

Legacy Report

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

September 2015

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

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Introduction

In line with its founding legislation, the term of office of the current Remuneration Board will end in September 2015. A newly constituted Board will take its place.

So this seems an ideal moment to take stock of what we have done over the Board's first five years, the lessons we have learned, and make some suggestions and recommendations for the future.

The Board is grateful to all who have engaged with the Board since its establishment in 2010, and one of our principal recommendations is that the relationships and links we have made need to be preserved and nurtured.

For the Board to work effectively, it is crucial that its members have access to high quality information and support. It needs to take account of the views of stakeholders, although ultimately, the Board's decisions are independent and its own to make.

The Board's first five years have been a fascinating time to be involved with an institution that has matured to take on a bigger role in Welsh life. My colleagues and I have conducted our work in a time of rapid constitutional change and development – it has been challenging and stimulating. I trust my successor as chair will find the role as interesting as I have done.

A handwritten signature in black ink, reading "Sandy Blair". The signature is written in a cursive style and is positioned above a horizontal line that extends across the width of the signature.

Sandy Blair CBE DL
Chair of the Remuneration Board

July 2015

Looking back

Principles

1. The Board's functions are set out in section 3 of the Measure, and relate to the making of a Determination on the remuneration of all Assembly Members and supplementary payments for those who hold additional responsibilities. In addition, the Board is required to decide the system of Assembly Members' allowances and support staff.
2. The Measure also sets out three objectives that the Board must seek to achieve when making its Determination. These 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.
3. In creating the Determination for the Fifth Assembly, the Board committed to the principles it established in 2010 and published in its first report, Fit for Purpose. They are:
 - strategic purpose - the 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.
4. In addition, the Board is committed to the system of financial support for Members being robust, clear and transparent.
5. The Board conducted thorough research, consulted widely and published decisions in each area of Members' remuneration in May 2015 – one year before the Welsh General Election. This was to ensure that prospective candidates for election, political parties and the public in Wales will know well in advance the financial arrangements in place for Assembly Members elected in 2016.

Key Milestones

2011

March

Fit for Purpose: The Board published Fit for Purpose and its Determination within the first few months of its tenure and set a framework for effective remuneration throughout the Fourth Assembly.

July

Office Holder Remuneration: The Board conducted a review of Office Holder remuneration to develop a system of remuneration for Office Holders that was fit for purpose, transparent and sustainable.

2012

September

Held a colloquium on pensions: To help gather the views of the public and relevant stakeholders on appropriate future pension arrangements for Assembly Members.

2013

July

Introduced the Policy and Research Fund: The Board introduced a Policy and Research Fund allowing Members to commission discrete pieces of research work from external sources.

September

Introduced the Policy and Research Fund: The Board introduced a Policy and Research Fund allowing Members to commission discrete pieces of research work from external sources.



2014

April

Consultation issued on future pension arrangements for Assembly Members

July

Assembly Members Support Staff: The Board undertook a major review of pay and arrangements for Assembly Member Support Staff (AMSS) during the Fourth Assembly. For the Fifth Assembly the Board has introduced a new senior adviser role to boost the capacity of Assembly Members.

Second consultation issued on future pension arrangements for Assembly Members.

Consultation issued on support for Assembly Members in the Fifth Assembly.

2015

March

Consultation issued on the Determination for the Fifth Assembly.

May

Published the Determination for the Fifth Assembly: this was completed a year before the Welsh general election to ensure that candidates and the general public were fully aware of the remuneration and support available to Members in the Fifth Assembly.

Summer

A new AM pension scheme: This complex piece of work began in September 2013. It brings Assembly Members' pension scheme into line with new legislation.

Lessons learned: governance

Evidence-based decision making

6. Since its beginning, the Board has been committed to evidence-based decision making. In order to do so the Board has relied on in-house guidance from Commission staff and, on occasion, supplemented this with externally commissioned expertise.
7. While the commissioning of external work has provided some essential guidance, the Board is aware that it could improve its commissioning process. The Board noted the importance of not only setting clear guidance for external service providers from the outset, but also a strict monitoring regime to ensure quality and affordability.
8. The Board is also grateful to the Members' Business Service (MBS) whose day-to-day liaison with Members provides a rich source of real-life evidence of areas where the Determination is and is not working effectively. Many of the changes the Board has made to the Determination for the Fifth Assembly – particularly the smaller and technical ones – have their genesis in feedback to the Board from MBS.
9. The Board's independence is fundamental. The Board is content with the balance it has managed to strike between that independent decision making and its reliance on Commission staff to manage relationships with Members and support staff – particularly those staff administering the implementation of the Board's Determinations.

Equalities matters

10. The Board agreed that an Equality Impact Assessment should be conducted as part of its review of the Determination. Diverse Cymru were commissioned to provide the Board with robust assurance and advice on how equality issues were addressed in its review of the Determination for the Fifth Assembly. A log of all equality issues was included in the report on the Determination.
11. The Board believes this work sets a benchmark for its successor and other bodies of its type. However, more could still be done to ensure that consideration of equalities is explicitly mainstreamed in to all the Board's future papers and publications.
12. The new Board will need to monitor the implementation of its decisions and recommendations.

Managing the risks

13. On Sir George Reid's resignation as chair, concerns were raised that there would be no 'political' experience on the Board, and that this could lead to a lack of understanding and empathy for the role of Assembly Member. The Board were concerned that this could ultimately affect its relationship with a key stakeholder group. This risk was managed by regular and frequent engagement between the Board's chair, Sandy Blair, Assembly Members and the representative groups for Members and Support Staff.
14. While there has been individual dissatisfaction with some of the Board's decisions, there has been relatively little criticism of the Board's role, or its integrity as an independent decision taking body.
15. The new Board should continue to engage directly and frequently with Assembly Members to explain its thinking and to gain feedback from those most directly affected.

Self-evaluation

16. One of the outcomes of the Board's review of its own effectiveness was a realisation that the Board could have benefitted sooner from such self-analysis. The new Board should consider how best to do so.

Ways of working

17. While the Measure sets out clearly the expectations on the Board, and the ways in which it operates, the Board has considered whether a charter of some sort is needed in order to capture some of the emerging conventions of the Board. This would seem to be a positive step in terms of good governance.
18. Over the last two years, as the Board has wrestled with the detailed review of the Determination, meetings have been longer and more frequent. The Board has also, necessarily, been drawn into considerable operational detail. The workload of the new Board should not be as onerous, at least in its early days. It should consider its work programme in detail and, in particular, ensure that it balances the need for strategic thinking with necessary operational review and decision making.

Induction

19. The Board noted that for those members without prior knowledge of the Assembly, it was a challenge to learn how it worked, how it differs from other sectors and parliamentary bodies, and why.
20. Board members noted the important role played by Sir George Reid in sharing his knowledge and experience of both Westminster and Holyrood during the Board's first year. The Board recommends that new members should have a more structured induction programme to impart such vital knowledge, including visits to constituency offices.
21. As a figure already familiar to most Members through previous roles, Sandy Blair was well placed to develop constructive relationships with Members and support staff. The new Board should consider how best it can offer that availability to hear the concerns of those directly affected by its decisions.

Lessons learned: engagement

Public engagement

22. In its work, and particularly in the review for the Fifth Assembly the Board has been disappointed in the level of public engagement. Improving public understanding and public engagement with its work is essential and will be a major challenge for the new Board.
23. Although the Board was active in publicising its consultations, in particular the consultation on AM salaries, it received feedback from the public that they were not aware of the proposals and how to respond.
24. One of the recommendations arising from the Board's review of its effectiveness is that the new Board gives early consideration to how it can more effectively engage with the public throughout its remit, and particularly as it comes to make decisions around the Determination for the Sixth Assembly. The Board recommends that early thought is given to producing a communications strategy for the Fifth Assembly and that it makes more effective use of social media and other consultation methods to promote awareness.
25. The new Board will also need to consider how it could develop better interaction with civic society, which was disappointingly silent on many of the board's consultations.

Key internal stakeholder engagement

26. The Board believes that some of the work it has done on stakeholder engagement has provided an effective means of ensuring the voice of those most affected by the Board's decisions is heard. The Board recommends that this should continue.
27. The Board has noted the strength and benefit it derives from the advice of, and close working with, the Assembly's Members' Business Support (MBS) team. MBS deal with Members on a day-to-day basis advising on a whole range of issues, many of which are set by the Board.
28. The Chair held regular drop-in sessions with Assembly Members. The Board regularly consulted with the AM Representative Group and AMSS Representative Group. Party Leaders were invited to attend a Remuneration Board meeting. Board members met informally with office holders and former Assembly Members, including those who have been, or currently are, Members of the UK Parliament.
29. The Board noted that many of these initiatives were led by the Chair, and that there may be benefit in a wider range of members being involved more often.
30. The Board has valued the opportunity to have a relationship with the staff through the input of the Support Staff representative group. While the group has made a valuable

contribution on a range of issues, the Board remains unclear about the degree to which a body made up of individuals based predominantly in the Senedd, is able to fully reflect the views of staff in all parts of Wales. The new Board should consider how it can capture the views of other support staff if not through the representative group.

31. The Board publically consulted on every aspect of its review. Media plans were developed in conjunction with the Assembly Commission's Media Relations Team for consultations on AM salaries and the draft Determination for the Fifth Assembly.
32. While these press launches worked well, the Board is aware that it could do more to raise awareness of its activities and decisions, and how it captures the public voice in its deliberations.
33. Members of the Board enjoyed a constructive meeting with the Presiding Officer and Commissioners in November 2014. Both parties agreed that while their remits were very different, there was a great deal of cross over in their interests and concerns, and benefit to holding periodic meetings in the future.
34. The Board is mindful that the financial regime and guidance it puts in place are highly relevant to the work of the Assembly's Standards Commissioner. The Assembly is to be applauded for its record on standards matters generally, not just financial matters. To help develop this positive culture, the new Board should continue to liaise periodically with the Commissioner on matters of common interest.
35. The Chair has maintained correspondence with other Remuneration Boards in the UK, and met overseas visitors to the Senedd with an interest in the area. The Board believes that it should continue to learn from other organisations and maintain an awareness of developments in the wider world of political remuneration.

Looking forward

Deferred Decisions

36. As part of its work on the Determination for the Fifth Assembly, the Board deferred some decisions so that they could be made at a time when market data would be more readily available. This means there is a small number of issues for the incoming Remuneration Board to address in its early days.
37. The Board has also committed to monitoring and reviewing a number of areas where there have been notable changes to the Determination.

AMSS salaries 2016-17

38. The Board will need to make a decision and consult on this in January/February 2016. The Board will also need to confirm whether it will adopt the same uprating mechanism for AMSS as it has introduced for Members (the Board has previously indicated that it was minded to do so, without making a firm commitment).
39. The current Board benefitted from spending time with Members and Support Staff at the commencement of their work, in order to better understand how they work. The Board recommends that any new Board members should do likewise.

Rates of office costs and residential allowances

40. While the Board has agreed the structure for office costs and residential allowances, it has deferred a decision on the precise sums available. This will be a matter for the new Board to agree early in 2016.

Group Support

41. The Board has reviewed and revised the way in which party groups will be funded in the Fifth Assembly. The Board recommended the cap on the overall level of funding for Political Parties should be reviewed in line with decisions on AMSS salaries on an annual basis.

Equality actions

42. The Board will need to monitor progress on issues arising from the Equality Impact Assessment of the Determination, including the collection of equalities data.

Assembly Member pension scheme

43. It is anticipated that the pension scheme will be approved by HMT by September 2015. The new Board will need to be part of the process for appointing the Independent chair of the Pension Board of the AM pension scheme.

Policies and Procedures

44. The new Board will need to respond to the consultation, conducted in the summer of 2015, on updated policies, procedures and terms and conditions for Assembly Member Support Staff.

Other matters for the 2015-20 Board

45. **Policy and Research Fund** - The Board agreed that use of PRF should be extended to permit local communications expenditure. Guidance on use of the fund has been drawn up, with helpful input from the Commissioner for Standards. Funding of this kind has proved controversial in Westminster and so a formal review of how it has operated in practice will need to be held 12-18 months into the Fifth Assembly.
46. **Apprenticeships** – The Board has invited the Assembly Commission to consider how it might implement an apprenticeship scheme. If introduced, the Board will wish to monitor progress and consider any interface with its remit.
47. **Outplacement Support** – The Board has also invited the Assembly Commission to consider whether any outplacement support should be put in place for former Members. Again, if introduced, the Board will wish to consider whether it has any implications for its work.

