

Annual Report 2014–2015

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

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.

Members of the Board

Sandy Blair CBE DL (Chair)

Mary Carter

Stuart Castledine

Professor Monojit Chatterji

Professor Laura McAllister

Secretariat to the Board

Gareth Price, Clerk

Dan Collier, Deputy Clerk

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www.assembly.wales

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Contents

Introduction	5
The Remuneration Board	6
Establishment and Appointment.....	6
Functions and Objectives	6
Statutory Requirements.....	7
Principles.....	7
Methodology.....	7
Consultation and Evidence Gathering	8
The Board’s work in 2014-15	9
Reviewing Decisions.....	9
Changes to the Determination for 2015-16	9
Assembly Member support staff pay 2015-16 and benefits.....	10
Review of the Determination for the Fifth Assembly	12
Assembly Member Pensions.....	12
Policy, Research and Communication Fund	13
Consideration of exceptional payments	15
Other work.....	15
Work Programme 2015-16	16
Remuneration Board Remit and Membership	17
Sandy Blair CBE DL (chair)	18
Mary Carter.....	18
Stuart Castledine.....	18
Professor Monojit Chatterji.....	19
Professor Laura McAllister.....	19
Board Cost Breakdown	20
Board Member Fees (before tax)	20
Board Member Expenses	20
Additional Costs.....	20

Introduction

The Remuneration Board has always aimed to put in place, a year before the start of the Fifth Assembly, a structure of pay, pensions and allowances that is fair, clear, value for money and fit for purpose. This report describes the work that we have undertaken in 2014-15 to achieve that goal.

During the year the Board met formally on seven occasions. Its members also undertook extensive research and consultation between meetings in order to complete the Board's work. As Chair, I have liaised regularly with party leaders, staff of the Presiding Officer and have met Assembly Members and their staff on a frequent and regular basis.

The Board aims to ensure that Assembly Members are remunerated appropriately and equipped with the financial resources necessary to operate effectively in a modern parliamentary institution. The Assembly has evolved substantially since its establishment in 1999 and, indeed, since the creation of the Remuneration Board in 2010. The decisions we have taken in 2014-15 reflect that continuing development of the Assembly's powers and responsibilities. Though some of our decisions have been unpopular, we believe that they are the right ones for the longer term development of parliamentary democracy in Wales

The people of Wales deserve good government and good government can only be delivered when scrutiny and representation in the Assembly is strong. The challenge now is for the public to demand, and political parties to provide, the strongest possible candidates to serve the needs of the people of Wales.

A handwritten signature in black ink, reading "Sandy Blair", with a long horizontal flourish extending to the right.

Sandy Blair CBE DL, Chair of the Remuneration Board
July 2015

The Remuneration Board

This chapter describes the Board's functions, remit and ways of working.

Establishment and Appointment

1. The Remuneration Board of the National Assembly for Wales is the independent body responsible for setting the remuneration and allowances of Assembly Members and their staff. The Board was established by the National Assembly for Wales (Remuneration) Measure 2010 (the Measure), which received Royal Approval on 22 July 2010.
2. The Board was appointed by a transparent public appointments procedure undertaken in the summer of 2010. Biographies of all Board members can be found at Appendix A. Members of the Remuneration Board have been appointed for a fixed period of five years, and may serve no more than two terms of appointment.
3. The Assembly Commission formally approved the appointments on 21 September 2010, and the Board held its first meeting on 1 October 2010.
4. Following the resignation of Sir George Reid in September 2013, Sandy Blair was elected to be Chair by the Board in October 2013.
5. To increase the capacity of the Board and enhance its expertise in developing the Determination for the Fifth Assembly, Laura McAllister was appointed to the Board in July 2014.

Functions and Objectives

6. The Board's functions, as set out in section 3 of the Measure, are to determine the level of remuneration and system of financial support for Assembly Members (hereinafter referred to as Members) which enables them to fulfil their roles.
7. The Measure sets out three key objectives that the Board must seek to achieve when making a Determination. These are to:
 - provide Assembly Members with a level of remuneration which reflects the complexity and importance of the functions they discharge, and does not deter individuals from seeking election to the Assembly on financial grounds;
 - provide Assembly Members with adequate resources to enable them to exercise their functions; and
 - ensure probity, accountability, value for money and transparency with regards to the expenditure of public funds.

Statutory Requirements

8. In carrying out its functions, section 3 of the Measure obliges the Board to keep the implementation of its decisions and their effectiveness under review, taking particular account of the experience the Board gains from the operation of its Determinations, any changes in the functions of Members, and any other circumstances deemed to be relevant.
9. Whilst independent of the Assembly, and not subject to its direction or control or that of the Assembly Commission, section 2 of the Measure obliges the Board, when exercising its functions, to consult those likely to be affected by its decisions. This includes Members, staff employed by Members or by groups of Members, relevant trade unions and any other persons whom the Board consider to be appropriate.
10. Section 2 of the Measure permits the Board to meet in private if it consider it appropriate to do so, but also requires it to act in an open and transparent manner and publish on the Assembly's website such information as will enable the public to be kept informed of its activities. In addition, section 11 requires the Board to lay before the Assembly an annual report on activities, including its use of resources, during each financial year.

Principles

11. The Board's work to date has been underpinned by a set of clearly defined principles:
 - financial support and remuneration for Members should support the strategic purpose of the Assembly and facilitate the work of its Members;
 - decisions must be appropriate within the context of Welsh earnings and the wider financial circumstances of Wales;
 - the system of financial support for Members must be robust, clear, transparent, sustainable and represent value for money for the taxpayer.

Methodology

12. The decisions set out in Determinations derive from transparent and participative review of the system of financial support and remuneration, and are based on evidence gathered from Members, their staff, and other relevant individuals, organisations and sources. The evidence the Board has received has enabled it to come to a clear view of the strategic purposes of the Assembly and the way that Members fulfil those purposes. The Board has put in place a system of remuneration which targets resources to support these purposes and all aspects of a Member's role. In accordance with its remit, the Board responds as necessary to feedback by considering amendments to the Determination to ensure it remains fit for purpose.
13. In accordance with section 9 of the Measure, the Board receives clerking and research assistance, legal and other advice, and administrative support from Assembly Commission

staff. This support is provided as part of the general duties of Commission staff, and therefore does not incur any additional costs to the Remuneration Board.

14. The Board were keen to get independent feedback on the way it conducts its work in order to learn lessons for future Boards. Therefore, it initiated a process, undertaken by the Assembly Commission's internal audit service, to review the effectiveness of its methods of working. The recommendations of this review will feed into its legacy report.

Consultation and Evidence Gathering

15. Throughout its work, and in accordance with section 2 of the Measure, the Board has undertaken consultation with a range of stakeholders. The Board is particularly grateful to those who have taken the time to provide evidence to support its work since its establishment.

16. Feedback from Members during regular consultations has enabled the Board to evaluate the effectiveness of the systems it has put in place. The Board will continue with this participative approach to ensure its decisions remain fit for purpose.

The Board's work in 2014-15

This chapter explains the changes the Board has made to the Determination during this year following feedback and evidence from Members. It also covers the major piece of work the Board has undertaken: its detailed review of the Determination for the Fifth Assembly.

Reviewing Decisions

17. The Board is required to keep the Determination under review so that it continues to provide Members with the resources they need to perform their duties. In order to do this, the Board invited feedback and evidence from Members which enabled it to assess the effectiveness of decisions and identify any areas for revision.
18. The Board has reviewed decisions in a number of areas, listed below. Where necessary, amendments have been made to the Determination for the final year of the Fourth Assembly. However, the Board was not minded to make wide-ranging changes for the final year of this Assembly as it was conducting a wholesale review of the Determination¹ for the Fifth Assembly in order to create a package of financial support for Members which would be fit for an institution with greater legislative and taxation powers at its disposal.

Changes to the Determination for 2015-16

19. In 2014 the Board reviewed pay and arrangements for Assembly Members, described in its draft Determination on Members' Pay and Allowances published in April 2015². An increase to Assembly Members pay in 2015-16 by 1% to £54,391 was proposed.

Decision

From April 2015, the base salary of an Assembly Member was increased by 1% to £54,391.

20. The maximum increase in salary cost that could arise from this decision would be £32,340.

¹ *Determination for the Fifth Assembly, May 2015*

² *Determination on Members' Pay and Allowances, April 2015*

Assembly Member support staff pay 2015-16 and benefits

21. In 2013 the Board undertook a major review of pay and arrangements for Assembly Member Support Staff (AMSS), described in the report published in December last year³. For 2015-16 the Board proposed an increase to the pay of Assembly Members Support Staff of 1% or the annual rise to March in median earnings in Wales, as measured by the Annual Survey of Hours and Earnings (ASHE), whichever was the greater. The annual rise in the ASHE median earnings figure was 1.2%.

Decision

From April 2015, the pay of AMSS was increased by 1.2%. The new pay scales are shown below. For the 2015-16 financial year each Member will receive a maximum staffing allowance of £91,879 to fund employment of staff on these scales.

22. The maximum increase in salary cost that could arise from this decision would be £62,695 although actual expenditure is likely to be lower than this.

Figure 1: Pay scales for Assembly Members' support staff 2015 – 2016

Band	Pay point 1	Pay point 2	Pay point 3	Pay point 4	Pay point 5
Senior Advisor	£31,388	£32,995	£34,687	£36,465	£38,340
Band 1	£23,326	£25,416	£27,701	£30,195	£32,922
Band 2	£19,920	£21,912	£24,109	£26,529	£29,202
Band 3	£18,038	£19,435	£20,941	£22,569	£24,325

23. The Board was not minded to amend the pension arrangements for AMSS. However, in response to feedback received in previous consultations on AMSS structure and salaries, the Board introduced a death-in-service provision for support staff and amended the redundancy arrangements for those who lose their jobs unexpectedly.

24. The Board has also introduced life assurance provision for AMSS at 2x annual actual salary from 2015-16.

25. A Member is entitled to claim for the cost to him or her of redundancy payments to qualifying staff, where the Member ceases to be a Member of the Assembly for any reason. In the previous Determination, staff with at least two years' service with the Member would qualify for statutory redundancy uprated by 50%.

26. The consultations on Support for Assembly Members in the Fifth Assembly and the draft Determination for the Fifth Assembly raised questions in relation to the improved

³ Review of Assembly Member staffing and Assembly Member Support Staff pay: December 2014

redundancy arrangements. Therefore the Board has revised redundancy provision to enhance payments from one and a half times statutory redundancy pay to twice statutory redundancy pay for support staff who are made redundant without advanced warning. Payments of one and a half times statutory redundancy pay would apply in all other circumstances, specifically where the employing Member makes it publicly known that he/she intends to stand down from the Assembly and gives staff at least one month's notice.

27. In response to feedback from Members, the Board has removed the current £2,000 cap on staff travel and overtime, subject to funds being available in Members' budgets.
28. The Board received feedback that the one week notice period for AMSS caused problems for Members who are unable to replace a member of staff so quickly. The Board believes that a longer notice period of one month after three months service would offer greater protection for both employer and employee. At present support staff only have to give a week's notice in the first year of employment. Therefore, the Board has amended the standard contract to increase this period of notice to one month after three months' employment.
29. In discussions with Party Leaders and others, the Board found considerable support for the introduction of an apprenticeship scheme offering people the opportunity to work for individual Assembly Members or political parties. The Board was attracted by this idea but believes that its implementation is a matter for the Assembly Commission. The Board therefore invited the Assembly Commission to explore the proposal in more detail.

Decisions

A Death-in-Service provision for support staff at 2x actual salary from 2015-16.

The redundancy provision was revised so that AM Support Staff made redundant suddenly will receive 2x statutory. In all other cases, it will remain at 1.5x statutory.

Remove the current £2,000 cap on staff travel and overtime.

Increase the period of notice for Assembly Member Support Staff to one month after three months' employment.

Invited the Assembly Commission to consider the implementation of apprenticeship scheme.

Review of the Determination for the Fifth Assembly

30. The largest part of the Board's work in 2014-15 was dedicated to the Review of the Determination for the Fifth Assembly.

31. The Board published a detailed report⁴ setting out the results of this work in May 2015.

The box below sets out the key decisions and changes to the Determination.

Decisions

The salary for Members in the Fifth Assembly will be £64,000. Future changes to the salary paid to Members will reflect the changes in average earnings in Wales.

A new role of Senior Advisor will be introduced to give Members the opportunity to enhance their staffing capacity for scrutiny and holding the Government to account.

The allowance for overnight stays for Members in the inner area will be removed. However, Members will have the opportunity to apply to the Members Business Support team for reimbursement in exceptional circumstances.

Subject to the approval of a Business Case, Members who can demonstrate having caring responsibilities for a dependant who is normally resident with them in Cardiff will be able to claim up to £1,440 a year to cover the higher cost of suitable rented accommodation.

The Policy and Research Fund will be increased from £2,000 to £2,500 and its remit broadened to include local communication and engagement. This decision will be reviewed by the successor Board after one year.

The maximum potential budget for the first year of the Fifth Assembly, is estimated at £14.5m.

Assembly Member Pensions

32. The Board's work on pensions for Members has aimed to put in place future arrangements that are fair in terms of risk sharing and total cost, as well as affordable to the taxpayer and to Members. The Board believes that arrangements for Members should reflect the changes which are happening across the public and private sectors and affecting the people of Wales. Over time the changes should deliver cost savings for the taxpayer whilst ensuring those who are elected to the Assembly receive appropriate provision for their retirement.

33. Over the course of the Board's work, it has issued three stand-alone consultations on proposals for a new pension scheme for Assembly Members. The final consultation was

⁴ ***Review of the Determination for the Fifth Assembly***

issued in July 2014 included specific proposals for the benefits structure, contribution rates and how the scheme would operate. Proposals for the new pension scheme were also included in the consultation on the draft Determination for the Fifth Assembly.

34. Throughout the year covered by this report, the Board worked with external legal advisors and actuarial advisors to refine options and proposals for the new scheme. The cost in 2014-15 of this legal and actuarial work advice amounted to £62,376.04 (including VAT).
35. The Board has sought confirmation from HM Treasury to ensure that the pension scheme fully complies with the Public Service Pension Act. A response from HM Treasury is anticipated over the summer. The scheme will be in place after the 2016 election.

Policy, Research and Communication Fund

36. An early decision made by the Board was to put in place a fund to enable Members to claim up to £2,000 in order to commission discrete pieces of research work from external sources. Feedback from Members who accessed the Policy and Research Fund in 2013-2014 was positive and the Board agreed to monitor take-up and consider options for its improvement.
37. When the Board came to consider the use of the Fund as part of its review of the Determination for the Fifth Assembly, it agreed on two main developments:
 - that the level of funding available to each Member would be increased from £2,000 per annum to £2,500 per annum; and
 - that the fund be expanded to permit Members to engage with their constituents (amending the title to Policy, Research and Communication Fund).

38. During 2014-15 11 Members utilised the Policy and Research Fund to undertake work in the following areas:

Figure 2: Information on Policy, Research and Communication Fund projects 2014-15

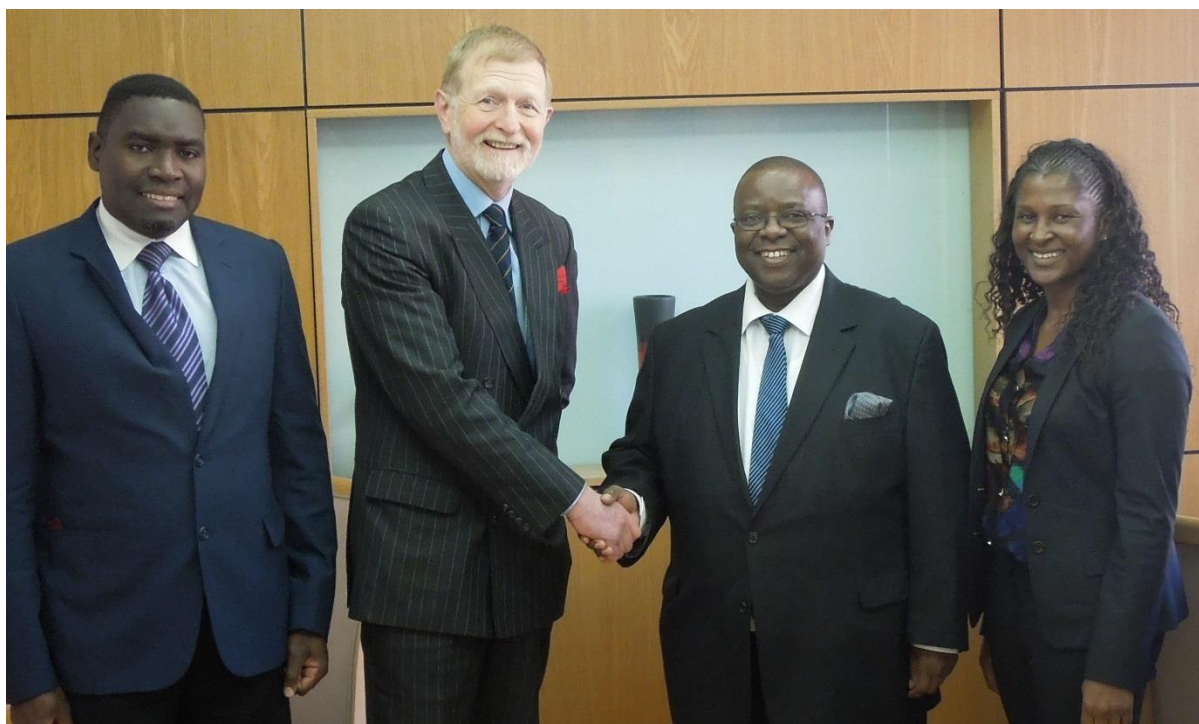
Member	Title
Aled Roberts	Childcare in Wales
Byron Davies	Routes into work for young people
Elin Jones	Improving Mental health policy in Wales
Eluned Parrott	Business Improvement Districts
Jocelyn Davies	Ensuring that women in Wales reach their potential
Kirsty Williams	Welsh Ambulance Service - Comparisons between the Welsh, Scottish and English ambulance systems
Leanne Wood	Further Welfare Devolution to Wales
Llyr Huws Gruffydd	How can we produce more of our own food in a sustainable way
Peter Black	Culture, Arts and Heritage - Investigating how best the Welsh Government can support these areas
Russell George	Health Survey – designed to gauge and understand public perceptions on health issues in Montgomeryshire A Farming Survey – designed to ascertain the views of the farming community in Montgomeryshire
William Powell	Environmental Targets - proposing potential targets that may be included in the Welsh Government's environmental bill

Consideration of exceptional payments

39. The Board recognises that from time to time individual Members may face exceptional personal circumstances that affect their ability to fulfil their duties. These will often be of a confidential nature and can arise at short notice. The Board has a duty to support Members in all aspects of their role and is of the view that, if such circumstances are brought to its attention, it should come to a view as to whether there is a case for providing exceptional financial support. Clearly, any such requests need to be dealt with sensitively, while ensuring appropriate governance arrangements for reporting the Board's consideration and decisions.
40. During the year the Board received one request under this procedure. In that case the Board carefully considered all factors and agreed that the policy should be flexible to meet the Members' requirements on this occasion.

Other work

41. In addition to his regular meetings with Members and Support Staff, the Board's chair met overseas visitors to the Assembly who were keen to learn more about the Board and its ways of operating.
42. During 2014-15 the Chair shared good practice with a number of external bodies. This included a meeting with delegates from the Namibian Public Office Bearers Commission (POBC) and with Mitchel McLaughlin MLA, Speaker of the Northern Ireland Assembly.



In May 2014, the Chair met a delegation from the Namibian Public Office Bearers Commission (POBC).

Work Programme 2015-16

43. The five year term of office for Board Members expires in September 2015. Following an open recruitment campaign, the new Board has been subsequently announced.
44. Whilst the Board has set the structure of Support Staff salaries, Office Costs and Residential Accommodation for the Fifth Assembly, final decision on the exact levels that will apply at the start of the next Assembly will need to be decided by the Board, in light of prevailing market conditions early in 2016.
45. At the time of writing this report, the Board was in the final stages of developing pension arrangements for Assembly Members and was yet to receive approval from HM Treasury for the implementation of the pension scheme. However, it is expected that the process will be completed, and a final scheme approved before the new Board meets for the first time in the autumn.
46. As part of its decision making on salaries for office holders in the Fifth Assembly, the Board has set additional salaries for committee chairs assuming a continuation of the current committee structure. The new Board will need to review this decision in the light of the committee structure established by the Fifth Assembly.
47. The Board will continue to conduct audits and reviews of policies where needed and ensure that the new procedures are working effectively. This will include a review of the new arrangements for the Policy Research and Communications Fund after its first year of operation.
48. The Board is producing a separate legacy report to mark the end of its first five years. This will include further recommendations for the new chair and Board members to consider as they put together a work programme for the next five year term.

Remuneration Board Remit and Membership

The Remuneration Board was established by the National Assembly for Wales (Remuneration) Measure 2010.

The Board is an independent statutory body which has responsibility for:

- providing Assembly Members with a level of remuneration which fairly reflects the complexity and importance of the functions which they are expected to discharge, and does not, on financial grounds, deter persons with the necessary commitment and ability from seeking election to the Assembly;
- providing Assembly Members with resources which are adequate to enable them to fulfil their functions as Members; and
- ensuring probity, accountability, value for money and transparency with respect to the expenditure of public funds.

The Board is required to act in an open and transparent manner, and, where it considers it appropriate, undertake consultation with those likely to be affected by the exercising of its functions.

The Board's costs and the expenses claimed by the members are published in its annual report. The 2015-16 version is scheduled to be published in the summer. The agenda and minutes of each of the Board's formal meetings are available on the Board's website at:

<http://www.senedd.assembly.wales/ieListMeetings.aspx?CommitteeId=375>

Sandy Blair CBE DL (chair)



Sandy is the former director of the Welsh Local Government Association, WLGA (retired 2004). He was a local authority chief executive for 16 years before his appointment to the WLGA, and President of SOLACE in 1999/2000. He has held a number of paid public appointments including as non-executive director of the Health and Safety Executive, HSE. He is chair of the Monmouth Diocesan Board of Finance, a Trustee of the Bevan Foundation and of Growing Space, a Vice President of Cardiff Business Club and has a number of roles on the Governing Body and Representative Body of the Church in Wales. He has served as a member of the Remuneration Committees for UWIC and HSE.

Mary Carter



Mary retired as a Partner of KPMG in September 2008. She is a former member of the Armed Forces Pay Review Body which makes recommendations to the Prime Minister and Secretary of State for Defence on military pay, compensatory allowances and charges and is Lay Adviser to the Strategic Management Board of MAPPAs (Multi-Agency Public Protection Agreements) Somerset. She is a lawyer by background and specialised for over 25 years in advising UK and non UK companies on remuneration and incentives for directors/senior management and related governance and taxation issues.

Stuart Castledine



A chartered accountant who occupied a number of financial and general management roles in the insurance and banking sector before becoming Tesco's first Financial Services Director. Stuart has, more recently, undertaken a variety of challenging assignments in the public and private sector, helping establish some significant joint ventures and alliances as well as being a successful turnaround director. Stuart was a non-executive director and chair of the Audit Committee of the Welsh Ambulance Services NHS Trust from 2010 to 2014.

Professor Monojit Chatterji



An academic with significant public policy experience, he has published research in areas including the determinants of public sector pay. His other public role is as a member of the House of Commons Speakers Committee for Independent Parliamentary Standards Authority. He is a Fellow and Director of Studies in Economics at Sidney Sussex College, Cambridge and Director of Studies in Economics at Trinity Hall, Cambridge and Professor Emeritus at Dundee University.

Prof Chatterji was previously Chair of the National Joint Council of UK Fire and Emergency Services (the pay negotiating body) and a member of the School Teachers' Review Body which makes recommendations to the Prime Minister and Secretary of State for Education and Skills on pay and conditions, and also governance arrangements for school teachers and head teachers in England and Wales. He was also previously a member of the Economists Group, Office of Manpower Economics, considering cross-cutting issues on pay in the public sector.

Professor Laura McAllister



Laura McAllister is Professor of Governance at the University of Liverpool's School of Management and an expert on devolution. Laura was a member of the Richard Commission on the Powers and Electoral Arrangements for National Assembly for Wales (2002-04), provided research advice to the Independent Panel on AMs' Pay and Support in 2008-09. Laura chaired the Expert group on Diversity in Local Government (2013-14).

A former Wales football international and national team captain with 24 caps, Laura is Chair of Sport Wales (formerly the Sports Council for Wales). She is a Board Member of UK Sport, the Government's agency for Olympic and Paralympic sport, and the Welsh Football Trust. She is a Trustee of the Institute of Welsh Affairs, as well as a member of the Wales Advisory Committee of the British Council.

Board Cost Breakdown

The table below shows the direct costs incurred by the Remuneration Board in 2014-15. During this time there were seven formal Board meetings. Board members also attended additional meetings and teleconferences with external advisors regarding pensions.

Board Member Fees (before tax)

	Sandy Blair (Chair)	Monojit Chatterji	Mary Carter	Stuart Castledine	Laura McAllister	Total
	£	£	£	£	£	£
Daily rate	£243.00	£185.00	£185.00	£185.00	£185.00	
Fees	£7,720.30	£5,920.00	£4,551.14	£4,810.65	£1,850.00	£24,852.09

Board Member Expenses

	Sandy Blair (Chair)	Monojit Chatterji	Mary Carter	Stuart Castledine	Laura McAllister	Total
Car mileage	£746.55	£624.15	£72.90	£0.00	£91.80	£1,535.40
Taxi/Car Hire	£0.00	£289.54	£51.20	£0.00	£0.00	£340.74
Air Travel	£0.00	£1,277.17	£0.00	£0.00	£0.00	£1,277.17
Train & Tube	£0.00	£161.25	£431.90	£32.30	£0.00	£625.45
Tolls	£0.00	£0.00	£6.50	£0.00	£0.00	£6.50
Other Expenses	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Accommodation	£0.00	£402.00	£462.00	£0.00	£0.00	£864.00
Subsistence	£13.80	£98.68	£75.70	£0.00	£0.00	£188.18
Total	£760.35	£2,852.79	£1,100.20	£32.30	£91.80	£4,837.44

Additional Costs

	Total
Board Meetings Expenses (catering etc)	£763.19
Actuarial advice on AM pension arrangements from PwC	£12,240.00
GAD	£12,766.04
Bangor Uni	£8,232.33
The Hay Group	£18,260.62
Legal advice on AM pension arrangements from Wragge & Co	£37,370.00
Legal advice on continuity of service for AMSS	£577.20
Diverse Cymru	£1,250.00
Total	£91,459.38
Total Cost	£121,149.72

