be aware of these challenges when coming to its conclusions.

Given the responsibilities of the role, do you think that this level of base salary is too low, about right or too high?

Of the 15 responses received eight (53.3%) stated that salary levels were about right, seven (46.7%) thought they were too low and none indicated that they were too high.

In which of the following bands do you feel the base salary of an Assembly Member should be?

< £50k, £50-60k, £60-70k, >£70k

Seven respondents (46.7%) indicated that the base salary of an Assembly Member should be either £50,000 - £60,000, and seven indicated £60,000 - £70,000. One respondent stated that Assembly Member salaries should be more than £70,000.

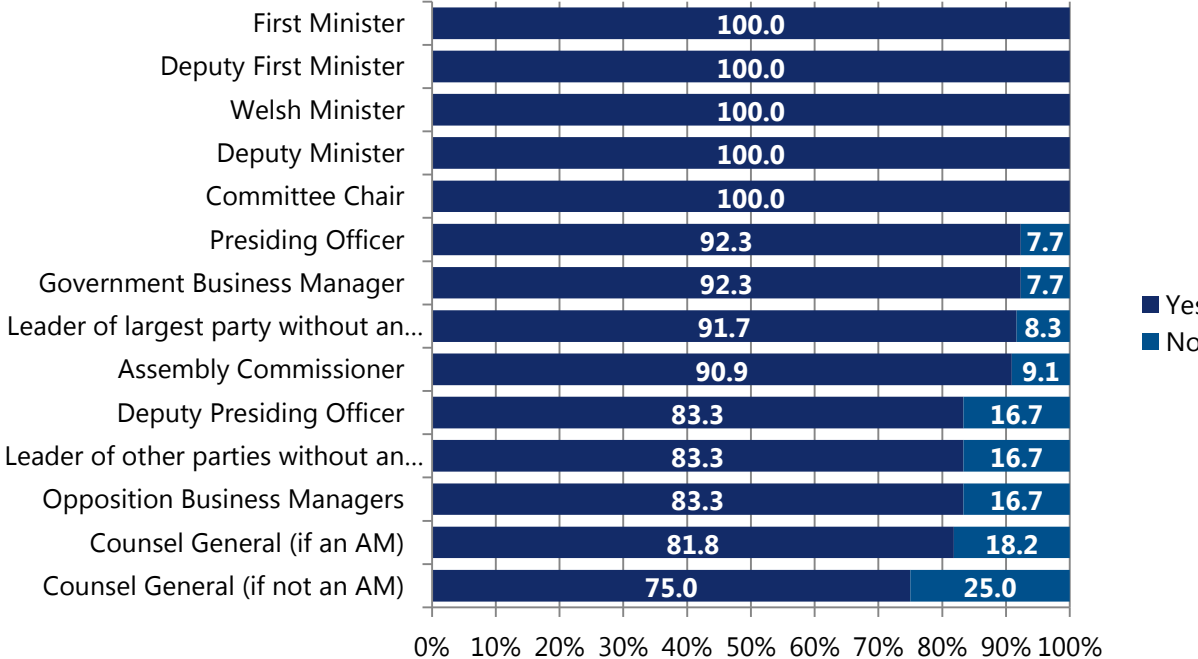
What percentage of an Assembly Member's total remuneration should be represented by Commission contributions to a pension scheme?

There were differing opinions throughout the 12 responses to this question. Most indicated that the current level was appropriate. A couple called for a small increase. One suggested cutting the Commission's contribution, but doubling the Member contribution.

Additional office holder allowances

Members were asked to give a yes or no answer as to whether different offices should be additionally remunerated. Figure 4 below shows that all respondents who answered this question believed that the roles of First Minister, Deputy First Minister, Welsh Minister, Deputy Minister and Committee Chair should be additionally remunerated. One quarter of respondents stated that the Counsel General (if not an Assembly Member) should not be additionally remunerated.

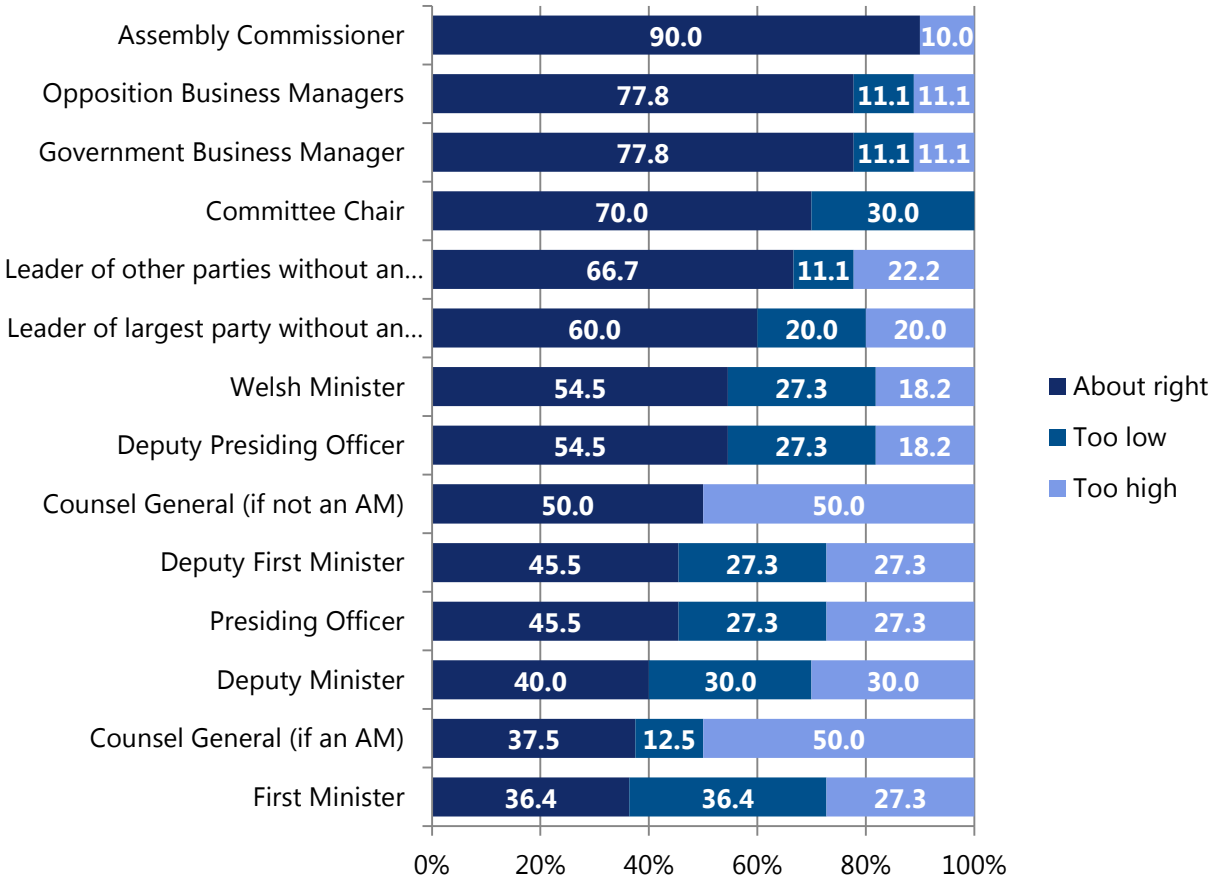
Figure 2: Do you think that an additional allowance should be paid in respect of each of the roles listed below?



These results are similar to those of the 2011 survey where all respondents stated that the roles of First Minister, Welsh Minister and Deputy Minister should be additionally remunerated. However in the 2011 survey the percentage of respondents stating certain offices should not be paid additional allowances was higher. In 2011, 36% of respondents felt that the Opposition Business Managers should not be additionally remunerated along with 32% of respondents who stated Assembly Commissioners should not receive additional remuneration.

Those respondents who answered 'yes' to the previous question in the 2014 survey were asked to state whether the additional allowances are too high, about right or too low. Figure 5 below shows that over three quarters of respondents felt the additional allowances for the following roles are about right: Assembly Commissioner (90%), Opposition Business Managers (77.8%) and Government Business Manager (77.8%). Over a third (36.4%) stated that the allowance for the role of First Minister was too low and 30% felt that allowances for the roles of committee chair and Deputy Minister were too low. Half of respondents indicated that the role of Counsel General (whether an Assembly Member or not) had an allowance that was too high.

Figure 3: If yes, is the current amount about right, too high or too low?



What changes would you like to see to the current system of additional office holder allowances and your reasons?

There were differing opinions throughout the seven responses to this question, with some stating that the increasing demands of work undertaken by committee chairs should be recognised; some felt that the salary of the Counsel General was too high, whilst one response stated that, with additional legislative and tax varying powers, the role of Assembly Member would be equal with the role of MPs and MSPs and that this should be reflected in any decision on salaries. One response questioned why the First Minister was paid the salary that he receives.

Have you been able to recruit appropriately skilled staff to help them fulfil their roles?

Of the 15 responses to this question, 12 (80%) stated that they had been able to recruit skilled staff.

The three Assembly Members who replied 'no' felt that the salary was too low to attract suitably qualified and experienced staff:

What changes would you like to see to the way that AMSS are recruited and employed?

Of the eight responses to this question, many Assembly Members stated that they needed more flexibility in managing the terms, conditions and pay of their staff. Some felt that salaries needed to reflect the qualifications of staff, whilst some stated that they had experienced problems trying to hold on to high calibre staff. One Assembly Member raised concerns with regard to the notice period for staff in the first six months. Two responses indicated that the current system was appropriate.

Have you used the Policy and Research Fund Allowance?

Eight respondents out of 14 (57%) stated that they had used the Fund.

What change, if any, would you like to see the Remuneration Board make to enable you to draw in additional research advice and expertise?

Responses included:

- A special fund for legislation support;
- Introduce the senior advisor role, as previously suggested;
- Increase the policy and research fund;
- More full-time staff/bigger staffing allowance;

Allowances

Assembly Members were asked if they would like to see any changes to the following allowances: office costs allowance, residential accommodation for Members in the outer area, Cardiff hotel stays for Members in the intermediate or inner areas, travel within Wales and extended travel and support for groups.

Some of the respondents stated that they would like to see the allowances increased to reflect potential changes to the Assembly over the next few years. Almost all of those who responded stated that they would like more flexibility in the system.

How do you rate the effectiveness of the channels of communication between the Board and Assembly Members?

Of 14 respondents, nine said this was satisfactory, three said poor, and two said it was good.

In terms of improvements to channels of communication, we received six suggestions which included:

- The Board needs to understand the role and context of an Assembly Member's position;
- The Board holding face-to-face meetings with Members would be more welcome than written correspondence;

Overall, how do you think the package of financial support in place has supported you in fulfilling your role as an Assembly Member?

Of 14 respondents, four said it had supported them poorly, four said it had supported them well, and six said neutral.

Any other comments

Additional comments included:

- Assembly Member salaries are poor by comparison with local authority salaries.
- There should be a caring allowance, a complete overhaul of the accommodation rules and a mileage allowance that meets the mileage travelled.
- The current system of office allowances does not take in to account local property values, and there should be flexibility to buy office furniture locally.