

Annual Report 2012–13

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

July 2013

The Remuneration Board

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Sandy Blair CBE

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Biographies of Board members are available at Appendix A.

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Introduction

The Remuneration Board has always had the goal of putting 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.

Over the past two and a half years the Board has reviewed the system of existing allowances, some of which date from the establishment of the Assembly and others that are later additions and amendments. This amounts to a substantial amount of work, which is summarised in Chapter 1 of this report.

In the period covered in this document (April 2012 to the end of March 2013) the Board has met formally on six occasions. Between meetings, members have consulted by phone and email and have carried out a range of research work within their individual professional competencies. As Chair, I have liaised regularly with the Presiding Officer and party leaders and have met Assembly Members and their staff on a regular basis.

Our work over the reporting period has focused on three main areas:

- We have undertaken a detailed review of the Members' staffing allowance.
- We have engaged in an ongoing review and consultation on Members' pensions. We shall make a Determination on this issue by the end of 2014, before deciding AMs' total remuneration for the Fifth Assembly in 2015.
- We have considered, on a regular basis, remuneration issues that Members believe merit amendment. Our decisions in this area are set out in this report.

The Assembly has evolved substantially since its establishment. It started as a corporate body and is now a full legislature in its own right. That brings significantly increased responsibilities, particularly in the areas of scrutiny of public policy, legislation and finance.

We fully recognise the importance of the work that Members and their staff do in their constituencies and regions. This is where the people of Wales engage with their elected representatives. The evidence we have, however, points to the desirability of more resources being targeted towards the Formal Business of the Assembly to meet new and increased responsibilities.

This is not easy at a time of financial constraint, in a legislature of only 60 Members. In this report, we outline measures to enhance capacity in the policy area. We would have liked to have gone further, as explained in Chapter 3 but recognise that some issues require further consultation before decision in 2014.

In the year ahead, we shall continue to be guided by three principles: to provide AMs with a level of remuneration which reflects the importance of their job; to make available adequate resources to do that job; and to ensure probity, accountability, value for money and transparency in the expenditure of public funds.



The Rt Hon Sir George Reid, Chair of the Remuneration Board, July 2013

The Remuneration Board – remit and activities

This chapter sets out the Board’s functions and remit and summarises its work since its establishment.

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.

Functions and Objectives

4. Our 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, which enables them to fulfil their roles.
5. The Measure sets out three key objectives that we 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

6. In carrying out our functions, section 3 of the Measure obliges us to keep the implementation of our decisions and their effectiveness under review, taking particular account of the experience we gain from the operation of our Determinations, any changes in the functions of Assembly Members, and any other circumstances we deem to be relevant.
7. Whilst we are independent of the Assembly, and are not subject to its direction or control or that of the Assembly Commission, section 2 of the Measure obliges us, when exercising our functions, to consult those likely to be affected by our decisions. This includes Members, staff employed by Members or by groups of Members, relevant trade unions and any other persons whom we consider to be appropriate.
8. Section 2 of the Measure permits us to meet in private if we consider it appropriate to do so, but also requires us 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 our activities. In addition, section 11 requires us to lay before the Assembly an annual report on our activities, including our use of resources, during each financial year.

Principles

9. Our 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 Assembly Members must be robust, clear, transparent, sustainable and represent value for money for the taxpayer.

Methodology

10. The decisions set out in our Determination derive from a transparent and participative review of the system of financial support and remuneration, and are based on the evidence we gathered from Assembly Members, their staff, and other relevant individuals, organisations and sources.

11. The evidence we have received has enabled us to come to a clear view of the strategic purposes of the Assembly and the way that Members fulfil those purposes. We have put in place a system of remuneration which targets resources to support these purposes and all aspects of an Assembly Member's role. Since putting our first Determination in place we have received feedback from Members and, in accordance with our remit, have responded as necessary by considering amendments and additions to our Determinations to ensure they remain fit for purpose.
12. Throughout the course of our work, and in accordance with section 9 of the Measure, we have received clerking and research support, 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.

Consultation and Evidence Gathering

13. Throughout our work, and in accordance with Section 2 of the Measure, we have undertaken consultation with a range of stakeholders. We are particularly grateful to those who have taken the time to provide evidence to support our work since our establishment.
14. We have consulted Assembly Members regularly since making our first Determination and have gathered feedback which has enabled us to evaluate the effectiveness of the systems we have put in place. We will continue with this participative approach to ensure our decisions remain fit for purpose.

Fit for Purpose (October 2010 – March 2011)

15. We undertook the first phase of our work — to establish the system of financial support for Assembly Members from the beginning of the Fourth Assembly — between October 2010 and March 2011.
16. Our first Determination on Members' Pay and Allowances was produced in March 2011. That Determination was accompanied by a report, *Fit for Purpose*, which explained our principles, our methodology, the consultation and research we had undertaken, and our decisions on the appropriate system of financial support for Assembly Members. This included decisions relating to:
 - Assembly Members' salaries;
 - salaries payable to holders of additional offices;¹
 - financial support for Assembly Members, including residential, office and travel costs;
 - Assembly Members' support staff, including remuneration and recruitment; and

¹ During the first phase we dealt with the additional salaries of the First Minister, Welsh Ministers, Counsel General, Presiding Officers.

- support for party groups.
17. The costs associated with this work are contained in our *Annual Report for 2010-11*, which we published in November 2011.

Office Holder Remuneration (May - July 2011)

18. During the first phase of our work, in 2010-11, we did not obtain sufficient evidence on which to make final decisions relating to the appropriate remuneration for leaders of opposition parties, business managers and whips, committee chairs and Assembly Commissioners. We therefore deferred our decisions in these areas until after the May 2011 election. As well as giving us the opportunity to undertake further research and gather more evidence on the roles and responsibilities of the various offices, it also enabled us to take into account the particular political composition of the Fourth Assembly, the result of the March 2011 referendum on further legislative powers for the Assembly, and the likely responsibilities of committee chairs as a result of a more streamlined committee structure.
19. Our Determination on additional salaries for office holders was based on detailed research and consultation, which included evidence gathering and a thorough analysis of the roles and responsibilities of the offices under consideration. The evidence gathering was undertaken through surveys, written evidence and formal meetings with Members.
20. Members of the Board with specific professional expertise in remuneration issues undertook detailed research to inform our findings. We also drew on work carried out previously by the Assembly Commission, the two independent panels on financial support for Assembly Members, and other remuneration bodies.
21. We published an updated Determination and an accompanying report, *Office Holder Remuneration*, in July 2011. Our costs associated with this work are outlined in the Annual Report for 2011-12

Savings

22. The decisions we have made and the arrangements put in place as a result of our Determinations will bring £2 million of savings to the public purse over the Fourth Assembly.

Pension Arrangements for Assembly Members

23. We agreed in March 2011 to defer consideration of pension arrangements for Assembly Members until we had received the 2011 actuarial valuation of the Members' Pension Scheme, and had time to consider in detail the implications of the March 2011 report of Lord Hutton on public sector pensions and the public debate about its conclusions.
24. Our consideration in this area began in the previous financial year when we planned how we would approach the work and the matters for consideration. During the reporting period (2012-

13) we undertook detailed preparatory work before consulting Members on a number of options. Our aims for this aspect of Assembly Members' total remuneration are:

- to put in place pension arrangements which are fair, sustainable and affordable in the long term;
- to protect pension rights accrued to the date of implementation of new arrangements; and
- to ensure appropriate retirement benefits for Assembly Members.

25. Since starting our work on this topic we have liaised closely with the Trustees of the current Pension Scheme who are responsible for managing the pension fund on behalf of the members of the Scheme. We shall ensure the Trustees remain informed of our activities and considerations in this area.

26. In October 2012 we issued a consultation document which sought views from Assembly Members on three possible options for a future scheme which were:

- to make changes to the existing Final Salary Pension Scheme;
- to introduce a Career Average Revalued Earnings Scheme;
- to introduce a Cash Balance Scheme.

27. We commissioned expert external advice from PwC to assist us in developing these options, which included a technical seminar in June 2012 attended by the Trustees. All Assembly Members received a copy of our consultation document and we held a colloquium at the National Assembly to launch our work and gather views. Our event was well-attended with participants including Assembly Members, representatives from IPSA, the Chair of the Northern Ireland Assembly Remuneration Panel and a range of private sector experts from within the pensions field.

28. Only two formal responses to our consultation were submitted. We were disappointed not to receive more, but we will continue to engage with as many Members as possible as we continue our work in this area.

29. We delayed our consideration of these responses to allow for the *Public Service Pensions Act 2013* to complete its passage through Parliament. Pensions schemes that are within the competence of the National Assembly for Wales are subject to the requirements of the Act as a result of the Legislative Consent Motion passed by the Assembly in January 2013. This means that, should the Board decide to put in place a new scheme for Assembly Members it would have to meet the requirements of the Act. Its key provisions are:

- the creation of new career average public sector schemes to replace current final salary schemes. Except where transitional protection has been agreed, existing schemes will

close to future accrual from April 2015 (April 2014 for the Local Government Pension Scheme);

- requirement for any new scheme to be approved by the Treasury;
- in most cases normal pension age to be linked to state pension age;
- a new employer cost cap to share the risk of changes in scheme costs between employers and scheme members;
- a transitional period of protection for members who are closest to retirement.

30. We will continue to monitor developments in pension policy at UK level and changes to public sector pensions forthcoming in 2015 as the provisions of the Act are effected and, in the Welsh context, the pension arrangements available to people in both the public and private sectors. We will also take account of any developments relating to the salary and pension arrangements of MPs in Westminster, MSPs in the Scottish Parliament and MLAs in the Northern Ireland Assembly.

31. The next phase of our work on pensions will start in the Autumn of 2013. In the meantime we shall procure expert pensions (legal and actuarial) advice to assist us in considering our options to ensure that our work is thorough and robust, and takes account of all relevant factors. The proposed timetable for our consideration of pension arrangements for Assembly Members is set out below:

- July 2013 to March 2014: Procurement of professional advice and development of work in this area, including advice on implications of Public Sector Pensions Act 2013;
- April to September 2014: Agreement of pension proposals and consultation with Members and Trustees;
- October to December 2014: Consideration of views of consultees;
- January 2015: Publication of decision on pensions and date of change.

Costs

32. We have discussed future pension arrangements for Assembly Members at a number of Board meetings in 2012-13. We received expert advice from PwC on the current Members Pension Scheme, which included a seminar also attended by the Trustees of the current scheme and a report informing our first consultation on the matter. The cost of the work carried out by PwC was £13,800.

Reviewing our Decisions

This chapter explains the changes we have made to our Determinations during the year following feedback and evidence from Assembly Members.

Reviewing our Decisions

33. We are required to keep our Determinations under review so that they continues to provide Assembly Members with the resources they need to perform their duties. In order for us to do this, we invite feedback and evidence from Assembly Members which enables us to assess the effectiveness of our decisions and identify any areas for revision.
34. Following feedback, we have reviewed our decisions in a number of areas, which are listed below. Where necessary we will make amendments to our Determinations. The changes introduced will be effective for the financial year 2013-14.

Office cost allowance

35. Members are entitled to claim an Office Costs Allowance to reimburse them for all reasonable costs relating to the running of an office and engaging with constituents. The rate for this allowance has not been increased since the election in May 2011. We have agreed to raise the amount to reflect the likely rise in inflation over the coming year.

Decision

36. The office cost allowance for 2013-14 will increase from £16,242 to £16,697 in line with the Office for Budget Responsibility's forecast Consumer Price Index rise of 2.8 per cent, as set out in the UK Government's Budget for 2013-14.
37. The cost of this decision will be £27,287.

Accommodation allowance - essential repairs

38. Chapter 4 of our Determination provides for payments to reimburse Members for the cost of staying overnight in Cardiff in connection with the performance of their role as an Assembly Member. In 2011 we reduced the number of eligible Members from 51 to 25. Under transitional arrangements, seven Members continue to receive a reimbursement of their mortgage interest cost. The maximum amount that may be claimed is £8,400 per annum. From time to time, these Members need to make some essential repairs to their properties which, if they were in rented accommodation, would be met by the landlord.

Decision

39. We shall amend the Determination to enable qualifying Members to claim the cost of repairs to their property, subject to a cap of £8,400 per annum for all mortgage payments and repairs. The costs of the repairs must not exceed £840 (10 per cent of the maximum allowance). Claims must be for essential repairs only. There will be no overall increase to the budget for this allowance.

Necessary security precautions for properties that are not the Member's main home

40. Assembly Members may, from time to time, be subject to security risks arising from their duties as elected representatives, for example, threats to their homes or to them as individuals. In such instances it may be necessary for an individual Member to improve security arrangements at their property in Cardiff.

Decision

41. We shall amend the Determination to allow for the cost of additional security precautions necessary to minimise such risks to be met. Any payment would be subject to the submission of written advice from the police as to the necessity of such precautions.

Travel outside the European Union

42. Chapter 5 of the Determination currently enables Assembly Members to make four return journeys within the European Union in any financial year. However, there may be occasions when a Member visit outside of the European Union would be as beneficial in providing opportunities for the exchange of ideas exploration of issues and raising awareness of the work of the Assembly, and which would all be wholly in connection with the role of a Member.
43. We received representations from the Presiding Officer and a number of Members requesting that the Determination be amended to allow travel further afield for the reasons outlined above.

Decision

44. We shall amend the Determination so that Members can visit countries outside the EU provided the principal purpose of the visit is in connection with the performance of the Assembly Member's role. Approval of such visits will be subject to the submission of a business case showing the benefits of the visit to the National Assembly for Wales, and indicating the people or organisations to be visited. As is already the case with international visits undertaken through the Commonwealth Parliamentary Association, Members will be expected to post a visit report on the Assembly's website.

Exceptional expenses

45. From time to time individual Assembly Members may require additional financial support when serious personal issues affect their ability to fulfil their duties. These will usually be of a confidential nature and can arise at short notice. As a Board, we have a duty to support Members in all aspects of their role, and are of the view that if such circumstances are brought to our attention we should be able to assess the nature of the request robustly and come to a view as to whether there is a case for providing support. Any requests would need to be dealt with sensitively, while ensuring appropriate governance arrangements for reporting our consideration and decisions.

Decision

46. We shall in due course amend the Determination to clarify the steps which a Member would need to follow in submitting such a request and the process we would take in assessing whether additional support should be made available. This amendment will be made during the forthcoming financial year after consultation with the Presiding Officer and Party Leaders

Support for Members with caring responsibilities

47. On a number of occasions we have been asked to consider introducing an allowance for Members with caring responsibilities, similar to arrangements in place in the House of Commons and the Northern Ireland Assembly. The National Assembly for Wales places a significant emphasis on equality and there being no barrier to standing for election as an Assembly Member and, if elected, individual Members carrying out their duties. We wrote to Members to indicate that there may be merit in such a proposal and, if so, that it might include children, elderly relatives and partners with particular needs. We received no objection to this proposal, although Members indicated they required more information to inform their views as to its merit.

Decision

48. We shall issue a discussion paper on the matter for further consultation with Members and wider consultation with groups with expertise in this area. In the event of there being significant support for the proposal we will include such a measure in a future Determination in this Assembly. This would inform candidates standing in the 2016 Assembly election.

Review of Assembly Members' staffing framework

This chapter provides a summary of our decisions resulting from our review of the Assembly Members' staffing framework. In September 2013 we shall publish a more detailed report intended to inform future consultation in this area.

Background to our review

49. Since October 2012 we have undertaken an extensive consultation exercise, the purpose of which has been to review:

- pay arrangements for Assembly Members' Support Staff (AMSS); and
- the general staffing framework for Assembly Members.

50. A summary of our decisions in this area are noted in this report. We have endeavoured to be open and transparent throughout the whole process and have shared information with Assembly Members and support staff at every step, either through Party Leaders or reference groups representing Members and their staff.

51. We have always tried to do things with Members and their staff, not to them. We are conscious that staffing arrangements were initially put in place when the Assembly was a corporate body, not the legislature that it is today. We value highly the commitment of caseworkers to assist constituents and give voice to their concerns in Committee and the Chamber. The evidence we have indicates, however, that staffing is more heavily geared to this area than to the new strategic responsibilities of the Assembly. While AMSS disposition is a matter for Members, we are open to rewarding increased staff responsibilities in relation to strategic policy work. In coming to this view, we have listened to staff requests for career progression and to evidence from the Presiding Officer and others on the sheer complexity of Members' work in scrutinising legislation and in holding the Government to account.

52. In our 2013 Determination we have been able to introduce some measures which will assist career progression and reward responsibility at group staff level. In other areas — in ensuring value to the public purse of any enhanced grade, or in coming to agreement on what research and policy constitute — we have had conflicting responses. We want to get any changes right

before the Fifth Assembly. We shall therefore publish, in September 2013, a more detailed report on AMSS remuneration and staffing framework. The intention is that this will inform consultations on our 2014 Determination.

Current arrangements

53. Assembly Members each receive a staffing allowance from which they can employ three full time equivalents and cover *ad hoc* costs such as staff travel, overtime and the commissioning of external research. From May 2011 – April 2013 this was £89,000 per annum. For 2012-13 the total cost of this allowance was £6.6 million.
54. AMSS have a central role in supporting Members to strengthen the Assembly and for many constituents they are the public face and point of contact of the legislature.
55. The Assembly Member is the employer and is responsible for the disposition and management of their staff. In consequence the organisation of their offices varies significantly. Some Members choose to appoint an office manager or casework on the highest bands, whilst others put their researcher in this position. Some AMs prefer to concentrate on their parliamentary duties, leaving staff to deal mainly with constituency and regional issues. Others target staff support towards Formal Assembly Business. Whilst all AMSS have a contractual job title (and in many cases a wide range of ancillary titles), there is general recognition that in a small office they will often be required to multi-task in other areas.
56. We have always recognised that Assembly Members should retain the flexibility provided by the current arrangements which enables them to structure their offices according to their individual priorities. Indeed, our first Determination (May 2011) gave Members more flexibility than had existed previously so that they could employ more than one member of staff on each of the pay bands.
57. If Members choose not to allocate a sizeable part of their staffing budget to policy and scrutiny work, that is a matter for them. All the evidence available to the Board, however, indicates that there should be some re-gearing in this area to allow the Assembly to develop in response to its increased legislative competence.
58. The National Assembly for Wales is the only one of the four UK legislatures which has pay points as well as pay scales for support staff. There are three pay bands along which employees can progress on an annual basis subject to satisfactory performance and review by the employing Member. This means that over a 5 year period employees can reach the top of their pay scale.
59. In the Scottish Parliament and Northern Ireland Assembly there are no pay scales or defined posts. Whilst there are defined posts and salary bands in Westminster, there is not the same *de facto* guaranteed pay progression for those employed by MPs. However, in Westminster Members are able to appoint to a wider range of salary bands within their staffing budget, which means they are able to appoint staff at a more senior level if they wish.

60. As part of the first phase of our work in 2011 we agreed to increase pay points from April 2011 in line with the 2.3 per cent change in the Average Earnings Index (as at December 2010), and a further increase of £550 from 6 May 2011, representing the consolidation of previous discretionary bonus payments into pay. Taken together, these two elements gave an increase of between 4 per cent and 6 per cent, depending on salary scale and spine point. Pay scales were frozen at these levels until April 2013. This decision was taken after careful consideration of all available evidence, including benchmarking AMSS roles against reasonable comparators, and wider consideration of the UK and Welsh economic contexts.
61. Given the decision by the Assembly in 1999 to introduce pay points, there is a generally higher expectation of pay rises and a long career as AMSS than in the other legislative centres of the UK. The Board recognises the difficulties for staff appointed years ago who have reached the top of their pay scale.

Methodology

62. We have endeavoured to ensure that our review has been thorough and detailed. We considered a wide range of views and evidence and have consulted at each stage. As part of this process we have spoken to and received submissions in writing from Assembly Members, individual and groups of support staff and reference groups representing both sets of stakeholders including Trade Unions. We have received evidence from representative samples of 20 Members (33 per cent) and 58 support staff (20 per cent).
63. We have also taken into consideration economic factors and public sector pay policy which has limited rises to 1 per cent for the current financial year. In assessing the appropriateness of the AMSS pay scales we used the most recent data from the Annual Survey of Hours and Earnings (November 2012), other comparators as identified by Members and by their staff, and similar posts in the other UK legislatures.

Context and summary of evidence

64. Following the 2011 Referendum, the Assembly gained full legislative powers in 20 areas and as a result the responsibilities placed on Members are even more demanding. Recent submissions to the Silk Commission have indicated ambitions for significant additional powers to be devolved to Wales. The impact that the current and changing constitutional landscape has on the institution’s capacity has been a key consideration for us in undertaking this work. Such constitutional change inevitably impacts on Members’ capacity, their need to prioritise time, workloads and the way they choose to use their staffing resources.
65. Many of those who spoken to us during our review have emphasised the challenges facing the Assembly now and in the future. They stated that Members must be adequately resourced to meet those challenges, particularly the Assembly’s increased legislative powers and potential for greater financial responsibility. We have taken into account evidence from the Presiding Officer and others that – given the new powers of the Assembly – we should look to enhance the strategic capacity of an Assembly tasked with scrutinising a very substantial volume of policy and legislative work. In her evidence to the Silk Commission, the Presiding Officer called for the size

of the Assembly to be increased to 80 Members to enable the Assembly to manage its increasingly complex responsibilities and be ready for the challenges it will inevitably face with greater powers. An increase in the number of Members is unlikely in the short to medium term and the Board must resource Members to deal with the demands they and the Assembly face now, so that they can undertake their duties effectively. We therefore remain of the view that, in a small legislature of only 60 Members, it is appropriate for the National Assembly to have a greater staffing allowance than in the other devolved legislatures.

66. There are significant variances in evidence given to us, in answer to the same questions, by Members and AMSS:

Figure 1: Summary of evidence

Issues and themes	Assembly Members	Support Staff
Sample size	20 (33%)	58 (21%)
Main staff work activities	Assembly business Research/policy Casework	Casework Research/policy General admin
Percentage of staff that undertake research in their work ²	75% (15 out of 20)	80% (37 out of 46)
Percentage of staff time spent on research supporting formal Assembly Business.	50%	40%
Key skills to be effective in role	People skills Research/analytical Time management	People skills Communication skills Time management
Percentage that complete a performance review (from informal to annual)	85% (17 out of 20)	50% (23 out of 46)
Agree that AMSS job descriptions accurately reflect the work they do.	79% (11 out of 14)	61% (27 out of 44)
More research training needed	65% (13 out of 20)	79% (22 out of 28)
Previous experience or skills relevant to AMSS role	Research/ analytical Life experience People skills	Academic qualifications Work experience People skills
Other comments	More staff/hours needed Regional issues More flexibility in staffing framework and likely to get busier in the future	Lack of career progression Need for HR support for AMSS Demanding job/long hours

² While the Board was clear that its research questions related to scrutiny and policy work, this was widened in responses to include research for letters, casework, public meetings and contact with the Research Service in the Assembly.

Proposals and decisions - general

67. We have put in place a number of decisions which took effect on 1 April 2013. These are outlined below.

1 per cent pay award

68. The existing pay scales were evaluated against suitable Welsh comparators to establish whether salaries had continued to remain broadly in line with similar roles in the public and private sector. This exercise was based on evidence we received from a representative sample of Members and from their staff, job descriptions and comparator data.
69. Posts were benchmarked against appropriate public and private sector roles, which included comparators suggested by Members and their staff. These included Citizens Advice Bureau caseworkers, social services caseworkers, university researchers, executive officers and junior managers in the civil service. Other comparators as nominated by AMSS and Members included local authority case workers, local authority policy officers and complaints officers, and policy and communications officers in the public and voluntary sectors, as well as staff employed by the Assembly Commission.
70. The data gathered was subsequently cross-referenced against relevant comparators included in the most recent Annual Survey of Hours and Earnings (ASHE) for 2012. This validation exercise demonstrated that, in the vast majority of instances, the current pay scales remain appropriate for the jobs performed by Assembly Members’ staff when compared with similar roles in the public and private sectors, as highlighted in the figure below.

Figure 2: Support Staff salary averages compared to ASHE 2012 data for comparable occupations in Wales

	AMSS Salaries 31 October 2012		ASHE November 2012 Data	
	Salary Range	Actual Average	Mean	Median
Additional Group Support	£30,404 - £37,138	£35,219	£30,663	£34,618
Band 1	£22,594 - £31,890	£30,922	£28,447	£30,353
Band 2	£19,296 - £28,287	£25,595	£19,423	£19,962
Band 3	£17,472 - £23,563	£21,218	£17,295	£18,891

71. As part of this exercise we gave serious consideration to submissions from Members and their staff, which made direct comparisons between the roles performed by Members' employees and Assembly Commission staff and called for career progression to be facilitated in a similar fashion. Whilst there is some overlap and similarities do exist, it has not been possible to establish an across-the-board comparison because of the wide range of skills, qualifications, experience, levels of responsibility and designated duties among staff in Members' offices. There was also opposition to a structured assessment as part of the appointment process for our proposed Senior Adviser position (see below), similar to that used in recruitment of senior researchers employed by the Assembly Commission.

Decision

72. Public sector pay policy has limited across-the-board rises in the public sector to 1 per cent. In light of this, and our assessment of the appropriateness of the existing pay scales for the jobs performed, the pay award for AMSS for the current financial year is a 1 per cent increase. This rise has been in place since 1 April 2013 and was accepted by Members and by their staff. We will revisit this decision at the appropriate time during the current financial year to agree the pay award for 2014-15. For the 2013-14 financial year each Assembly Member will receive a staffing allowance of £89,890. The new pay scales are set out below.

Figure 3: Pay scales for Assembly Members' support staff 2013 - 2014

	Pay Point 1	Pay point 2	Pay point 3	Pay point 4	Pay point 5
Additional Group Support	£30,708	£32,281	£33,936	£35,676	£37,509
Band 1	£22,820	£24,866	£27,101	£29,541	£32,209
Band 2	£19,489	£21,437	£23,587	£25,955	£28,570
Band 3	£17,647	£19,014	£20,488	£22,080	£23,799

Recruitment and pay reviews

73. At the start of this Assembly we introduced a requirement that all vacant positions in Members' offices should be openly advertised. This was to ensure that the process for appointing to posts in Assembly Members' offices was transparent. Although we received some positive feedback, we also heard that there may be occasions when it would be beneficial to consider, in the first instance, internal recruitment for suitably qualified individuals. This would provide more scope for staff to achieve promotions, to speed up the recruitment process and to provide greater value for money.

Decision

74. We have introduced greater flexibility for Members to advertise vacancies internally in the first instance, to their own staff or within the party group, where there may be a suitably qualified candidate for the post. Any appointment must still be subject to a formal interview and assessment process.
75. Members will also be able to undertake a pay review with a member of their staff after the six month probationary period, which all staff must pass successfully before becoming permanent appointments. As a result, where a member of support staff has been appointed to the first point in their band and subject to evidence of a formal review demonstrating satisfactory performance, the employee may move to the next point on the pay scale. This will only apply to new appointments when the employee has started at the bottom point of their pay band. Any subsequent review will be undertaken annually.

Annual Leave

76. At the start of the Fourth Assembly we introduced standard contracts for Members’ staff to guarantee consistent terms and conditions. Staff who have joined since then will be on the terms of the standard contract and many who were already in post have also transferred to this contract. However some staff remain on the terms that were in place for them prior to the May 2011 election.
77. During the course of our review we received evidence from many support staff calling for an increase in the number of annual leave days in the standard contract from 28 to 31. Many felt that increasing leave in this way would enable those who have been reluctant to commit to the standard contract due to variations in their annual leave arrangements to sign up to a revised standard contract with enhanced leave arrangements.

Decision

78. Since 1 April 2013 Assembly Members’ support staff who have signed up to the standard contract are eligible for 31 days annual leave. The increased number of days reflects the fact that support staff based in the Assembly’s offices in Cardiff Bay are unable to access all services at the building when services and facilities are much reduced, particularly over the Christmas and New Year period. It will be for individual Members and their staff to decide, however, if and when the additional days are actually taken.
79. Assembly Members are individual employers, and the decision whether or not to extend the holiday period is a matter for them in consultation with their staff.

Proposals and decisions – enhancing the capacity of the Assembly

80. Further to the changes above which were put in place on 1 April, for reasons described at the start of this chapter, we continued to consult on a number of other proposals. We finalised our decisions on these at our 21 June meeting and have written to all Members and support staff to confirm our position.

Senior Advisor

81. Remuneration levels are linked to responsibility. While there is no justification in the current economic situation for across-the-board rises in excess of 1 per cent, we recognise that there may be a case for higher salaries for posts that carry greater responsibilities. During the course of our review we have received evidence from many staff and from Members that lack of career progression is a major concern.

82. From evidence submitted by the Presiding Officer and others on the impact of the Assembly gaining full legislative powers, we recognise the increased responsibilities for Members in formal Assembly Business in a legislature of only 60 Members. We consulted on a proposal to establish a Senior Advisor position to provide high-level support to individual Members on matters of a strategic significance locally and nationally, and in relation to formal Assembly business and policy.

83. Our justification for this proposal is clear and we remain firmly of the view that the capacity of the Assembly and its Members should be enhanced in order to meet their complex new responsibilities.

84. Whilst many welcomed this proposal and felt it would be of real benefit to them as Members and to the Assembly as a legislature, it did not receive across-the-board support. We therefore do not intend to proceed with this proposal for the current financial year but shall leave it on the table for consideration in 2014.

Policy and Research Fund

85. In addition to exploring the creation of a new post, we consulted on a proposal to extend the use of the Engagement Fund³ so that strategic and time-limited research could be undertaken both by Members' own staff and by external experts. We intended to make up to £2,000 per annum available to each Member for the purpose of SMART (specific, measurable, achievable, results-focused and time-bound) research or policy work commissioned internally or externally. This amount would be in addition to Members' staffing budgets and would give an opportunity for staff to take on more complex project work that would provide development opportunities, and for which they would receive payment. Where previously Members have been able to

³ The Engagement Fund was introduced at the start of the Fourth Assembly. Members could use up to £2,000 from the remaining balance of their staffing allowance to bring in external expertise to advise or assist, for a fixed period, on a specific task or piece of work.

commission external research subject to the availability of remaining funds within their staffing allowance, this amount would be additional.

86. Although many welcomed this suggestion and felt it would be beneficial, considerable concerns were raised about this proposal, with some saying that it opened the way to a return of “the bonus culture”.
87. In line with the feedback we received we will not be putting in place arrangements to allow staff to receive payments for such work for the current financial year. We are, however, open to further discussions in 2014.

Decision

88. We shall proceed with the proposal of making an additional fund available to Members so that it may be used for commissioning external research. To make its purpose clear, this will be called the Policy and Research Fund. It will be available to fund external research to support policy development, exploration of issues of significance in their constituency or region, or the scrutiny of policy, legislation or finance. Members will be able to combine these funds to commission larger pieces of work, although this will be in accordance with best procurement practice.
89. We will monitor take up of the Policy and Research Fund and its value in bringing in additional expertise to assist Members over the next 12 months, and review the operation of the new fund at the end of the current financial year.
90. Party groups will also be able to commission external research in this way. There will be no £2,000 cap for the groups, although their ability to commission will be subject to the availability of funds within the Support for Groups Allowance.

Enhanced support for Groups

91. In addition to suggesting ways of increasing the support available to individual Assembly Members, we also developed proposals to enhance the capacity of the party groups. The central group plays a key role for all parties. In the case of the opposition parties, this is an essential function that assists them in holding the Government to account and developing alternative policies. For a party in Government, group staff play a role in the strategic coordination of the activities of its Members and in acting as a link between the Government and backbench Members. Central group budgets for staffing were set by the Assembly Commission in the Third Assembly and we have not made any changes to these since we were established as a Board. We are firmly of the view that the groups perform a crucial function in the effective operation of the Assembly as a legislature.
92. The activities of each group, whether in government or in opposition are coordinated by a senior member of staff. In the Assembly these are the Chiefs of Staff or equivalent. These posts carry greater responsibility than any other position within the groups and across the staffing framework. They provide strategic support to the Party Leaders, Business Managers and all Members in the groups, and oversee the functioning and activities of the group offices. They

usually manage a team of researchers and the media function of the group. They carry significant responsibility, which has increased as the Assembly has gained powers and become a full legislature. The complexity of these posts gives a common value in terms of the degree of responsibility that they carry and we are clear that, until now, these positions have not been adequately remunerated.

Decision

93. The Support for Group budget for each party group will be increased in line with the table below. This is to strengthen their policy and research capacity and enable them to appoint staff at a more senior level who will undertake complex work linked to the operation of the Assembly as a legislature. Each group will have a sufficient budget to allow them to appoint a Chief of Staff, Additional Group Support and a Band 2. The number of Band 1 appointments each group will be able to make will depend on the size of the group, but will increase in proportion to the number of Members in a group. Each group will also have a remaining balance to pay for costs such as staff travel, overtime and the Policy and Research Fund.
94. Although our calculation is based on the following model, it is not intended to impose a particular staffing structure on the party groups. They will retain the flexibility to structure their group office according to their needs and appoint to posts of importance to them across all of the pay bands, although it is our expectation that the additional funds will be targeted towards policy and research linked to the Assembly's functions as a legislature.

Figure 4: Support for Groups 2013 - 14

Size of Group	Chief of Staff	Additional Group Support	Band 1	Band 2	Band 3	Group Allowance 2013-14
3 or more Members, with a Member in the Welsh Government	1	1	1	1	-	£144,598
Between 3 and 10 non-Government Members	1	1	3	1	-	£220,125
Between 11 and 15 non-Government Members	1	1	4	1	-	£255,364

95. We are introducing a new pay band for Chiefs of Staff. This band will be remunerated at 10 per cent higher than the Additional Group Support salary and reflects the significantly greater responsibilities carried by those posts, particularly in light of the enhanced powers of the Fourth Assembly. Only one full time post or equivalent per party group will be funded in this way.

Figure 5: Chief of Staff Band 2013 - 2014

	Pay Point 1	Pay point 2	Pay point 3	Pay point 4	Pay point 5
Chief of Staff	£33,779	£35,509	£37,330	£39,244	£41,260

Costs of our decisions

96. The maximum potential cost of the decisions we have made in relation to the Members’ staffing allowance are summarised below:

Figure 6: Review of staffing framework – costs of our decisions

Decision	Maximum Potential Cost
1 % pay increase for all AMSS	£61,223
Introduction of Policy and Research Fund	£120,000
Increase in the Support for Groups Allowance	£80,518
Total	£261,741

Work Programme 2013-14

This chapter summarises our work over the next year and for the remainder of the Fourth Assembly.

Work Programme 2013-16

97. The system of financial support set out in our Determination is for the four years from the start of the Fourth Assembly. As we noted in our previous reports, the Fixed-Term Parliaments Act 2011, which received Royal Assent in September 2011, has resulted in the Fourth Assembly term being extended to five years.
98. Over the next two years we will review the decisions we have taken on Members' salary levels in order to assess whether the system of financial support is appropriate for the final year of the Fourth Assembly.
99. Before the next Assembly elections in 2016 we will determine the total remuneration package and system of financial support appropriate for Members of the Fifth Assembly. This is likely to involve assessment of the job weight and responsibilities of Assembly Members, Ministers and other office holders in the light of the development of the Fourth Assembly. As set out earlier in this report we will continue our work on Assembly Members' pensions. We will also monitor developments in Westminster and decisions made by the Independent Parliamentary Standards Authority affecting the salaries and pensions of Members of Parliament.
100. Our work in this area will commence during the 2013-14 financial year.

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.

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

The Board was appointed under a fair and open recruitment process and consists of a Chair and four Board members:



The Rt Hon Sir George Reid
(Chair)

A Scottish politician, journalist and academic. Knighted 2012. Privy Councillor, former MP, MSP, Presiding Officer of the Scottish Parliament and Chair of its Corporate Body. Lord-Lieutenant of Clackmannanshire. Worked for 15 years in wars and disasters as a director of the International Red Cross/Red Crescent. Current appointments include: UK Electoral Commissioner and visiting professor at Glasgow and Stirling Universities. Recently led strategic reviews of governance in the Northern Ireland Assembly and the National Trust for Scotland.



Sandy Blair CBE

A former director of the Welsh Local Government Association, WLGA (retired 2004). A local authority chief executive for 16 years before appointment to the WLGA, and President of SOLACE in 1999-2000. Has held a number of public appointments and trusteeships such as non-executive director of the Health and Safety Executive, HSE, chair of the Monmouth Diocesan Board of Finance and roles within the Church in Wales. Has served as a member of the Remuneration Committees for UWIC and HSE.



Mary Carter

Retired as a Partner of KPMG in September 2008 and is currently a 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. A lawyer by background, has specialised for over 20 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 within Allied Dunbar, Chartered Trust and Bristol & West Building Society before becoming Tesco's first Financial Services Director. More recently, has undertaken a variety of assignments in the public and private sectors, helping establish joint ventures and alliances as well as being a turnaround director of a number of financial services organisations. Is currently a non-executive director of the Welsh Ambulance Service.



Professor Monojit Chatterji

An academic with public policy experience, he has published research in such areas as the determinants of public sector pay and role of the trade unions. Currently Fellow and Director of Studies in at Sidney Sussex College, Cambridge, and External Director of Studies in Economics at Trinity Hall, Cambridge. Chair of the National Joint Council of UK Fire and Emergency Services (the pay negotiating body). Formerly Bye-Fellow and Professor of Applied Economics at the University of Dundee. Previously 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. Formerly a member of the Economists Group, Office of Manpower Economics, considering cross-cutting issues on pay in the public sector.

Board Cost Breakdown

The table below shows the direct costs incurred by the Remuneration Board in 2012-13. During this time there were 6 formal Board meetings, an internal seminar and a colloquium for stakeholders on pensions. The Board also held a number of informal meetings as part of its review of the Assembly Members' staffing framework.

Board Member Fees

	The Rt Hon Sir George Reid (Chair)	Sandy Blair	Mary Carter	Stuart Castledine	Monojit Chatterji	Total
	£	£	£	£	£	£
Daily rate	243.00	185.00	185.00	185.00	185.00	
Fees	8,384.25	3,515.00	3,539.76	4,995.00	5,439.00	25,873.01

Board Member Expenses

	The Rt Hon Sir George Reid (Chair)	Sandy Blair	Mary Carter	Stuart Castledine	Monojit Chatterji	Total
Car mileage	221.40	425.35	145.80	180.00	372.00	1,344.55
Taxi/Car Hire	449.07	-	11.60	-	146.76	607.43
Air Travel	1,551.24	-	-	-	1,749.66	3,300.90
Public Transport	354.76	-	357.60	-	338.09	1,050.45
Accommodation	1,176.00	-	668.00	179.00	528.00	2,551.00
Subsistence	180.80	11.25	118.70	136.00	80.62	527.37
Total	3,933.27	436.60	1,301.70	495.00	3,215.13	9,381.70

Additional Costs

Board Meetings	-	-	-	-	-	630.17
Expert advice from PwC	-	-	-	-	-	13,880.00
Pensions Colloquium	-	-	-	-	-	266.28
Total	-	-	-	-	-	14,845.82

Total	-	-	-	-	-	50,031.16
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