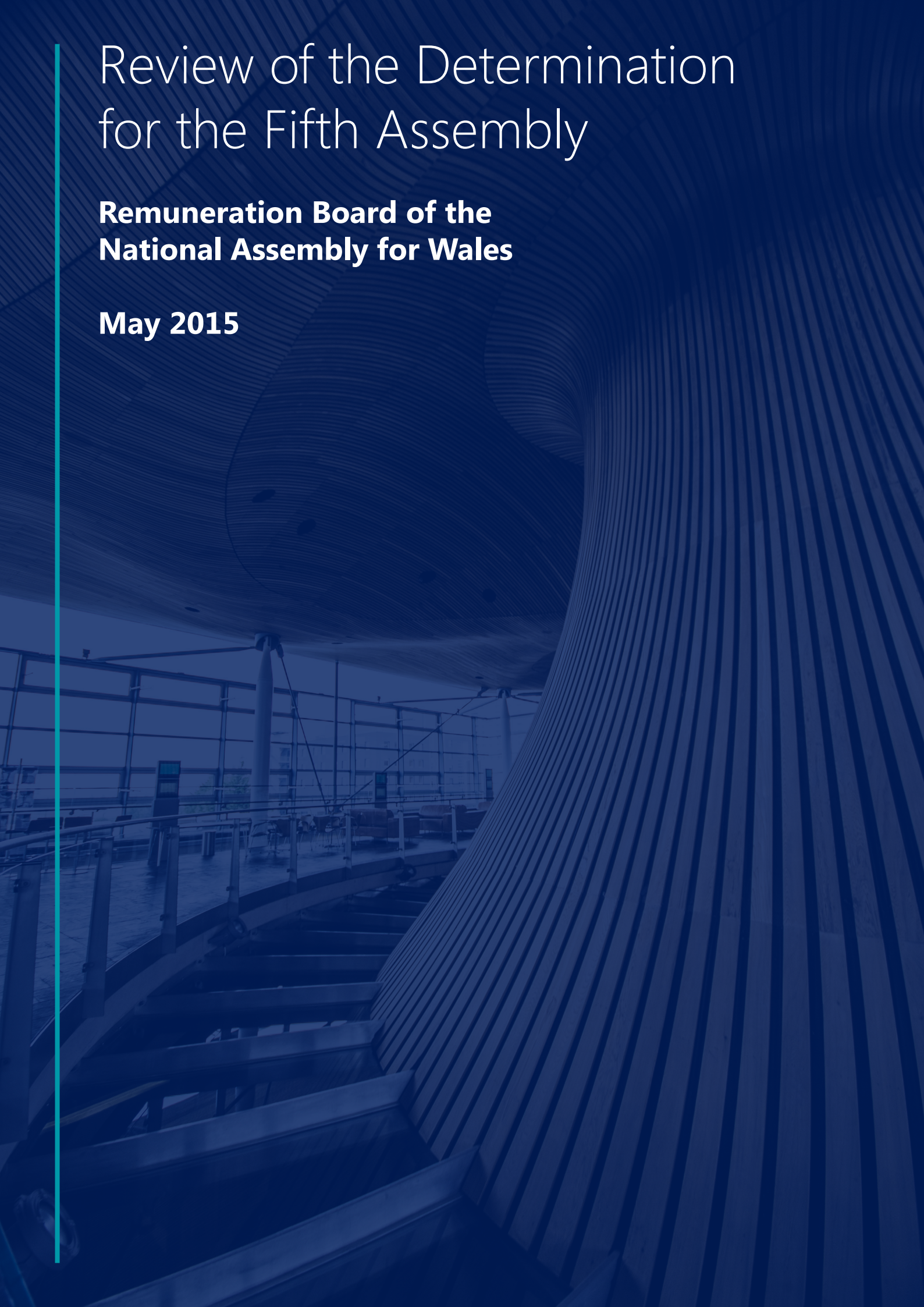


Review of the Determination for the Fifth Assembly

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

May 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.

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An electronic copy of this report can be found on the National Assembly's website:
www.assembly.wales

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Introduction

From May 2016, the National Assembly for Wales will be a very different institution from the one created in 1999. The intervening years have seen radical changes in the powers, responsibilities and expectations of the institution and its Members.

The Remuneration Board (“the Board”) is independent from the National Assembly for Wales. Its job is to set a package of remuneration and financial support for Members of the Assembly that enables them to fulfil their role as our national representatives. In doing so, the Board aims to ensure that their remuneration and support is fair, represents value for money, and takes into account appropriate Welsh comparators.

My Board colleagues and I believe that the Determination published today does that. Some of the decisions have not proved popular with the public or with Members. Others have been well received. The Board has listened to the feedback – positive and negative – and considered it in its deliberations.

The principles that the Board established at the start of the Fourth Assembly have endured, and are still appropriate today. But the constitutional situation and the economic climate have changed.

In the Fifth Assembly, Members will deal with a greater range and depth of legislation than ever before. For the first time, they will have significant tax and borrowing powers. And the outcome of the St David’s Day Agreement¹, paves the way to further devolution of powers in a very short period of time.

The Board has decided to publish this report a year before the Welsh General Election in May 2016 so that potential candidates for election may know what support and remuneration will be available to them.

I am mindful that the financial support put in place is only one aspect of what it takes to overcome barriers and attract a diverse range of high calibre candidates to stand for election to the Assembly. In this Report, the Board has also published an Equality Impact Assessment, which sets a new benchmark in this area for parliamentary remuneration bodies.

¹UK Government press release <https://www.gov.uk/government/news/landmark-funding-announcement-and-new-powers-for-wales-in-st-davids-day-agreement>

The onus now is on the political parties: the Board has put in place a package that it considers is appropriate to attract the calibre of Members that the Assembly needs to ensure effective Government, high quality law-making, and rigorous scrutiny of Ministers. The voters of Wales should demand and expect candidates of exceptional quality to represent them in their National Assembly.

My Board colleagues and I are grateful to everyone who has assisted us in the course of our work, both those within the Assembly, Elected Members and staff in their various roles, and the wide range of other people from outside the Assembly whose contributions have helped us in reaching our conclusions. Within the Assembly it has been of particular benefit in testing our emerging proposals to have had constructive dialogue with small representative groups of Members and their staff. We also wish to thank those members of the public and civil society organisations who responded to our wider consultations.

The Assembly elected in 2016 will be a Parliament in all but name; I believe the work the Board has done has produced a remuneration regime which is appropriate for the institution, and the challenges which lie ahead.

A handwritten signature in black ink, reading "Sandy Blair". The signature is written in a cursive style with a large initial 'S' and a long horizontal stroke at the end.

Sandy Blair CBE DL
Chair of the Remuneration Board

May 2015

Executive Summary

This document sets out the Board's rationale for the significant changes it is introducing to the remuneration and support of Members in the Fifth Assembly.

The institution has changed greatly since it was established in 1999, and further changes will take effect in the months and years ahead. The Board recognised that and sought to ensure that Members can meet their growing range of responsibilities. (Chapter 2)

The Board has made a number of decisions which invest additional resources in the capacity of the Assembly. These include:

- Increasing the level of remuneration for Members to ensure it properly reflects the increased and growing responsibilities that they bear (Chapter 3);
- Creating a new role of Senior Advisor to boost the capacity of Members to deal with the demands of their role (Chapter 4); and
- Extending and promoting the use of the Policy and Research Fund (PRF) to encourage Members to do more to communicate and engage effectively with their constituents (Chapter 4).

The Board has also sought to cut costs and remove allowances where they are no longer justified. Examples include:

- Reforming the Members' pension scheme so as to reduce the cost of future pensions to the taxpayer by approximately 30%² and increasing the amount that Members contribute themselves (Chapter 3);
- Capping the total level of funding available to support party groups in the Assembly (Chapter 4);
- Removing the limited allowance available for overnight stays from Members who live close to the Assembly (Chapter 5).

An independent board is alone responsible for its decisions. However, the Board has consulted on the four main strands of work, and again on the Determination as a whole. The Board has, during its decision-making process, listened and reflected on the feedback received (Chapter 1).

² The employer's pension contribution will reduce from 23.8% of payroll to around 16.6%

The review of the Determination has found that the range of additional support and reimbursements for expenses is largely effective. The Board has therefore introduced minor changes to ensure that while the system remains robust, there is more freedom for Members (Chapter 5).

The Board has set out a system of financial support which is evidence-based and cost effective. Expenditure has been increased in some areas, and reduced in others. The overall package for the Fifth Assembly will cost more than that in the Fourth Assembly, but the Board considers that this is a proper investment in the future capacity of the Assembly and in democracy in Wales. Full details of the cost of the Determination, and the expenses incurred over the two year review, can be found in this report (Chapter 6).

1. The Remuneration Board's Approach to the Review

This chapter sets out the Board's functions and objectives and considers the wider context within which it has made its Determination for the Fifth Assembly.

1. The National Assembly for Wales (Remuneration) Measure 2010 ("the Measure")³ received Royal Approval from Her Majesty in Council on 22 July 2010. Five Board members were appointed by the Assembly Commission in September 2010 (see Appendix A for membership of the Board).
2. In September 2013, our chair Sir George Reid resigned from the Board due to illness. Sandy Blair was elected as his replacement by the Board in October 2013 and has steered the Review of the Determination from the early stages through to its conclusion. Professor Laura McAllister was appointed as a member of the Board in July 2014.

Functions and Objectives

3. 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.

³ *The National Assembly for Wales (Remuneration) Measure 2010*,
http://www.opsi.gov.uk/legislation/wales/mwa2010/mwa_20100004_en_1

4. 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.
5. Section 13 of the Measure provides that the Board may make no more than one Determination relating to the salaries of Assembly Members and one relating to the salaries of the First Minister, Welsh Ministers and the Counsel General for each Assembly term. However, the Board may make another Determination before the end of an Assembly term if it is satisfied that there are exceptional circumstances making it just and reasonable to do so.
6. As a result of the Fixed Term Parliament Act, the four year term of the Assembly was increased to five years. As a consequence the Board had to invoke the exceptional circumstances provision set out above, to set a salary for 2015-16, the additional fifth year of this Assembly.

Principles

7. The Board remains committed to the principles it established when first 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.
8. In addition, the Board is committed to the system of financial support for Members being robust, clear and transparent.

Strategic Context

9. The Board is clear that the system of remuneration and financial support must be targeted to supporting the strategic purpose of the Assembly as a legislature and the role of Members in that process. It has therefore focused on targeting resources to support Members to fulfil their core functions: scrutinising policy and finance; holding the Welsh Government to account; legislating; and representing their constituents.
10. In particular, as a result of the review, the Board has concluded that the greatest need for additional support is in ensuring the capacity of all Members to scrutinise the actions of the Welsh Government. Robust and challenging scrutiny is a vital component of effective government.
11. The Board's first Determination in 2010 was made in the context of the financial and economic circumstances at the time. The Board froze Members' salaries at their 2010 levels until 2014-15.
12. Anticipating the election in 2016, the review has highlighted the need to invest in the capacity of the Assembly to deal with its growing responsibilities.
13. The Board knows from its consultations that increasing the cost of politics is not popular with the public – and frequently not with Members either. However, the Board's remit is not to court popularity, but to do what it judges to be right. The Board's judgement is that insufficient capacity poses a substantial risk to the effective operation of the Fifth Assembly.
14. The responsibilities of the Assembly have increased throughout the Assembly's existence. However, the number of Members remains at 60, with no real prospect of change in the short term. Whatever the size of the Assembly, the Board is committed to ensuring that its Determination equips Members with the resources to do their job.
15. The Board has also ensured that equality issues are given a high priority in the Fifth Assembly. Every aspect of the Board's work has been assessed from an equality perspective by external experts and considered by the Board. The aim has been to ensure the removal of barriers wherever possible. As part of this work, a higher profile has been given to the Board's ability to pay exceptional expenses – in this way the Board can respond to the specific needs of individuals which may not be covered elsewhere in the Determination.

A Review of the Determination

16. From the outset, it was clear to the Board that, in order for the Determination to be fit for purpose, the Board needed to have a clear view of the fundamental purpose of the Assembly. In particular the Board had to understand the profound changes that have taken place since the first Determination in 2010 and the challenges ahead. The evolution of the Assembly is covered in greater detail in Chapter 3.

17. In order to produce a new Determination for the Fifth Assembly, the Board established four work streams to ensure that each were given full consideration: Pensions, Salary, Support and Allowances. The elements which made up Allowances are covered in Chapter 5 Reimbursement of other expenses.

Methodology

18. The Board decided at an early stage that its work should be evidence-driven and both participative and transparent.
19. If the people of Wales are to have full confidence in the Assembly's system of remuneration, it must be demonstrably fit for purpose and transparent. As the independent body charged with designing such a system, the Board has sought to abide by high standards of probity and transparency in its own work and to embed those principles into the financial remuneration and support framework of the Assembly.

A Transparent Review

20. The Board aims to ensure that its work is transparent and anyone with an interest is able to follow progress. The Board publishes meeting agendas and minutes of its meetings on its website⁴; since June 2014, the Board has also published letters to Members highlighting key decisions made at each meeting; contact details and a standing invitation to submit comments or raise issues; and media releases to inform the public of progress, proposals and decisions.
21. The Board has consulted extensively and adopted a presumption in favour of publishing consultation responses.
22. The Board regularly shares its consultations and proposals with the remuneration bodies for the other UK legislatures including senior officials at the Scottish Parliament, the Northern Ireland Assembly's Independent Financial Review Panel, and the (UK) Independent Parliamentary Standards Authority.
23. The Board is grateful to all those who gave up their time to provide evidence to it over the course of the work involved in the review and determination.
24. The Board began its work to reform the Members' pension scheme in 2012 as this was one of the most challenging and complex areas of work. Full details of the review, and consultations in this field, are set out in Chapter 2.

A Participative Review

25. The Board has always been clear that those affected by the Determination must be included in the review process. The Board met formally with representatives of all parties in

⁴ <http://www.senedd.assembly.wales/mqCommitteeDetails.aspx?ID=375>

the Assembly, with Members' staff and their trade union representatives, and with the Chair of the Members' Pension Scheme Trustees. The Board has kept Members informed of its work, by writing to them and their staff following every meeting, and holding regular meetings with representative groups for Members, and support staff.⁵

26. Members of the Board also held discussions with holders of some additional offices within the Assembly, including members of the Welsh Government, the Presiding Officer, Deputy Presiding Officer and an Assembly Commissioner, to gain an insight in to the additional responsibilities associated with those roles.
27. The Board began its review of the other aspects of the Determination in March 2014 with a series of 'Chatham House'⁶ discussions with senior figures in the Assembly including the party leaders, the Presiding Officer, Commissioners and external commentators. The Board explored the reality of operation for Members in today's Assembly and the prospects ahead for a small legislature with growing responsibility.
28. The Chair and other Members met the Assembly Commission in October 2014 to hear their assessment of the strategic direction of the institution and how the Board's Determination could impact on this.
29. The Chair has also held frequent 'drop-in sessions' which allow Members to share any concerns they may have about particular aspects of the Determination. This has been a source of information for the Board, allowing it to shape its decisions in the light of the practical experience of Members.
30. To update its evidence, the Board invited all Assembly Members to complete an anonymous on-line survey, the purpose of which was to gather their insights into remuneration issues. It was disappointing that only 17 Members (28%) responded. This meant that while the evidence was valuable, it did not give a complete picture of Members' views.
31. Board members have worked with the Assembly's in-house research experts to ensure that the Board's decisions are informed by a wide range of relevant statistical and other information.

Stakeholder and public consultation

32. Over the course of the last two years the Board has reviewed every aspect of the Determination, and sought the views of the public through several open consultation exercises.

⁵ The letters to Members are published as a matter of routine on the Board's publications page. <http://www.senedd.assembly.wales/mqIssueHistoryHome.aspx?IId=11701>

⁶ Chatham House: rule or principle according to which information disclosed during a meeting may be reported by those present, but the source of that information may not be explicitly or implicitly identified

33. In addition to the Board's consultations on the final Determination, it also conducted specific consultations on the Support available for Assembly Members (September 2014), Members' Allowances (October 2014), Members' salaries (November 2014) and two on the Members' pension scheme (April and July 2014). The final public consultation, on a draft of the whole Determination, closed on 8 April 2015.
34. The Board took steps to promote awareness of the consultations through the media, social media and by directly contacting those who it expected would have an interest in the Determination and the Board's aims, including political parties not currently represented in the Assembly, civil society and business representatives.
35. It was disappointing to receive so few consultation responses from these organisations as well as the limited amount of responses from the public. The Board will consider what more it could do in future to inform and engage the public and organisations in the work of the Board to generate an informed and wider debate beyond the media reaction.
36. A full list of links to the Board's consultations, and other related documents, can be found on its website. There are a range of links in Annex C.

External expertise

37. When the Board published its first Determination in 2011, time prevented a thorough examination of the roles undertaken by Members in Government. This time, the Board was keen to ensure a more thorough piece of evidence gathering and so, following a tender process, Hay Group⁷ were appointed to examine the relative weighting of the various roles held by Members.
38. The Board also commissioned a second piece of work to look at the barriers which prevent people from putting themselves forward for election. This tender was won by Bangor University's College of Business, Law, Education and Social Sciences⁸. The Board is conscious that the relatively small sample size of this survey makes it difficult to draw firm conclusions from the points raised.
39. In the development of a new Assembly Members' Pensions scheme advice was also received from actuarial and legal experts. We are grateful to both PWC and Wragge, Lawrence and Co. for their contributions and advice.
40. The Board was also aware of the work of other remuneration bodies – particular our counterparts in Northern Ireland's Independent Financial Review Panel and the Independent Parliamentary Standards Authority (IPSA).

⁷ See Annex C for link to this report

⁸ See Annex C for link to this report

Equality Impact Assessment

41. The founding legislation places a duty on the Board to ensure that no candidate with the necessary commitment and ability is deterred from standing for election. At the beginning of the process to review the whole remuneration package available for Assembly Members in the Fifth Assembly, the Board agreed to conduct an Equality Impact Assessment to establish how its proposals might impact on different groups of people protected from discrimination by the Equality Act 2010.
42. The Board therefore undertook an assessment of the Determination on equality grounds at every stage, to ensure that no sections of society were likely to be disproportionately deterred from standing for election to the Assembly on financial grounds.
43. Diverse Cymru was appointed to support the Board's work in this area. They have applied their expertise in reviewing the Board's consultations, and raised questions and issues which the Board then addressed in its further deliberations. The Board also discussed its progress with Diverse Cymru at a meeting on 16 January 2015.
44. The Board has also included a question on equalities in all its consultations. In this report, the Board has sought to mainstream its consideration of equality issues. In each chapter some of the more significant equality issues that have been raised and how the Board addressed them have been highlighted.
45. Access to equality data would enable the Board to make better informed decision in future. This is currently not captured. The Board therefore urges the Commission to consider how best it could collect equality data on Members and their staff in the Fifth Assembly.
46. The issues log, in which the Board recorded and assessed equality issues is attached at Appendix D. The Board believes the work done sets a new benchmark for Parliamentary remuneration bodies across the UK and indicates that the Determination should not deter anyone with the appropriate skills and interest from seeking office.

Future Work Programme

Support Staff Salaries, Office Costs and Residential Accommodation

47. Whilst the Board has set the principles of structure of Support Staff Salaries, Office Costs and Residential Accommodation, final decisions on the exact levels that will apply at the start of the next Assembly have been deferred so that they can be set in the light of prevailing market conditions in 2016.

Assembly Members' Pensions

48. The new Members' Pension Scheme drawn up by the Board has to be approved by HM Treasury before it can come in to force. A dialogue with HM Treasury has been maintained throughout the review, and the Board is optimistic that approval will be forthcoming. It is expected that the process will be completed, and a final scheme approved later this summer.

Committee chairs

49. The Board has set additional salaries for committee chairs based on the current make-up of committees. Should there be substantial changes to the committee structure in the Fifth Assembly, then the Board will need to revisit its decisions.

Review, Audit and Evaluation

50. In accordance with the Measure, the Board will keep the impact of its Determination under review during the Fifth Assembly. It will take into account the way that the Determination is operating, any unforeseen changes in the functions and responsibilities of Assembly Members, and any other new circumstances that the Board considers to be relevant. The Board will conduct audits where needed to ensure that any new procedures are working effectively and will continue to consult with Assembly Members, their staff and the public.

2. The Evolution of the Assembly

51. See infographic on following pages

Looking forward

52. Since 1999, the Assembly has changed substantially, acquiring new and greater powers and responsibilities on a regular basis. The St David's Day Agreement is the latest step along that journey.
53. The work and responsibility of Members has evolved alongside the institution. Where once it was a less demanding position, there is now little or no difference between the role of an Assembly Member and an MSP in Scotland, and only a very small difference with an MP in Westminster.
54. What is clear is that the Assembly will continue to evolve. It is known that the Assembly is likely to receive further powers as a consequence of a future Wales Bill arising from the St David's Day process. The Board has based its Determination on what it knows. From 2016, the Assembly will have tax-raising powers in addition to a wider palette of legislative and policy powers. The move to enable the Assembly to call itself a "Parliament" is also recognition of its changing status. The Determination has attempted to reflect this step-change in the nature and role of the institution and to ensure that its Members have the capacity to meet the expectations of the people of Wales.

A History of the Assembly

18 September 1997 - Referendum is held. More than half – 50.3 percent – in favour of a Welsh Assembly



First Assembly
1999-2003



Second Assembly
2003-2007



Third Assembly
2007-2011



Fourth Assembly
2011-2015



6 May 1999

The First Assembly Elections.

27 November 2001

The first attempt to point out the difference between the government (the executive) and the parliamentary (legislature) parts of the Assembly. From now on, the term Welsh Assembly Government will be used to describe the Cabinet and its work.

14 February 2002

The Assembly votes for 'the clearest possible separation between the Government and the Assembly.

18 April 2002

The Richard Commission is set up to make recommendations about the powers of the Assembly.



31 March 2004

The report of the Richard Commission is published, recommending that the National Assembly should have more powers to make laws.

6 October 2004

The Assembly votes in favour of separating the Government and the Assembly and for more law-making powers.

25 July 2006

The Government of Wales Act 2006 is published. It provides for a further referendum on full law-making powers and for the UK parliament to give the Assembly the right to make laws Bill by Bill through Legislative Competence Orders.

3

6 June 2007

Commissioners elected to oversee staff and business matters for the Assembly.

9 July 2008

The first Assembly Measure, The NHS Redress (Wales) Measure 2008 – the first Welsh law passed since the tenth century - becomes law in Wales following approval in Privy Council by Her Majesty the Queen.

21 July 2010

The National Assembly for Wales (Remuneration) Measure 2010 becomes the first Assembly Commission proposed Measure to receive Royal approval. It provides for the establishment of an independent board which will have future responsibility for setting Assembly Member salaries, allowances and pensions.

4 March 2011

The official result of the 2011 referendum on Assembly law-making powers was announced. The turnout for the referendum was 35.6 per cent, 63.5 per cent voted 'yes' and 36.5 per cent voted 'no'.

4

12 November 2012

The first Welsh Bill passed under the Assembly's new powers, The National Assembly for Wales (Official Languages) Act 2012, receives Royal Assent.

20 March 2014

The Wales Bill is introduced in the UK Parliament and receives its First Reading. A command paper, Wales Bill: financial empowerment and accountability, is published by the UK Government to accompany the Bill.

17 December 2014

The Wales Act 2014 receives Royal Assent in Parliament giving the Assembly taxation and borrowing powers, and altering some electoral arrangements.

27 February 2015

The St David's Day Announcement sets out a blueprint for the future of devolution, including a funding floor and additional powers over energy, transport and the environment. However, the implementation of further devolution will be a matter for the next UK Government following the General Election in May 2015.

3. Assembly Members' Remuneration

In this chapter, the Board outlines how it has decided the remuneration of Members.

The Board has reviewed the base salary and noted that the significant increase in ordinary Members' responsibilities was not reflected in the previous Determination. The Board concluded that base salary should be set at £64,000 from May 2016.

The changes the Board is making to the Members' pension scheme reduce the range and size of benefits provided by the scheme and the cost to the taxpayer, while requiring Members to pay more.

The Board commissioned detailed research to evaluate the roles held by Ministers, Presiding Officers and other office holders. It has set salaries to reflect the changing weight of the additional responsibilities they carry and has increased the salaries paid to office holders in the legislature relative to those in the government. Overall, the total cost of additional salaries for office holders will reduce from 2015-16 to 2016-17.

Principles

55. Section 13 of the Measure requires the Board to make a single Determination (including an uprating mechanism, if appropriate) in relation to Members' base salary for the whole of each Assembly term. However, the Board may review this element if it considers that, during the course of an Assembly, there are exceptional circumstances which cause it to be "just and reasonable"⁹ to do so.
56. In making the Determination, the Board is required to assess the complexity and importance of the functions discharged by Members. It is therefore important to consider how these have altered over time.
57. The timeline in Chapter 3 sets out the main landmarks since the establishment of the National Assembly for Wales in 1999
58. Three critical points in the evolution of the Assembly's responsibilities are:
- 2007 – when an independent legislature was first established and primary legislative powers made available;
- 2011 – when those legislative powers could be used without any involvement from Westminster or Whitehall;
- 2016 – when fiscal powers will first be available to the Assembly.
- As a result of the St David's Day process, additional powers over the environment, energy and transport, as well as significant powers for the Assembly over electoral matters and its own affairs, are expected to be devolved early in this UK Parliament.
59. The Board is clear that in making the Determination, the total remuneration for Members (their salary and employer's pension contributions) should primarily reflect the responsibility and weight of the job, rather than workload.
60. Members in the next Assembly will be solely responsible for creating law in Wales in devolved policy areas; the breadth of that devolved policy responsibility is likely to increase still further; they will be responsible for aspects of the tax regime and government borrowing and so have control over fiscal levers for the first time; they will continue to deal with local issues ranging from hospital reorganisation to school closure to council mergers; and they will do so under constant media scrutiny working anti-social hours and at least six-day weeks. Those Members not in the Government will carry responsibility for holding the Welsh Government to account for all of its spending, policy and legislative actions and for articulating alternative visions for the future.

⁹ *National Assembly for Wales (Remuneration) Measure 2010, Section 13, (4)*

61. Although the view that the Assembly is too small is increasingly widely accepted, the Board notes that an increase in the number of Assembly Members is unlikely to occur before 2021. It has made its decisions on the assumption that there will continue to be 60 Members throughout the Fifth Assembly.

Assembly Members' Salaries

Key information

62. In 2015-16 Members receive a base salary of £54,391. Their estimated total remuneration – including employer's pension contributions (old scheme) at 23.8% - is about £67,300.
63. Key data considered by the Board included:
- Comparison with other UK legislatures;
 - Comparison with median earnings in Wales;
 - Comparisons with other senior public sector salaries;
 - Data collected by Hay Group;
 - Responses to the consultation on salaries, and on the Draft Determination for the Fifth Assembly (formal and informal);
 - Feedback from stakeholders;
 - Media and social media reaction to the consultations.
64. Taking all this evidence in to account, the Board considers that the base salary of a Member no longer reflects the responsibilities they bear.
65. From the start of the Fifth Assembly, a Member's basic salary will be £64,000. This will increase (or decrease) annually in line with changes to Welsh earnings, as measured by the Annual Survey of Hours and Earnings produced by the Office of National Statistics. An Assembly Member's total remuneration in 2016 – including employer's pension contributions (new scheme) at approximately 16.6% – will be around £74,600.

The current position in other UK legislatures

66. The elected representatives in the other legislatures in the UK provide the closest comparisons to the role and responsibilities of Assembly Members. This section sets out the current position in each of them.

Westminster

67. The Independent Parliamentary Standards Authority (IPSA) has indicated its intention to set the base salary of a Member of Parliament (MP) at £74,000 from the General Election in May 2015¹⁰ (an increase of 9.3%). The salary would be indexed to the annual change in average earnings in the whole economy thereafter. This determination is subject to a statutory review following the UK General Election, with a final decision by IPSA expected before September 2015 (although any change in salary and/or pension provision will be backdated to May).

¹⁰ Subject to a review following the General Election

68. Two of IPSA's main considerations were MPs' pay falling behind comparable roles since 2007, and the relationship between MP pay and national average earnings.
69. IPSA received considerable criticism for its decision from the public and MPs.
70. Alongside a significant increase in base salary, the MP pension scheme has been changed to provide a lower level of benefits on a par with others in the public sector. The employer contribution rate is expected to fall to 12.4% from its current level of 20.4%. However, if the current IPSA determinations are ratified later this year, then given the Board's Determination, total remuneration for MPs would remain more than £10,000 greater than that for Assembly Members.

Scotland

71. From 2002, the salary of a Member of the Scottish Parliament (MSP) was set at 87.5% of that of a Westminster MP. At the end of 2013, the automatic link to MPs' pay was broken so that MSP pay now alters in line with changes in the earnings of public sector employees in Scotland. Base salary and office holder salaries have increased in this way from 2015.
72. On 17 March 2015, the Scottish Parliament voted to approve a base MSP salary of £59,089 for 2015-16. A further increase – in line with public sector employees in Scotland – is scheduled for 2016-17. There are, however, currently no moves to review the MSPs' pension scheme (which has an employer's contribution rate of 20.2%) in the way that Westminster, Northern Ireland and Wales have done or are doing.
73. In terms of total remuneration, the Board estimates – assuming that MPS salary will increase in 2016-17 by a similar amount as in 2015-16 – that an MSP would receive around £71,500 in 2016.

Northern Ireland

74. Members' pay in Northern Ireland is set by an Independent Financial Review Panel (IFRP) established by legislation that mirrors our own. The Panel has fixed the base salary of MLAs at £48,000 until the end of the Assembly in 2016. The Panel recently consulted on changes to the Members' pension scheme for the next mandate, and its consultation on salaries closes at the end of May 2015. The IFRP acknowledges that the key reason MLAs have a lower salary than other legislatures is that there are so many of them per head of population and that their scope and depth of individual responsibility is less than in other legislatures.

Wales

75. When the National Assembly for Wales was first established, the salary of a Member reflected recommendations from the Senior Salaries Review Body (SSRB). The essence of the SSRB's work then (and in subsequent reviews in 2001 and 2004) was to evaluate the roles and responsibilities of Assembly Members in comparison to Westminster MPs and comparators in the public and private sectors.
76. While there is no longer a direct link between the remuneration of AMs and MPs it remains one of the most obvious and relevant comparators. In the 40 Welsh constituencies, the local AM and MP represent the same area, some even share offices and staff. It is a natural comparison.
77. In 2007, when a separate executive and legislature and primary legislative powers were introduced, an Assembly Members' base salary was set at 82% of that of an MP. Since then, the salary of AMs has reduced relative to MPs. If AM salary in 2015 were to return to a level equivalent to 82% of an MP's, it would be set at around £60,700. The weight of the role undertaken by Assembly Members has, of course, increased significantly since 2007. While it is difficult to make a direct comparison for 2016, an AM's salary in the Fifth Assembly is likely to be slightly higher than 82% of an MP's salary.¹¹

Total remuneration – a comparison between legislatures

78. From the outset, the Board has considered Members' salary in the context of total remuneration. The table below gives a very simple approximation of the value of the overall remuneration for the role – that is the base salary and the employer contribution to the pension scheme. As was clear in the Board's consultation document on pensions, the latter can vary considerably according to the underlying assumptions used and so this should be seen as an approximate indicator only.
79. For MPs the 2015 figures reflect the current IPSA determination on base pay and calculate pension contribution based on IPSA's Final Report on Pay and Pensions, December 2013.¹² The figures for Scotland include a 20.2% employer contribution as shown in the 2013-14 annual accounts of the scheme.

¹¹ This is based on the figure assumed in Table 1 as salaries for MPs in 2016 are not known. The OBR estimate of UK earnings growth (3.1%) has been applied

¹² IPSA's Final Report on Pay and Pension sets out a 54% taxpayer contribution to a scheme costing 22.9% of payroll, implying a employer contribution of 12.4% of salary.

Table 1: Approximations of total remuneration in UK parliaments**Approximations of total remuneration**

			Salary	Employer contribution rate for future service [§]	Estimated employer contribution (to nearest £100)	Estimated total Remuneration (to nearest £100)
AM	2014	Current pension scheme	£53,852	23.80%	£12,800	£66,700
	2015	Current pension scheme	£54,391	23.80%	£12,900	£67,300
	2016	New pension scheme	£64,000	16.60%	£10,600	£74,600
MSP	2014	Current pension scheme	£58,678	20.20%	£11,900	£70,500
	2015	Current pension scheme	£59,090	20.20%	£11,900	£71,000
	2016~	<i>Current pension scheme</i>	<i>£59,500</i>	<i>20.20%</i>	<i>£12,000</i>	<i>£71,500</i>
MP	2014	Current pension scheme	£67,060	20.40%	£13,700	£80,700
	2015	New pension scheme	£74,000	12.40%	£9,200	£83,200
	2016^	<i>Future pension scheme</i>	<i>£76,300</i>	<i>12.40%</i>	<i>£9,500</i>	<i>£85,800</i>

~ The figures in italics for MSPs in 2016 are not known. For comparison, the 2014-15 increase in public sector earnings (0.7%) has also been used for 2015-16.

^ The figures in italics for MPs in 2016 are not known. For comparison, the OBR estimate of UK earnings growth (3.1%) has been used.

§ The contribution rates are shown for information. Different pension schemes will have different benefits and membership arrangements and may not be directly comparable.

Welsh context

80. The Board remains committed to the principle that its decisions must be appropriate within the context of Welsh earnings and the wider financial circumstances which affect Wales. The position of an Assembly Member salary in the Welsh earnings distribution was one of the major planks of evidence used by the Board to justify its decision to freeze pay for the first four years of the Fourth Assembly. In 2009, Members' salary was estimated to be in the top 2% of all earners, and the top 5% of 'Managers and Senior Officials' in Wales.
81. The table (below) shows how Members' pay would look in 2015 if it had tracked changes in prices, median earnings in Wales or the earnings of the 80th percentile of managers and senior officials in Wales since 2010.
82. If the salary had tracked one of these indicators since 2010, the base from which the freeze was taken, it would have reached between £59,800 and £63,600 by 2016.

Table 2: if AM salary had tracked changes in various indices since 2010¹³

Calendar year	Actual AM salary	AM Salary if had kept pace since 2010 base year, with annual changes in:			
		CPI	Median earnings in Wales	Managers and senior officials 80%	RPI
2010	53,852	-	-	-	-
2011	53,852	56,300	54,400	57,500	56,650
2012	53,852	57,800	54,900	58,500	58,450
2013	53,852	59,300	56,000	60,000	60,230
2014	53,852	60,200	56,700	59,800	61,660
2015 [#]	54,391	60,300	58,000	61,200	62,270
2016 [#]	64,000	61,000	59,800	63,100	63,580

Sources: ONS Annual Survey of Hours and Earnings and CPI. CPI 2015 and 2016 estimates from OBR Budget 2015 forecasts.

[#]Average increase in earnings in 2015 and 2016 from OBR UK estimates of 2.3% increase in average earnings in 2015 and 3.1% increase in 2016.

83. The Board also considered the level of senior public sector salaries, salaries in other professional occupations, and the position of AM salaries in the earning distribution. For instance, in 2012-13, over 1,100 individuals employed by local authorities in Wales earned more than £60,000 per annum. Similarly, most senior managers in Welsh Government, the Assembly Commission, Health Boards, the Police and other public sector organisations in Wales, as well as those in a variety of professional occupations all earn salaries at or above the level – often significantly so – the Board is introducing for Members of the Fifth Assembly.
84. In the consultation responses, many people suggested the Board has failed to recognise the economic reality in Wales. The Board understands this sentiment - average earnings in Wales are low and many people have seen small, or no, changes in their pay in recent years. Yet, the economic data examined has led the Board to conclude that a figure between £60,000 and £70,000 is broadly appropriate for the base salary for a Member in the Fifth Assembly. Indeed, had the base salary simply risen in line with a number of reasonable measures since 2010, it would now be in excess of £60,000.
85. In reaching its conclusion, the Board has also taken account of the reduction in the comparative level of benefits from the pension scheme, as a result of the changes being made, and, very importantly, the greater weight of responsibility that Members now carry and will carry in the future.

¹³ The 2010 AM salary figure is taken as the starting point in each column. This figure is then adjusted over the years to reflect the percentage change to that inflationary indicator, to demonstrate how AM salaries have compared over time to the change in these indicators. For example, in the CPI column, the AM salary of £53,852 in 2010 is increased by the change in the annual CPI each year. So applying the estimated changes to the CPI to the 2010 AM salary would result in a salary of £61,000 in 2016.

The backgrounds of Assembly Members elected in 2011

86. The Board also considered the backgrounds of Assembly Members based on the 2013 Hansard Society report - *Assembly Line? -The Experiences and Development of new Assembly Members*.¹⁴ The report included some information on the professional background of new Members and asked about their pay in previous employment.
87. Of 23 new Members following the 2011 election 15 were men and 8 women, two had previously been MPs in Westminster and 11 had been local councillors. The group included six lawyers, five teachers or lecturers, along with others with experience in journalism, social work, business, housing, policing and charity and community work.
88. Of the 23 new Members, 12 responded on how the basic Members salary (£53,852) compared with their previous earnings before taking up office. Half said their salary had risen, half said it had decreased or no change. Two Members reported a salary increase of over £30k and two a decrease of over £30k.

The Remuneration Board's survey of Members

89. Between May and June 2014, all Members were invited to complete a short online survey. The Labour Group declined to participate in the survey. Of the other 30 Members, 17 responded. Members were asked, given the responsibilities of their role, whether they thought their salary levels were too low, about right or too high.
90. Of the 15 responses received to that question, eight stated that salary levels were about right and the other seven thought they were too low. None indicated that they were too high.
91. Unsurprisingly, these figures were reflected in answers to the next question in the survey which asked about the pay band in which the base salary should be. Seven indicated that the base salary of an Assembly Member should be between £50,000 - £60,000, another seven in range £60,000 - £70,000 and one more than £70,000.

Consultation responses

92. The salaries element of the Determination has been the one area of the Board's work which has triggered a public response. Following extensive media coverage across Wales, the Board received 65 responses to the consultation on salaries (November 2014 – January 2015), and a further 36 responses to the Draft Determination (March – April 2015). Most of these responses focused almost exclusively on the salary aspect.

¹⁴ The Hansard Society's report can be downloaded here: <http://www.hansardsociety.org.uk/assembly-line-new-ams/>

93. Though grateful to all of those who responded to the consultations, the Board was disappointed at the low number of responses received. It is clear that while surveys continue to show support for the institution, there remains work to be done in increasing public understanding of the important role that Members play in the life of Wales.
94. There is a clear view among those who responded that paying Members a higher salary is unpopular and unmerited. Many cited wage restraint in the public sector, and particularly the health and/or education sectors, as a reason why Members should not receive a higher salary. Some responses argued that the economic conditions, and squeeze on public sector spending meant it was not the right time to increase Members' remuneration at all. A smaller section argued that the performance of Members – or the quality of Members – did not merit a pay rise. A small minority questioned the existence of the Assembly as an institution. Very few responses engaged with the detailed arguments about job weight and responsibility that the Board had set out.
95. In the light of consultation responses, the Board re-examined the rationale for its original proposal on an appropriate level of total remuneration for the Fifth Assembly prior to publishing the final consultation in the draft Determination. The Board again revisited its thinking following that final consultation. The Board does understand the apparent inequity of one group of workers receiving a rise in salary when others are not. It also recognises that the popularity of, and respect for, politicians as a whole is low. The role of the independent Board is however, to examine all of the evidence and use our experience and judgement to decide what is appropriate – the Board was set up to ensure that decisions are taken out of the hands of politicians and based on evidence, not what will be popular.
96. After careful consideration the Board found nothing substantive in either set of consultation responses to change its view that £64,000 is an appropriate level of pay for the weight of the job of Assembly Member in the Fifth Assembly.

Conclusion

97. Although earnings growth in Wales has been modest in recent years, the freeze in Members' pay since 2010 has meant that they have slipped down the earnings distribution relative to other, particularly higher, earners in Wales. The changes the Board is making to the Members' pension scheme in the next Assembly will provide a degree of counter-balance to the value of Members' total remuneration. Meanwhile, the pay of their most obvious comparator group – MPs – is increasing significantly following the General Election, without increased responsibilities, to a level that more than offsets the reduction in benefits provided by their pension scheme.
98. The legislative responsibilities of Assembly Members are now significant and certainly bear no comparison to those carried by their predecessors in earlier mandates. Looking forward, the responsibilities of those elected in 2016 will be greater still – most obviously to include powers over taxation and government borrowing for the first time but also a likely further

increase in the breadth of legislative competence. For the 2016-21 Assembly at least, those responsibilities will be carried by 60 individuals, the smallest legislature in the UK and smaller than almost half of the local authorities in Wales. They will carry those responsibilities without the comfort MPs enjoy of having a second revising chamber.

99. The Board's proposal in respect of basic salaries was not well received by the public, individual Assembly Members or political parties. However, the Board's judgement remains that a salary of £64,000 and employer pension contributions of around 16.6% of salary (down from 23.8% of salary under the pre-2016 pension scheme) represents appropriate total remuneration to not deter a high calibre of person from doing a difficult and demanding high-profile job with high levels of public scrutiny and with job security not necessarily dependent on personal performance.
100. In response to the consultations some have commented that the current crop of Assembly Members are not worth this salary. This is not relevant to the judgement the Board has to make. The Board's view is that the role of a Member is worth this level of total remuneration. It is for the parties to select high calibre individuals to put to the electorate for election to represent them and make the laws and the key decisions that impact on Wales' future.

Indexation from 2017-18

101. Having considered a range of UK and Wales-only indicators, the Board believes that future changes to the salary paid to Members should reflect changes in the average earnings in Wales.
102. In the consultations many respondents stated that changes in public sector salaries would be an appropriate index for Members' salary. This is what happens in Scotland. However, the Board's judgement is that Members' pay should be linked to the pay of the widest range of constituents. For this reason, the annual change – up or down - in the ASHE¹⁵ index of Welsh Median Earnings will be adopted as the uprating measure. This will be assessed with the rate published every March (from 2017) and take effect from the following 1 April.

¹⁵ ASHE – Annual Survey of Hours and Earnings, produced by the Office of National Statistics. Median Gross Annual Earnings for full-time employees in Wales (who had been in the same job for at least 12 months).

Assembly Members' Pensions

Background

103. Between 1999 and 2008, the taxpayer contribution to the Members' Pension Scheme increased from 18.5% to 23.8% of Member and office holder salaries.
104. In Fit for Purpose, the Board decided, as an interim Determination, to apply and cap the then contribution level (23.8%) pending our full review of the Members' Pension Scheme. The Board also concluded that a full review of Assembly Members' pension provision should be deferred until the final report of the Independent Public Service Pensions Commission, chaired by Lord Hutton, and the 2011 actuarial valuation of the scheme, were available.
105. As a result of a Legislative Consent Motion passed by the Assembly in February 2013 the Public Sector Pension Act 2013 (PSPA), which provides the legislative framework for changes to public sector pension schemes, applies to the Assembly Members' Scheme. The PSPA will therefore govern some of the requirements of a new pension scheme for Assembly Members, including its governance arrangements.
106. The Board has discussed its proposals throughout the process with HM Treasury to ensure that the arrangements comply with the requirements of the PSPA and HM Treasury will need to approve the final scheme later this year.
107. The key changes as a result of PSPA and the UK Government's preferred scheme design are:
- a Career Average Revalued Earnings (CARE) pension scheme;
 - accrual rate of 1/50 of pensionable earnings each year. (The UK Government's preferred scheme suggested 1/60ths, however, based on costings of the new scheme, the Board has agreed with HM Treasury (subject to final approval) that an accrual rate of around 1/50 will be adopted);
 - Normal Pension Age linked to State Pension Age (or 65, whichever is higher);
 - Pensions in payment to increase in line with UK Government legislation: currently this is the Consumer Prices Index (CPI);
 - The application of a cost cap to ensure that the scheme remains affordable (under the definitions in the PSPA) in the long term;

- A different governance regime. The Act requires the appointment of a Pensions Board with equal representation from both employers and employees.

The Board's review

108. The review of pensions has been the most technically complex part of the Board's work. Three consultations on pensions were issued.
109. The first consultation in September 2012 looked at the issues and options around what kind of scheme there should be for Members – and concluded that a Career Average Revalued Earnings (CARE) scheme, would be the most appropriate vehicle.
110. The April 2014 Consultation looked at indicative costed options for various benefits and contributions, and types of transitional protection.
111. The limited feedback from this consultation then shaped the more detailed July 2014 Consultation, which included specific proposals for the benefits structure, likely contribution rates and how the scheme would operate. As a result of the consultation responses the Board made some small changes to the benefits structure and the modelling of how the scheme would work.
112. Although the Board received only a handful of responses to these consultations, those received have been thoughtful and engaged with the issues at hand.
113. The Board has continually liaised with the Trustees of the current scheme and our external advisors in the development of the new scheme. The Trustees of the current scheme in particular have been diligent in monitoring progress, and a valuable source of feedback on suggestions.
114. The Board's work has been supported by legal advice from Wragge, Lawrence and Co; actuarial advice from PWC and also included correspondence and discussions with the Government Actuarial Department (GAD), the current pension scheme Trustees and officers of HM Treasury. The Board is grateful to all for their contributions.
115. In summary the Board will introduce a new scheme for Members which will reduce the cost to the taxpayer and increase the contributions made by Members themselves. The new scheme will be a CARE rather than a final salary scheme. This is in line with a similar process across much of the public sector. It has already happened in Westminster for MPs pensions, and is underway for Members of the Northern Ireland Assembly.
116. Throughout the consultations one message has come through loud and clear – that existing members of the scheme should preserve benefits they have accrued to date. The Board considers this is fair and reasonable and it has ensured this happens.
117. The table below sets out the main benefits under the new scheme, and a comparison with the current scheme.

Table 3: Features of the new scheme and current scheme for comparison

Initial Main benefits/terms	Current scheme	Post 2016 scheme
Type of benefit	Final Salary (although office holders calculated on a CARE basis) at accrual rate of 1/40 th or 1/50 th	Career Average Revalued Earnings
Revaluation	In line with UK Government legislation: currently CPI	In line with UK Government legislation: currently CPI
Pension increases	In line with UK Government legislation: currently CPI	In line with UK Government legislation: currently CPI
Annual accrual rate ¹	1/50 th or 1/40 th	1/50 th of earnings
Normal Retirement Age (NRA)	65	Age 65 for each individual or State Retirement Age if greater
Surviving spouse/partner pension (in the event of death once pension is in payment)	5/8 ^{ths} of Member's pension	1/2 of actual pension payable at point of death ²
Surviving spouse/partner pension (in the event of death in service)	5/8 th of member's pension	1/2 of pension that would have accrued by Normal Retirement Age ³
Surviving spouse/partner pension (in the event of death of deferred pensioner)	5/8 th of member's pension	1/2 of deferred pension payable at point of death ⁴
Death in service lump sum	4 x pensionable salary	2 x salary
Standard Contribution Rate based on HM Treasury financial assumptions	34.3%	27.6% ⁵
Member's contribution based on HM Treasury financial assumptions	10% for 1/40 th 6% for 1/50 th	11.0% for 1/50 th ⁶
'Employer' contribution based on HM Treasury financial assumptions ⁷	23.8%	16.6% ⁸

¹ In the current scheme Members can choose their accrual rate, and the majority have chosen to increase their personal contributions, and accrue at 1/40ths. In the new scheme it will only be possible to accrue at 1/50ths.

² Under the current scheme the surviving spouse/partner would receive 5/8 of actual pension payable at point of death.

³ Under the current scheme the surviving spouse/partner would receive 5/8 of pension that would have accrued by Normal Retirement Age.

⁴ Under the current scheme the surviving spouse/partner would receive 5/8 of deferred pension payable at point of death.

⁵ This includes the estimated cost of providing transitional protection, which is 1.2% of payroll for five years. Only the cost of future accrual is shown. The figures do not allow for contributions required to remove any past service deficit.

⁶ This is an indicative figure – pending approval from HM Treasury. It may also vary in future years.

⁷ These are estimated average contribution rates, and may not be applicable to individual Members.

⁸ This is an indicative figure – pending approval from HM Treasury. It may also vary in future years.

Initial Main benefits/terms	Current scheme	Post 2016 scheme
Employer/Member contribution split	Currently 71:29	60:40
Employer Cost Cap provisions(required under PSPA)	To be agreed with HM Treasury	To be agreed with HM Treasury
Transfers in	Permitted from relevant schemes.	No longer permitted
Additional Voluntary Contributions	Members can buy additional pension under the scheme AVCs.	There are no new AVCs in the new scheme.
Transitional Protection (grandfathering)	N/A	Five years' transitional protection from May 2016 for those within 10 years of Normal Retirement Age at April 2012.
Rule of 80	The Rule of 80 was removed from the scheme for new entrants (or those with a break in service) from 6 April 2007. Members in continuous service prior to 6 April 2007 retain their right to retire early under the rule of 80.	The Rule of 80 is being removed from the new scheme. As a transitional arrangement, it will remain available only to those with continuous scheme service from prior to 1 April 2007 until the date of their early retirement.

Governance arrangements

118. The PSPA sets out requirements for the governance of pension schemes. Some of these requirements were designed with the large public sector schemes in mind; for example where there is a need for employer and employee representation in the governance of the scheme. The Remuneration Board has liaised closely with HM Treasury to apply these requirements appropriately to the new scheme.
119. The PSPA requires the creation of a Pensions Board to oversee the administration of the scheme by a Scheme Manager. The Scheme Manager function will continue to be delivered by the Assembly Commission. The Pensions Board will need to be appointed.
120. The PSPA requires that the Pensions Board has equal numbers of employee and employer appointed representatives. Following consideration of various options, and liaison with stakeholders, the Board has decided the Pensions Board will be composed of:
- Two representatives nominated by current and previous Assembly Members (“employees”);
 - Two representatives selected by the Assembly Commission (“employers”)
 - A professional independent trustee to act as chair who will bring specialist pensions experience to the Pensions Board
121. The Board believes that independent trustees provide a valuable service and are an important component in the good governance of schemes. Pension schemes are facing a difficult future, with a range of increased challenges, and specialist advice will increasingly be required. The Board also considers that it is important for the new pension scheme to be a model of transparency and good governance.

Next steps

122. As a new public sector pension scheme, the Members’ scheme requires the approval of HM Treasury, and the Board anticipates this happening during the Summer of 2015 so that the scheme can go live immediately following the Assembly election in May 2016. Until HM Treasury formal approval is received, the Board cannot finally confirm that the fine detail of the scheme will be as currently designed. The Board does not, however intend to make any further alterations to the scheme design before submitting it to the Treasury.

Office Holders' Salaries

123. Section 13 of the Measure obliges the Board to make a single Determination in relation to Members' salary levels for each Assembly including consideration of any additional salaries payable to office holders.

Principles

124. The Board's decisions on pay are based on the principle of the Senior Salaries Review Body (SSRB) that:

*"pay should reflect levels of responsibility, rather than workload."*²⁴

125. The Board agrees that this principle is particularly appropriate in considering additional salaries for office holders.

126. In line with its aim to increase the strategic capacity of the Assembly, the Board examined the extent to which holders of offices had responsibility for the strategic drive and capacity of the Assembly and how additional salaries reward that work.

127. The Board reviewed additional salary levels in the light of its Determination on Members' base salary levels, as discussed previously in this document.

Methodology

128. In order to gather evidence on the roles of office holders, the Board met holders of each type of office and drew on the results of its survey of Members, which asked Members about the additional responsibilities associated with their office and whether additional salary had been a factor in their decision to take, or indeed not to take, office.

129. The Board is clear that the level of additional salaries is not the primary reason for Members taking office. However, the additional responsibilities can be considerable, and should be reflected in remuneration.

²⁴ P4, SSRB Report No 48: Review of Parliamentary Pay and Allowances, Volume 1, 2001

130. In 2010 the Board noted the need for a full evidence-based review, which was completed in 2011.²⁵ As part of the review for the Fifth Assembly the Board commissioned expert analysis of the roles and the different responsibilities they entail. The resulting report from Hay Group was influential in the Board's thinking.

131. The Board consulted on office holder salaries as part of the November 2014 consultation "Proposed Changes to the Determination Regarding Salaries for Assembly Members in the Fifth Assembly". Very few comments regarding office holders specifically were received. Just one of the responses to the Draft Determination consultation mentioned office holders – suggesting that only Ministers should be paid any additional salary.

Remunerated roles

132. The Board began by considering which roles should be remunerated.

133. The Board concluded that additional salaries should be paid to the holders of the following roles within the National Assembly for Wales:

- Presiding Officer
- Deputy Presiding Officer
- Opposition Group Leaders
- Committee Chairs
- Assembly Commissioners
- Members of the Business Committee

134. It also concluded that additional salaries should be paid to the holders of the following roles in the Welsh Government:

- First Minister
- Minister
- Counsel General
- Deputy Minister

135. Many of the roles of Assembly Members described earlier in this report, relating to the oversight and challenge of the executive, are not, by definition, carried by those who are members of the Welsh Government. For this reason, the Board's consideration was split into two blocks: those relating to the operation of the executive: the First Minister,

²⁵ Press release with link to the report <http://www.assembly.wales/en/newhome/pages/newsitem.aspx?itemid=804>

Ministers, Deputy Ministers and Counsel General; and those relating to the operation of the Assembly as a legislature and institution.

136. The approach to setting the level of additional salary for each of those roles was informed by the Hay Group research on job weighting and built upon the Board's decision in respect of the base salary of an Assembly Member.

Welsh Government roles

137. In the following paragraphs the salary element for those in executive roles as a total salary are shown. The Board feels this is the simplest way to present the decisions and reflects the fact that the primary driver for the remuneration of a member of the Government will be their executive responsibilities rather than the core duties of other Assembly Members (holding the Government to account, scrutinising legislation, participating in committee work and so on). In practice, this total salary will be made up of the base salary received by all Members and an additional salary relevant to the particular office held.

138. The amount to be paid to the First Minister and the base salary for all Assembly Members provide the parameters within which all other decisions on Government office holder salaries have been taken.

First Minister

139. The position of First Minister is the most important political office in Wales. It carries great responsibility, workload and public scrutiny. Yet the Board is also conscious that those who take on such roles do so because they wish to serve their country, not because of the salary offered. Indeed, were the Prime Minister of the UK, or First Ministers of any of the devolved nations, paid at a rate that truly reflected the weight of their job, they would almost certainly receive many times the current amounts.

140. The research received from Hay Group assessed the weight of the role of First Minister as being some way below that of the UK Prime Minister, very slightly below that of the First Minister of Scotland and in the same range as a UK Cabinet Minister.

141. The pay of the Prime Minister has reduced significantly in recent years as a result of a series of political decisions. However, while the PM's salary does not provide a particularly meaningful benchmark against which to judge the First Minister's salary, the Board considers it would not be justifiable to exceed it.

142. Therefore the Board determined to set the total salary of the First Minister at £140,000.

143. Since this decision was reached the Scottish Parliament voted in March 2015 to increase the pay of Scotland's First Minister to £144,687 from April 2015. It will rise annually in line with public sector salaries in Scotland.

Table 4: Salaries of First/Prime Ministers in the UK²⁶.

	UK (2015)	Scotland (2015)	Northern Ireland (2015)	Wales (2015)	Wales (2016)
Members' Basic Pay	£74,000 ²⁷	£59,089	£48,000	£54,391	£64,000
Prime/First Minister	£142,500 ²⁸	£144,687	£120,000	£135,261	£140,000

Ministers

144. Ministers in the Welsh Government carry a high level of executive responsibility. As Hay Group's report puts it, "These are significant political and managerial roles with a major impact on life in Wales."
145. Some ministerial portfolios are larger than others and while the Board considered the case for remunerating them differently, it concluded that there should be a single salary level for all Ministers. All are members of Cabinet taking collective responsibility for the primary decisions of government and the remit given to each is a matter for the First Minister.
146. Hay Group assessed the weight of role as equivalent to a Minister of State in the UK government. A UK Government Minister of State's salary in 2015 is £98,740. It also suggests that a similarly weighted role elsewhere in the UK market would attract a salary in the region of £278,000.
147. Taking all these factors in to consideration the Board determined to set the total salary of a Minister in the Welsh Government at £100,000.

²⁶ National Assembly for Wales Research Service, April 2015.

²⁷ This figure is subject to IPSA review following the UK General Election.

²⁸ UK Government Ministerial Salaries are shown at 2014 levels – as Ministers in the Coalition Government had waived a planned 0.62% increase in Ministerial Salaries for 2015-16. This may change following the UK General Election. If Ministerial salaries remain at current levels and IPSA implement its proposed rise, then the increase in MPs base salaries would add an additional £6,940 to the combined salary.

Table 5: Ministerial salaries in the UK²⁹

	UK (2015)	Scotland (2015)	Northern Ireland (2015)	Wales 2015	Wales (2016)
Members' Basic Pay	£74,000 ³⁰	£59,089	£48,000	£54,391	£64,000
Cabinet Minister	£134,565 ³¹	£103,495	£86,000	£96,340	£100,000
Minister of State (UK only)	£98,740 ³²	N/A			

Deputy Ministers

148. As with Ministers, the weight of responsibilities carried by Deputy Ministers varies considerably. Some have been responsible for taking legislation through the Assembly and others have portfolios which might, in the UK Government, be shared across several Ministries.
149. Deputy Ministers are not members of the Cabinet. Each reports to one or more Ministers. There are, therefore, fundamental differences in their weight of responsibility and accountability as compared to Ministers.
150. Hay Group assessed the weight of role as equivalent to a Parliamentary Under Secretary of State in the UK Government. A Parliamentary Under Secretary of State's salary in 2015 is £89,435. Hay Group also suggest that a similarly weighted role in the general UK Market could earn £145,000, while elsewhere in the public/not for profit sector the salary would be in the region of £123,000.
151. Taking all these factors in to account the Board determined to set the total salary of a Deputy Minister at £85,000.

²⁹ Job Evaluation and Remuneration Benchmarking for Assembly Members, Hay Group, August 2014, p18

³⁰ This figure is subject to IPSA review following the UK General Election.

³¹ UK Government Ministerial Salaries are shown at 2014 levels – as Ministers in the Coalition Government had waived a planned 0.62% increase in Ministerial Salaries for 2015-16. This may change following the UK General Election. If Ministerial salaries remain at current levels, and IPSA implements its proposed rise, then the increase in MPs base salaries would add an additional £6,940 to the combined salary.

³² See above.

Table 6: Ministerial salaries in the UK

	UK (2015)	Scotland (2015)	Northern Ireland (2015)	Wales (2015)	Wales (2016)
Members' Basic Pay	£74,000 ³³	£59,089	£48,000	£54,391	£64,000
Deputy Minister	£100,620 ³⁴	£86,905	£60,000	£80,776	£85,000
Parliamentary Under Secretary of State (UK only)	£89,435 ³⁵	N/A			

Counsel General

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

³³ This figure is subject to IPSA review following the UK General Election.

³⁴ Minister of State. UK Government Ministerial Salaries are shown at 2014 levels – as Ministers in the Coalition Government had waived a planned 0.62% increase in Ministerial Salaries for 2015-16. This may change following the UK General Election. If Ministerial salaries remain at current levels, then the increase in MPs base salaries would add an additional £6,940 to the combined salary.

³⁵ See above

155. Hay Group assessed the weight of role as equivalent to a Minister in the Welsh Government and a Minister of State in the UK Government (see Table 5, above).
156. In the Board's view, the role is important and carries significant job weight. The Board is not convinced, however, that the salary offered should be at the level that could be demanded by a senior constitutional lawyer working full time in private practice as a solicitor or barrister.
157. The Board has determined that the salary of the Counsel General will be set at the same level as that of a Minister i.e. £100,000.

National Assembly roles

158. The following roles carry additional responsibilities above those of an ordinary Assembly Member. In the Board's view they are key to the effective functioning of the National Assembly as a parliamentary body and therefore warrant additional remuneration. The Board has agreed that additional salaries should be paid to the holders of these various offices as they lead and drive the strategic operation of the whole institution.

Presiding Officer

159. The Presiding Officer is the figurehead of the Assembly, speaking for it and protecting and enforcing its powers. As the chair of the Assembly Commission, the Presiding Officer sets the strategic direction of the organisation itself. As the chair of the Business Committee, the Presiding Officer leads the organisation of the formal business of the Assembly as well as chairing its proceedings in Plenary and ruling on matters of order.
160. Historically, the remuneration of the Presiding Officer has been the same as that of a Minister. This job weight was confirmed by the Hay Group research. However, the Board's judgement is that, as the head of the legislative arm of the Welsh constitution, the role carries even greater significance.
161. Consequently, the Board has determined an increase in salary above that of a Minister. The total salary of the Presiding Officer will be £105,000.

Table 7: Salaries of Presiding Officers and Speakers in the UK

	UK (2015)	Scotland (2015)	Northern Ireland (2015)	Wales (2015)	Wales (2016)
Members' Basic Pay	£74,000 ³⁶	£59,089	£48,000	£54,391	£64,000
Speaker/ Presiding Officer	£142,826 ³⁷	£103,495	£92,000	£96,340	£105,000

Deputy Presiding Officer

162. In the absence of the Presiding Officer, the Deputy carries all of the same responsibilities in relation to formal Assembly proceedings. While it is not a formal requirement of the role, the current incumbent has also taken on a variety of other roles, for example, chairing one of the Assembly's core scrutiny committees.
163. As in other legislatures, and in the current Assembly, the role will be remunerated at the same level as a Deputy Minister.
164. The Board has determined that the total salary of the Deputy Presiding Officer will be £85,000.

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

	UK (2015)	Scotland (2015)	Northern Ireland (2015)	Wales (2015)	Wales (2016)
Members' Basic Pay	£74,000 ³⁸	£59,089	£48,000	£54,391	£64,000
Deputy Speaker/ Presiding Officer	£108,430 ³⁹	£86,905	£57,000	£80,776	£85,000

³⁶ This figure is subject to IPSA review following the UK General Election.

³⁷ The additional salaries for the Speaker and Deputy Speaker are shown at 2014 levels. This may change following the UK General Election. If the additional salaries remain at current levels, then the increase in MPs base salaries would add an additional £6,940 to the combined salary.

³⁸ See above

³⁹ Chairman of Ways and Means, House of Commons, see previous footnote on Speaker.

Committee Chair

165. Much of the Assembly's core business is conducted through the work of its committees. Committee chairs - through leadership, shaping of their committees' agendas, and representing their committees in Plenary, the media and in Welsh public life - have an important role in supporting and driving the strategic goals of the Assembly.
166. The Board's 2011 report on office holder remuneration attempted to define the role and responsibilities of committee chairs for which the Board felt additional remuneration was warranted.⁴⁰ The Board was pleased that the role description was subsequently taken up by the Assembly's Business Committee and promulgated as a means to set the Assembly's expectations of its chairs. Since then several committee chairs have used the role description to gather feedback on their performance from their committee members and others, and as a basis for their own professional development.
167. These are all positive steps that are welcomed. The Board is also very supportive of the ambition described in the Assembly Commission's report on world class committees⁴¹ and the significance it attaches to the role of committee chair.
168. The Board shares the Commission's desire, expressed in its 2013 Review of Committee Support, to see a programme of systematic professional development activity for committee chairs. While this is not a matter for the Board to insist upon, it hopes that all office holders, not just committee chairs, would wish to embrace opportunities to develop and refresh their skills.
169. To be effective, a professional development programme specific to committee chairs will need to be genuinely supported by the incumbents themselves, the Assembly Commission and the party groups in the Assembly.
170. With capable, high performing chairs, the effectiveness of the Assembly scrutiny and legislative functions is enhanced greatly. Without them, the Assembly will never function as the world class parliament to which the Assembly Commission aspires. In recognition of this, the Board has decided to increase the additional salary paid to committee chairs.
171. During the Fourth Assembly the Board set two levels of additional salary for committee chairs. Chairs of the core committees which scrutinise legislation, finance and policy are paid at a higher level i.e. £13,000 on top of the Member's base salary. Those of two committees - Petitions and Standards of Conduct – are remunerated at 2/3 of that rate, i.e. £8,660 on top of base salary. In principle the Board is happy to continue to follow that approach. Based on a committee system broadly equivalent to today's, the Board determined that the higher rate of additional salary for committee chairs should be

⁴⁰[Office Holder Remuneration](#), Remuneration Board of the National Assembly for Wales, July 2011

⁴¹[Review of Support for Committees](#), National Assembly for Wales Commission, December 2013.

£13,000, taking the total salary for a Member holding the position to £77,000. If the next Assembly were to adopt a committee system that, in the Board's view, justified a lower level of payment for chairs of some committees, the Board has determined that that lower rate should be approximately 2/3 of the higher rate i.e. £8,660.

172. However, the Board cannot come to a final judgement on remuneration for committee chairs until the committee system of the next Assembly is in place. The Board will, therefore, revisit the issue, to confirm the final rate or rates, early in the Fifth Assembly. Salaries set at that point would be backdated to the date of appointment.

Assembly Commissioner

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

Opposition party leaders

177. The Board believes that effective opposition within the Assembly leads to better government. The leaders of the opposition groups are, therefore, critical to the performance of the Assembly. Although each will undertake their roles according to their own priorities and leadership styles, all must have a grip on every aspect of party policy and management, and present to the nation an alternative vision to that of the Government,
178. In the Board's 2011 report on office holder salaries⁴² it identified a number of key areas of responsibility. These include:
- setting their group's strategic direction;
 - presenting an alternative vision to that of the Government;
 - providing constructive opposition to government including working consensually;
 - holding the Government to account, and challenging it when appropriate;
 - influencing policy and legislation;
 - developing party policy;
 - representing the Assembly;
 - acting as chief spokesperson for the party and its policies; and
 - managing Assembly Members and staff within the party group.
179. The work done by Hay Group weighted the responsibilities of the largest opposition party in the Assembly as similar to that of a Minister. The Board's observation is that the Assembly is not based on the historic binary Westminster model. In the Assembly, the role of all the opposition party leaders is crucial in holding the Government to account.
180. The Board has therefore determined to continue to pay all leaders of opposition parties (of three Members or more) a base level of additional salary to reflect the contribution of their roles to the achievement of the Assembly's strategic purpose. The Board also decided to continue to pay a proportional element, dependent on the size of the group, to reflect the additional responsibilities and complexities involved in leading larger parties. This will be capped at the level of a Minister.

⁴² *Office Holder Remuneration, Report of the Remuneration Board of the National Assembly for Wales, July 2011*

181. The base additional salary payable to the leader of any opposition party (of three Members or more) will be the same as a committee chair, £13,000. A further £1,000 per Member in the party group will be payable up to a maximum total salary (basic + additional) of £100,000 (i.e. the salary of a Minister).

Table 9: Current and future Opposition Party Group leader additional salaries

	2015 salary	2016 salary
Basic Formula	£54,391, base salary, plus £12,420 + £1,000 per group member up to £41,949	£64,000 base salary plus £13,000 + £1,000 per group member up to £36,000
Practical examples		
Leader Group of 3	£69,811	£80,000
Leader Group of 5	£71,810	£82,000
Leader Group of 10	£76,810	£87,000
Leader Group of 15	£81,810	£92,000

The Business Committee

182. In the current Assembly, additional allowances are paid to the business managers of each of the political groups in the Assembly, with the amount received being dependent on the number of Assembly Members in the group. The Board is changing this in two ways: to remunerate the members of the Business Committee – the Assembly’s mechanism for organising and managing its formal parliamentary business – and to pay each the same amount, irrespective of group size.

183. The Business Committee is chaired by the Presiding Officer and has responsibility for organising Government and Assembly business in Plenary. It is also responsible for proposing committee structures and remits at the outset of a new Assembly, agreeing timetables for consideration of legislation by committees and considering revisions to the Standing Orders which govern the Assembly’s procedures. In line with Standing Orders, each party group in the Assembly nominates a Member to sit on the Business Committee in order to represent their group.

184. The work of these business managers is not confined to the Business Committee itself. An important aspect of the role is undertaken behind the scenes, negotiating and managing Assembly business and proceedings. The Board continues to see this work as a key factor in ensuring the effective conduct of Assembly business.

185. The role of party business manager is often combined with that of whip. The Board is clear that the business manager role in supporting the strategic purposes of the Assembly should be remunerated but the internal political party work of a whip should not.

186. Since the Business Committee is the formal manifestation of parliamentary management for all groups in the Assembly, The Board intends to use it as the basis for the payment of additional salary. Members of the Business Committee (who do not hold another office) will receive an additional salary equivalent to 2/3 that of the higher committee chair rate (i.e. £8,660 in 2016).

Summary of decisions on remuneration

187. Details of all the changes and comparisons with 2015-16 are included in Table 10 below. Total remuneration is the salary paid and employer's pension contributions.

Table 10: Summary of the Board's decisions for 2016-17⁴³

Office holder salaries	2015-16 total salary	2015-16 total remuneration	2016-17 total salary	2016-17 total remuneration
AM basic salary	£54,391	£67,300	£64,000*	£74,600
Welsh Government roles				
First Minister	£135,260	£167,500	£140,000	£163,200
Welsh Minister	£96,339	£119,300	£100,000	£116,600
Counsel General	£96,339	£119,300	£100,000	£116,600
Deputy Minister	£80,775	£100,000	£85,000	£99,100
National Assembly roles				
Presiding Officer	£96,339	£119,300	£105,000	£122,400
Deputy Presiding Officer	£80,775	£100,000	£85,000	£99,100
Assembly Commissioners	£66,810	£82,700	£77,000	£89,800
Committee chairs (higher)	£66,810	£82,700	£77,000	£89,800
Committee chairs (lower)	£62,670	£77,600	£72,660	£84,700
Business Committee attendee	N/A ⁴⁴	N/A	£72,660	£84,700
Opposition group leader (14) ⁴⁵	£80,810	£100,000	£91,000	£106,100
Opposition group leader (11)	£77,630	£96,100	£88,000	£102,600
Opposition group leader (5)	£71,810	£88,900	£82,000	£95,600

⁴³ Figures for total remuneration are rounded to the nearest 100, as these are estimates.

⁴⁴ In 2015 payments were made to business managers relative to the size of their group. Full details can be seen in Annex A.

⁴⁵ The figures in brackets represent the size of the current groups in the Assembly. Groups in the next Assembly may be of different sizes but the Board has used the current figures in the projection to provide a straightforward comparison.

Equality considerations

188. The Log at Annex D sets out the equalities considerations relevant to this part of the Determination.
189. Diverse Cymru and the Board's internal legal advisors raised concerns that the current provisions within the pension scheme for surviving ex partners/spouses could be considered discriminatory – this was specifically around the terminology adopted in the previous scheme rules. In conjunction with Wragge, Lawrence & Co and Assembly Commission Legal Advisors the new pension scheme will clarify the position.
190. The implications for age discrimination in the changes being made to Members' pensions has also been considered. The 'grandfathering' arrangements in response to consultation responses have been tailored to ensure Members closest to retirement age do not see any reduction in their benefits.
191. Although grandfathering provisions in the draft Members' Pension Scheme may appear to be at a lower level than those in the amended Scheme for Members of Parliament (MPs), the Board considers that the overall benefits are broadly comparable. For example, Assembly Members will enjoy an extra year of accrual under their current scheme – which has a higher employer contribution rate and a higher level of benefits. The new Assembly scheme proposals also have a higher accrual rate than the scheme for MPs.
192. One issue which cropped up repeatedly in the consideration of equalities issues is the absence of data. This makes it difficult to assess where issues affecting an individual could be evidence of a wider systemic problem. The Board urges the Assembly Commission to consider how best to consider collect a wider range of equalities information from newly elected Members in 2016. The new Pensions Board will also be encouraged to monitor the equality aspects of the administration of the new scheme, and to recommend changes if the membership changes in the future.

4. Staffing and Group Support

In this chapter the Board outlines how it is equipping Assembly Members with an appropriate level of support to do their job in the recruitment and remuneration of their support staff and those working to support the work of groups. Support staff are paid from the Assembly Commission budget on behalf of the Member who employs them.

The Board has increased the capacity of Members, by increasing their staffing allowance, creating a new post of 'Senior Advisor', and giving them greater freedom to choose how they deploy their three FTE members of staff.

The Board has established a new system for Group Support, to ensure that a set amount of support is put in to the system, irrespective of the election result. Unlike the current system, this will ensure costs are predictable and controlled. The Board has considered the responses in relation to group support to its recent consultation and made amendments where appropriate. Full details are set out in Chapters 7 and 8 of the Determination for the Fifth Assembly.

193. Politicians elected to any legislature carry out a complex role. As well as dealing with individual case work raised by constituents, they scrutinise government policy, finance and legislation and need support to be able to do this well. In any successful parliamentary body that support relies on skilled and high-calibre staff.
194. In addition to their other roles, all Members are individual employers. The Determination covers the costs of Members employing up to three full-time equivalent staff each. Between the four party groups, currently around 20 further members of staff are employed. Staff undertake a number of different roles and may be based in a constituency or regional office, or at the Assembly. The types of posts include caseworkers, researchers, office managers and press officers.
195. Members' staff play a major role in driving forward and strengthening the strategic work of the Assembly by providing research support to Members in Plenary and committee, dealing with constituency casework, and promoting engagement with the people of Wales. Indeed, for many constituents, their first dealings with the Assembly will come through contact with a Support Staff member.

Principles

196. From the outset, the Board's review of the Determination has heard concerns about the capacity of a 60 Member Assembly to scrutinise the Welsh Government, and to develop new policies and proposals. The Board has therefore sought to increase the support available to Members to enhance their capacity.
197. As in all of the Board's work, it hopes that our proposals offer Members greater flexibility, while maintaining those essential safeguards which protect Members, their staff, the taxpayer and the reputation of the Assembly.
198. During the Fourth Assembly the Board carried out a major piece of work in relation to Support Staff. We introduced the current pay bands for staff in 2011. The Board's December 2013 report, also underlined the principle that an insufficiency of elected Members meant there was a need for a greater level of expenditure on Support Staff than in larger parliaments.

"In making our 2011 Determination we also compared the arrangements for Members of the National Assembly with those in the other UK legislatures. The Board was of the view that the small size of the Assembly means that all Members must constantly multi-task and consequently require a wide range of support from their staff. Having examined the level of support staffing

*available to Assembly Members we were satisfied that higher expenditure in this area than in, for example, the Scottish Parliament, was appropriate.*⁴⁶

199. Members' staff are crucial to ensuring that Members can carry out all their duties. The Board has sought to ensure that remuneration and conditions for staff are comparable with those of staff doing similar work for Members of other Parliaments.

Staffing capacity

200. Since July 2007 all Members have been able to employ three FTE members of staff in three bands (Bands 1, 2 and 3). Groups have been able to employ staff at these bands, and also at two more senior grades: Chief of Staff and Additional Group Support.

201. In 2012 the Board consulted Members on a proposal to introduce a new, high graded post of Senior Advisor. However, at the time, there was not universal support for this proposal.

202. The report noted:

*"We consulted Members and support staff on this proposed process. 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 future consideration."*⁴⁷

203. The evidence that the Board considered during the review of the support available to Members led it to conclude that there was still a case for offering additional strategic capacity. However, in recognition of the earlier consultation, the Board has adopted a more flexible approach to how Members can use the additional capacity being made available. The Board has also dropped the requirement for a different appointment process for Senior Advisers, so that that all employees will be recruited and appointed via the same system.

204. In the Fifth Assembly, Members will be permitted to employ a Senior Advisor as part of their Support Staff team, if they wish to do so. The role – with a salary at the same level as the existing Additional Group Support role – will enable individuals to appoint a more senior position within their offices. The post is similar to the role of the Senior Parliamentary Assistant for Members of Parliament in Westminster.

205. While the Board's intention is that this role will be used to provide high level research and briefing for Members, it is allowing Members the flexibility to choose the structure they want for their offices. The Board recognises that different circumstances or priorities will

⁴⁶ Extract from December 2013 report

⁴⁷ December 2013 report, para 92

lead to different structures and roles in Members' offices. For example –Ministers and Presiding Officers have less need for centrally based research support than a backbench Member serving on two or more committees.

Policy and Research Fund

206. The Policy and Research Fund (PRF) was introduced in July 2013 in place of the former Engagement Fund. It was intended as a means to allow Members to fund strategic and time limited research, undertaken by external experts. The Fund may be used for research into:

- Policy development;
- Exploration of issues of significance to constituents; and
- Scrutiny of policy, legislation or finance.

207. The guidance⁴⁸ for use of the scheme notes:

"Typical examples of work to be undertaken may be additional research to support a Private Members Bill; research into the implications on constituents of a proposed policy or initiative; feasibility studies related to a proposed policy area; and research into issues affecting particular groups of constituents such as women or people with disabilities, etc."

Russell George

Russell George AM used the Policy & Research Fund to commission four surveys, aimed at local residents and local businesses. One of the surveys focused on the future of Dyfi Bridge and the results helped inform the Welsh Government's consideration of the viable options for repair or replacement of the bridge. The other three surveys concerned issues with Newtown traffic, wind farms and local business which helped to shape the Member's approach to these subjects.

Plaid Group

The Plaid group commissioned a research note on a sugary drinks levy. The resulting research was used to support a new policy proposal to introduce a 'pop tax' of 20% on sugary drinks. The resulting revenue would be used to fund additional health services such as the recruitment of more doctors for the NHS, as well as helping to combat obesity and diabetes.

208. Since its introduction, Members have been making greater use of the fund every year both individually, and by pooling their allocations in small groups. Party Groups can also fund similar projects through the group funding allowance.

⁴⁸ *Policy and Research Fund (PRF) Guidance, issued by Members' Business Support, 2015*

209. During the review, the Assembly Commission asked the Board to consider how the Board might better support one of their strategic priorities – to improve communication with the public. To this end the Board will increase the size of the PRF from £2,000 to £2,500 and widen the definition of its use. The new wider definition will include the ability to use the PRF to communicate with constituents on matters of public interest.

210. The Board is aware that there are risks associated with extending the Fund in this way, in particular perceptions that public funds will be used for party political purposes. To mitigate this risk, the additional flexibility will be subject to clear and transparent rules which will be published prior to the start of the Fifth Assembly. Assembly Commission officials will draw up guidelines for the Fund’s use, taking advice from the independent Commissioner for Standards in the process. The Board will review the use of the new Policy Research and Communications Fund at a suitable point after 12-18 months to assess how it is being used. The option for the Fund to be used for Communications work would be withdrawn if the Board is not satisfied that it is being used for legitimate purposes.

Support for party groups

211. A system of financial support for political groups has existed since the formation of the Assembly. The key features of the system operating in 2015-16 are as follows:

- A group of three or more Members, which is represented in the Welsh Government, is entitled to just over £147,797;
- A group of between 3 and 10 Members, which is **not** represented in the Welsh Government, is entitled to around £224,994;
- A group of more than 10 Members, which is **not** represented in the Welsh Government, is entitled to a further £36,019 for each additional five Members or the group.

212. In practice, this results in the following amounts being paid in 2015-16 to the political groups in the Assembly.

Table 11: Group support allocations for 2015-16

Group	Members	In government	Funding
Labour	30	Yes	£147,797
Conservative	14	No	£261,013
Plaid Cymru	11	No	£261,013
Liberal Democrats	5	No	£224,994

Total	60		£894,817
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213. In the main, the funding is used to employ staff to provide research, communications, administrative and other support to the group. On a per capita basis, funding in the Assembly is, at the same time, generous and more variable than elsewhere.

214. Funding for groups in the Assembly differs from Scotland and Westminster in two key ways:

- Funding is given to all groups, including any in government⁴⁹;
- It is based on bandings rather than per capita amounts for each Member.

215. The main argument in favour of the Assembly's approach is that it reflects its small size, allowing a high degree of support to enable over-burdened Members to undertake their roles effectively. Providing support to all parties reflects the ethos behind the Assembly, especially in its early days. The traditional notion of government and opposition was far less prominent when the Assembly was first established as a single corporate body with, in theory, all parties and Members having some role in executive decision making. Today, although there is a clear distinction in who carries executive responsibility, the working practices of the Assembly still assume that all groups have a significant role in oversight and legislation.

216. Though the current system has served the institution adequately and has general support amongst the current political groups, there are several factors in the Board's view that justify change. In particular:

- the thinking and justification behind the original design and its evolution are not transparent;
- although it has had broad support to date, it could deliver anomalous funding outcomes in future depending on election results;
- the level of funding could vary significantly if the number of groups in the Assembly altered due to electoral results or the Assembly's definition of a group (three Members or more); and
- it provides no additional support to individual Members or small parties who do not meet the group threshold.

217. The Board has therefore decided to put in place a revised system that meets several tests:

⁴⁹ In Scotland, funding can be claimed by a party in coalition government, provided the party has no more ministers or junior ministers than one fifth of the total.

- a) It should prioritise support for the effective scrutiny of the government and legislative proposals;
- b) It should operate rationally under different electoral outcomes and models of government;
- c) It should ensure that all parties (including those in government) have sufficient administrative support to operate in a co-ordinated and efficient manner;
- d) The total cost of support should be constrained to an amount set by the Board and all of that total should be distributed;
- e) The amount received by parties not in government should in some way reflect their relative size;
- f) Small parties and individual Members should be supported at a level that supplements their capacity to play an effective part in the scrutiny process;
- g) Small differences or changes in party size should not lead to dramatic changes in funding.

A new system of support for political parties and Members

218. The Board has consulted upon, and is now putting in place, a revised funding system that meets those tests. The only responses we received to this element of our public consultation were from the political parties currently represented in the Assembly. In some areas we have adjusted the proposals in the light of the feedback received.

219. The key elements of the new system of funding for political parties in the Assembly are as follows:

Total support for parties

- The starting point for the new system is the setting by the Board of the total sum allocated to party support. In 2015-16 the total spent on Group support is just under £900,000. At this point, the Board intends to maintain spending at this level in 2016-17. Before the 2016 election, of course, the successor Board will review the levels of Support Staff pay. As the majority of this funding goes to staff costs, the Board will review the sum allocated to total support for parties in the light of any Support Staff salary adjustments made before the start of the Fifth Assembly.

Government party funding

- Any party represented in the Welsh Government will receive funding equivalent to £10,000 per Member up to a maximum of £150,000.

Non-government party core

- Any party with three or more Members, not represented in the Welsh Government, will receive a core sum of £50,000. For the avoidance of doubt, this minimum size of three Members to qualify for core funding would remain unchanged even if a future Assembly varied its definition of the minimum size of a political group for the purposes of the Assembly's Standing Orders.

Non-government Member addition

- The remaining balance of total support for parties (£900,000 minus the sum of the Government party funding and Non-government party core funding) will be allocated to all parties and individual Members not represented in the Welsh Government on a per capita basis.

220. The initial consultation proposed a core sum of £150,000 for the first 30 Members in the party/parties of Government, supplemented by a further £5,000 per Member in excess of 30. It also proposed to give parties in coalition the flexibility to decide how the sum was allocated between them. This latter proposal was not welcomed in the feedback received and the Board does not wish the funding to be an obstacle to government formation in any way. Hence the Board's decision to move to a per capita based approach combined with a cap.

221. The Board also heard that £5,000 per Member over 30 would leave junior partners in coalition government with insufficient funding. It was suggested in responses to the consultation that a core of £150,000 should be paid to any party in government. Whilst the Board has sympathy with the argument that any party in government needs meaningful funding to support their effective organisation and operation, the Board believes that such a high level of guaranteed funding is not sensible given that the Board wishes to allocate scarce funding in order to prioritise the scrutiny of government. For example, a coalition party with, say, three Members, one of whom holds a ministerial position, should not, in the Board's view, receive such a high level of support. By increasing per Member funding to £10,000 the Board considers that these competing arguments and pressures are balanced.
222. The Board's proposal to offer funding to individual or pairs of Members in parties that do not meet the minimum threshold for a group as currently set out in Standing Orders (three Members) was not generally supported by the current political parties. The Board's intention is to ensure that all Members of the Assembly are resourced to be able to play a role in scrutinising the Government. Despite the feedback received from existing Groups, the Board intends to stick to its original proposal and believe the relatively modest sums in point will boost individuals or small groups to operate more effectively within the Assembly.

Support Staff Pay and Conditions

Remuneration

223. For 2015-16 Support Staff salaries have risen by 1.2%, in line with average earnings in Wales. The Board has deferred a decision on Support Staff salaries for 2016-17 until early in 2016 in order to have more up-to-date information.
224. The Board did however consider the pension arrangements available to Support Staff, as this was an issue which arose in the Support Staff Representative Group. Representatives argued that support staff pension contributions were lower than comparable public sector roles. The Board concluded that the current arrangements – which include a 10% employers' contribution and no contribution from the employee – were broadly in line with comparable jobs in the other UK parliaments. However, the absence of life assurance cover was noted and this has been addressed (see below).

Life assurance

225. While it has been possible in previous Determinations for Members to pay for life assurance cover for their staff, this has not been taken up. This is a relatively inexpensive benefit which offers significant peace of mind for staff and their families.
226. The Board has decided to introduce a standard cover for all Support Staff, which would produce a payment equal to twice their rate of salary at the date of death. Rather than

waiting for the start of the Fifth Assembly, the Board determined that this provision should be introduced on 1 April 2015.

Redundancy

227. In response to feedback from the Support Staff Representative Group the Board looked in detail at the redundancy arrangements for support staff.
228. While many receive advanced warning that a Member will stand down – eg when a Member retires at the end of an Assembly term – in some cases, staff can lose their jobs unexpectedly. The Board consider that this kind of unexpected job loss merits a greater level of support.
229. So those receiving advance notice will continue to receive 1.5 times statutory redundancy pay. Those members of Support Staff who lose their job without such notice due to a) the employing Member's death; b) the employing Member ceasing to be a Member mid-term; or c) where the employing Member is defeated at a General Election, will receive 2 times statutory redundancy pay.
230. In response to positive consultation feedback, the Board has agreed to introduce this change a year early, so it also applies to Support Staff and Group staff from 1 April 2015.
231. At the suggestion of the Support Staff Representative Group the Board also explored whether it would be possible for Support Staff to forgo redundancy payments where they are immediately re-employed by another Member, in exchange for continuous service. This suggestion offered the potential for greater security for staff, while reducing costs to the taxpayer. However, the legal advice obtained, and correspondence with other Parliamentary remuneration bodies, led the Board to conclude this would not be possible under current legislation.

Other employment issues

Employment of family members

232. A topic which arose a few times in public discussions of our work, and some consultations, was the employment of family members. The Board introduced tighter regulations from the start of the Fourth Assembly which ensure that any recruitment of a family member is overseen by Members' Business Service and the employing Member does not take the appointment decision. As a result, family members are only appointed where they are the most suitable candidate for the role concerned. The Board is content for these arrangements to continue in the Fifth Assembly.
233. The Assembly itself publishes details of all employment of family members by AMs.

http://www.assembly.wales/en/memhome/pay-expenses-financial-interests-standards/Pages/employment_of_family_members.aspx

Notice periods

234. In response to concerns raised at the Support Staff Representative Group that notice periods for staff were too short, making it difficult to recruit replacements in a timely manner, the Board has decided to increase the standard notice period for new starters to one week in the first three months of service and four weeks thereafter. These new notice periods will apply both to staff giving notice to a Member and a Member giving notice to one of their staff.

Temporary Staffing Allowance

235. The Board has made a minor change to the Temporary Staffing Allowance (TSA), to include provision that a Member may apply for TSA where a member of staff has been suspended, where that suspension has been agreed with Commission staff.

An apprenticeship scheme

236. An idea raised by Members was that the Assembly Commission's successful apprenticeship scheme might be extended to include the political parties. Feedback on this proposal was largely positive, although there were questions about line management and the practicalities. This is not a matter for the Board to pursue but it has asked the Assembly Commission to consider whether there is an effective way to deliver such a scheme.

Support Staff travel & overtime claims

237. To improve flexibility for Members, the Board has removed a £2,000 ceiling for Support Staff travel and overtime claims. While most Members were not affected by the ceiling, a handful of Members with larger constituencies were finding it restrictive. Spending on travel will now only be limited by the availability of funds within the relevant Member's staffing budget.

Support Staff policies re-fresh

238. The Board has also triggered a process to update various policies which cover Support Staff employment. This is largely a tidying-up exercise to ensure that the policies, which are fast approaching five years old, remain up-to-date with changes in legislation. The Support Staff Representative Group is being consulted during this updating process.

Equality considerations

239. The following section highlights issues which were identified as part of the consultation on Assembly Members' Support Staff. The Board outlines where action to mitigate against potential disadvantage has or has not been taken and the rationale for those decisions.

240. The Equalities Log can be seen at Annex D.

Age

241. In discussions with party leaders and others, the Board found considerable support for the introduction of an apprenticeship scheme offering young people the opportunity to work for individual Assembly Members or political parties.

242. In response to this proposal, Diverse Cymru questioned whether the scheme would be targeted at under-represented groups or whether there would be an age limit. The Board hopes this issue will be picked up by the Assembly Commission in discussions about the feasibility of such a scheme.

Marriage and Civil Partnership

243. In relation to the introduction of a 'death-in-service' payment to provide for the families of Support Staff the terminology used will be inclusive so that it does not discriminate against or disadvantage same sex couples.

Sex

244. In order to increase the strategic capacity of the Assembly from May 2016, the Board proposed the introduction of a Senior Advisor role for each Assembly Member. Although the proposal was broadly welcomed, concerns were raised that Support Staff based in constituency offices, particularly those based some distance from the Assembly, might be deterred from applying for the role of Senior Advisor and that this may give rise to discrimination on the grounds of sex. It was suggested that a higher proportion of constituency based staff are female and tend to be employed at lower pay bands. To fully inform the decision making on this issue, the Board requested data breaking down Support Staff by gender and grade. Figures in the following table (correct as of July 2014) exclude the grades of the Chiefs of Staff, Additional Group Supports and those on a mixture of grades.

Table 12: Support Staff by gender and grade (July 2014)

	Male	Female	Totals
Band 1	41	42	83
Band 2	46	50	96
Band 3	34	41	75
Totals	121	133	254

245. The Board is clear that there is nothing in the position itself which should deter women from applying for roles as a senior advisor. Nor is there any requirement that the job be done from Cardiff. Table 12 (above) shows the gender breakdown among Support Staff. Who to appoint to posts, and where they work are matters for individual Members. The Board considers the changes made will create opportunities equally for current and future members of staff.

5. Reimbursement of other expenses

In this chapter, the Board outlines how it has decided on the costs and expenses to be reimbursed to Assembly Members to undertake their responsibilities. The decisions taken on financial support for Assembly Members who are leaving office are also outlined.

When the Determination in 2011 was made the key drivers of change were value for money and ensuring a robust accountability. In the review, the Board found that sometimes, the rules were unnecessarily constraining. The Board has attempted to increase the flexibility available to Members, while retaining the essential safeguards needed so that the people of Wales can be confident that money is spent with probity, accountability and delivers value for money. The Board will keep a watching brief on how these changes operate in the next Assembly to ensure that they continue to provide the right balance

Financial Support for Assembly Members

246. Assembly Members are eligible to receive financial support in relation to their duties as Assembly Members. The support covers:

- staff costs⁵⁰;
- residential accommodation;
- office costs; and
- travel.

247. The purpose of the financial assistance provided to Assembly Members is to support them in undertaking their duties as Assembly Members. In respect of accommodation, Members who do not live near the Assembly are entitled to overnight accommodation where it is needed to enable them to carry out their roles as Assembly Members. The reimbursement of office costs enables Members to run an office in their constituency or region. Members are entitled to be reimbursed the costs they incur in travelling to and from the Assembly, and across their constituency or region to engage with individuals, organisations and businesses.

⁵⁰ Staffing support is provided separately, and is covered in Chapter x – AM Support.

248. In considering the financial support available to Members, the Board has borne in mind its objective to provide adequate resources for Assembly Members to undertake their duties effectively. The Board also takes account of its duty to ensure that Board decisions should not deter, on financial grounds, individuals with the necessary commitment and ability from seeking election to the Assembly.

249. The Board reviewed the existing provisions for financial support, and commend the Assembly for the good practice in place. Since June 2009, the payments made to all Assembly Members have been published on the Assembly website. Payments are also subject to an audit by the Wales Audit Office at the end of each financial year.

Principles of Financial Support

250. The Code of Conduct for Assembly Members sets out the principles of personal conduct to which Members must adhere.⁵¹ These principles are based on the Nolan principles of public life selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

251. The Board agrees that the Assembly's system of financial support should represent value for money; be robust, clear, and transparent; and should be underpinned by a set of principles which must be adhered to by any Assembly Member wishing to make a claim. The principles, which are set out below, are intended to complement the Code of Conduct for Assembly Members.

Expenditure

Assembly Members may only claim for expenditure that is necessary to ensure that they can properly perform their duties as Members.

Usage

Claims must be accurate and properly reflect actual usage of the resources being claimed.

Political Parties

Costs will only be reimbursed where the expense relates to a Member carrying out their duties as an Assembly Member. Claims relating to party political activity must not be made.

⁵¹ <http://www.assemblywales.org/memhome/mem-commissioner-standards/cod-ymdygiad.htm>

Personal Benefit

Members must ensure that claims do not give rise to, or give the appearance of giving rise to, an improper direct or indirect personal financial benefit to themselves or anyone else, including political organisations.

Openness

Members must be committed to the principles of openness and transparency. Claims will be published on the Allowance Publication System to inform the public (subject to data protection or security considerations) about what expenditure has been incurred and for what purpose.

Personal Responsibility

Individual Assembly Members must take personal responsibility for all expenses incurred, and for making claims and keeping records, even if the administration of claims is delegated by them to others.

Value for Money and Reasonableness

Assembly Members must ensure that any expenditure incurred constitutes the most cost effective option. Members must seek to ensure that such expenditure provides value for money for the tax payer and does not damage the reputation of the Assembly or its Members. The Board accepts, subject to justification being provided, that the cheapest option will not necessarily be the most cost-effective option.

Documentation

Claims must be supported by relevant and appropriate documentary evidence.

Residential Accommodation

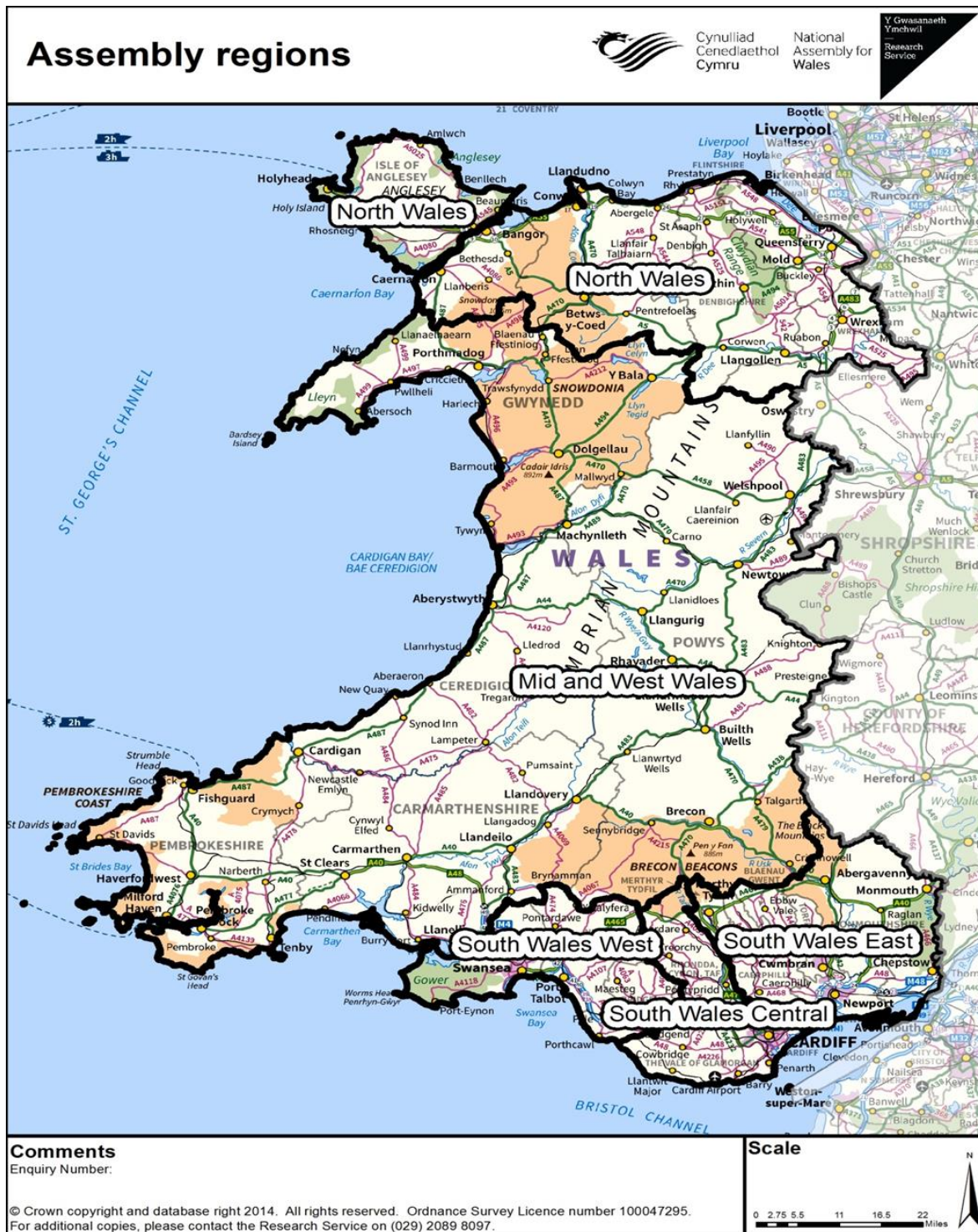
252. Assembly Members are entitled to be reimbursed for costs necessarily incurred in staying overnight away from their main homes in connection with their duties as Members. The Board recognises that, for the Assembly to operate effectively, most Members will wish to have a main home in their constituency or region and be able to participate effectively in the business of the Assembly in Cardiff.
253. If it is necessary for a Member to stay away from home overnight, in connection with the performance of their role as an Assembly Member, the cost of doing so may be reimbursed.

254. Throughout the Fourth Assembly the rules governing this reimbursement were dependent on the constituency or region the Member represents. From 2014 through to the end of the Fourth Assembly⁵²:

- Members in the 'outer area' (defined by those representing constituencies within the boundaries of the Mid & West Wales region, and North Wales region) may claim up to a maximum cost of £8,820 for overnight stays in Cardiff in each year. This allowance is generally used to cover the cost of rented accommodation in Cardiff up to a maximum of £735 per month;
- Members in the 'intermediate area' (defined by those representing the South Wales West constituencies of Gower, Neath, Swansea East and Swansea West) may claim up to a maximum of £3,420 for overnight stays in Cardiff in each year;
- Members in the 'inner area' (all other Assembly Members) may claim up to a maximum of £1,425 for overnight stays in Cardiff in each year.

⁵² Full details set out in *Determination on Members' Pay and Allowances, Remuneration Board of the National Assembly for Wales, April 2015, Chapter 4.*

Figure 1: Map of Wales showing Assembly region boundaries



255. The rigidly defined geographical boundary means that a small number of Members in the intermediate area can have a daily travel time to and from the Assembly greater than that faced by some Members in the outer area. The Board has reviewed the system and the boundaries on several occasions and concluded that any system based on rigid rules could potentially disadvantage some Members.

256. The Board therefore decided to retain the current system for Members in outer and intermediate areas but to introduce greater flexibility for the Fifth Assembly. Provision has also been included for Members to make a business case to request that, in the light of

their personal travel circumstances, they should qualify for residential accommodation if they are disadvantaged by the location of their constituency. For example, a Member of the Fifth Assembly living in the intermediate area who faces an unusual and exceptionally long travel time might have a reasonable case for being treated as living in the outer area.

257. It is difficult, save in exceptional circumstances, to justify the cost of a hotel for a Member living within less than an hour's travel time of the Assembly. Many people working in the Cardiff area – and the rest of Wales – would commute a similar distance or for a similar time. Members are also able to claim for the cost of travel between their home and the Assembly.

258. The Board therefore decided to remove the allowance for overnight stays for Members in the inner area from May 2016. However, Members will have the opportunity to apply to the Members Business Support team for reimbursement in exceptional circumstances.

Hotel costs

259. In recent years, there have been times when Members have found the maximum hotel cost (£95) insufficient, as hotels frequently vary their charges based on the level of demand. For instance, hotel rooms within this price range might not be available when large events occur in Cardiff.

260. The Board also noted that all the other UK Parliaments and Assemblies have maximum rates at a higher level. While the Board has decided not to increase the maximum cost, it has agreed some extra flexibility to exceed the maximum rate when agreed in advance with the Members' Business Support team.

Mortgage payments

261. A small and shrinking number of long-serving Outer Area Members still receive reimbursement in respect of mortgage interest payments on properties of their own. While new claims have not been permitted for Members elected since May 2011, the Board agreed that a small number of pre-2011 Members could continue with existing arrangements. With low interest rates, this has created a considerable saving to the taxpayer as compared with rented accommodation. The Board is satisfied that the numbers in such a position will reduce again at the 2016 election, and become obsolete in time.

262. Members in this position are also permitted to claim up to 10% of the maximum residential accommodation expenses towards the cost of essential repairs to their property. They will not be reimbursed for other costs associated with residential accommodation, such as the purchase of consumer durables, irrespective of any case made about the overall saving to the public purse of so doing.

Associated Costs

263. The Board agreed in the 2010 Determination that Assembly Members should be reimbursed for the costs of utility bills, council tax, broadband, insurance and a television licence. No payments for repairs, furniture, fixtures and fittings or any other aspect of the upkeep or furnishing of the accommodation may be reimbursed. Costs of ground rent and maintenance costs for rental properties are included within the Residential Accommodation Expenditure rate.
264. Also in the 2010 Determination the Board decided that any claims made by Members for council tax should be capped at the amount payable for a band F property. Any amount above the cap must be paid by the Member.

Residential Accommodation Expenditure Rates

265. The Board reviewed residential costs in 2014 following feedback from Members. Following an analysis of the market for two bedroom accommodation in the Cardiff Bay area, it increased the maximum rate for Outer Area Members from £8,400 to £8,820 per year. The limit for Members in the Intermediate Area was kept at £3,420. For 2015 the Board has made no change to either of these figures.
266. The Board will review these amounts in January 2016 to ensure they remain appropriate for the market.

Office Costs

267. Assembly Members are entitled to claim Office Costs to reimburse all reasonable costs relating to the running of an office in their constituency or region. The allowance can be used for a number of purposes in relation to an Assembly Member's duties, including:
- office rental costs;
 - rental/purchasing of office equipment; and
 - costs incurred in running an office.

Purpose and Amount

268. The purpose of the office cost allowance is to enable Assembly Members to run an office in their constituency or region. Members and their staff, in their evidence to the Board, were clear that this facility is crucial to proper engagement with their constituents. The presence in their constituencies or regions enables Members to keep in contact with those they represent and to ensure that the public have ready access to their elected representatives. Some staff are usually based in these offices to assist Members in any dealings they may have with the public, including casework.

269. Over the course of the Fourth Assembly the level of office cost allowance, has risen from £16,242 to £17,014. In recent years the Board has been content for it to rise in line with the CPI rate of inflation.
270. The variance in office rental costs and business rates across constituencies and regions in Wales has been an issue from the outset. There are parts of Wales where it is difficult to find an accessible office within the limit, while in others, the limit is significantly higher than the amount spent.

Virement

271. During the Third Assembly, Members were able to transfer unspent sums from the office cost allowance to the staff salaries allowance and vice versa (known as virement). In 2010, the Board decided that this practice should cease, as it was not persuaded that underspends on allowances provided for fundamentally different types of support should be transferred in this way.
272. However, this decision has now been revisited. The Board has in its review reintroduced the ability to vire money to the office costs allowance. Members are able to vire up to £4,253 (25% of the office costs allowance) from staffing costs to office costs. Viring is not permitted in the opposite direction. This measure was introduced from 1 April 2015, in response to feedback from Members. The Board hopes this increased flexibility will support the small numbers of Members who find it difficult to find affordable office accommodation in their constituencies.
273. The Board has also indicated that Members may in exceptional circumstances – with the prior approval of Members' Business Service – draw down up to 25% of the Office Costs Allowance - £4,253 under the current Determination – from their allocation for the next financial year. This provision does not apply in the Fourth Assembly. This is intended to provide greater financial flexibility to Members while maintaining appropriate control and governance.

Health and Safety, Security and Disability Access

274. When the Board established the Access Fund, the provisions for Members to be able to incur expenditure in relation to health and safety, security and disability access in relation to their offices meant Members had to pay the first £1,000 of any such costs from their allowance. Any costs exceeding £1,000 for such purposes would be met by the Assembly Commission, subject to prior approval by the Members' Business Support team. At the time the Board said it would keep these issues under review.
275. Having reviewed the uses being made of this provision, the Board has decided to reduce the threshold to £500, with the Assembly Commission meeting any costs in excess of that amount.

Rental/Purchasing of Office Equipment

276. In Fit for Purpose the Board decided that newly elected Members would be entitled to make a one-off requisition of office furniture from a central list in order to equip an office. The cost of the approved items to be met from central stocks or funds, subject to a maximum of £5,000.
277. In line with the Board's commitment to increasing flexibility, Members will now be permitted to use their own choice of supplier, when furnishing an office. The maximum remains £5,000.
278. In recognition that some Members have now been in post for a considerable period of time, the Board also felt it appropriate to assist Members to refurbish offices. So any Member returning to the Assembly in May 2016 after completing two full terms of office will be entitled to a one-off grant of up to £1,000 in 2016-17 towards the cost of replacement of old or worn furniture and equipment.

Travel

279. Members may only claim reimbursement for expenditure on travel where they have undertaken journeys that are necessary in connection with their duties as an Assembly Member, and the arrangements must be underpinned by principles of cost effectiveness and sustainability.
280. The Board has sought to encourage sustainable travel by including in our Determination provisions relating to public transport and car sharing. However, the Board is aware that Members are often required to travel long distances around their constituencies or regions in undertaking their duties. The Board accepts, in such circumstances, that the most cost effective option, bearing in mind the demands on a Member's time, may well be to travel by car.
281. A handful of Members have raised concern that the HMRC business mileage rate is lower after the first 10,000 miles. The Board notes that the HMRC rates are widely used across the public and private sectors and see no reason why Members should be treated any differently in this regard.

Submitting mileage claims electronically

282. The Board has made one change to increase flexibility. From the start of the Fifth Assembly Members will be able to claim for mileage by email. The principles remain unchanged, and any Member doing so will have to scan and retain the relevant claim forms.

Arrangements for Assembly Members Leaving Office

283. Assembly Members who are leaving office are entitled to financial support. The Board take the view that this should be balanced with the objective to ensure that such support provided by the Assembly is fair in the Welsh context and provides value for money.
284. For this reason the Board has have made significant alterations to the existing scheme.

Resettlement Grant

285. When Members cease to be Assembly Members, they are entitled to a resettlement grant. This grant serves a similar purpose to a redundancy payment and, under the previous arrangements, was calculated according to a formula based on the Member's age and length of service.
286. From the Fourth Assembly onwards, newly elected Members are only eligible to claim a resettlement grant where they have been defeated at an election. Members who stand down, retire, or decide not to seek re-election are not eligible to claim such a grant.
287. However, under a transitional arrangement, Members elected prior to 2011 were permitted to remain on the previous scheme, which allowed a resettlement grant in all circumstances.
288. The Board was minded to end the transitional arrangement, and consulted with Members on that proposal in February 2014. In responses to the consultation it became clear that this could have created an unintended incentive for experienced Members to stand down en-masse in 2016.
289. Consequently, the proposal was amended, so that Members with continuous service prior to 2011 will remain eligible for a resettlement grant in 2021 (at the end of the Fifth Assembly), although the sum will be reduced by 50%. The size of a resettlement grant is based on salary, age and years of service. A table to calculate the sum is published on page 50 of the current Determination.⁵³ Beyond 2021, all Members will receive a resettlement grant only where they are defeated at an election.
290. The resettlement grant for Members elected in the 2011 Assembly elections and subsequently is based on the length of their service and will be calculated on the basis of one month for each complete year of service, with a cap of six months' salary.

Ill Health Retirement Grant

291. The Board is content that this grant - which provides financial support for Members who, for health reasons, are unable to continue as a Member of the Assembly – remains appropriate. Therefore no change to this provision is being made.

⁵³ *Determination on Members' Pay and Allowances, Remuneration Board of the National Assembly for Wales, April 2015, 10.4 and 10.5.*

Winding Up

292. The purpose of the winding up allowance is to enable Members to conclude their affairs when they cease to be an Assembly Member, including contractual liabilities and arrangements relating to their constituency or regional offices.
293. Having reduced the amount in 2011, the Board considers this remains appropriate for its purpose.

Support for Members losing their seat

294. In informal discussions with former Members, the Board heard how difficult it can be for a Member who loses their seat – particular if that loss comes unexpectedly. This issue also arose a number of times in the Bangor University Report, Evaluating Barriers to Entering the Assembly: What Prevents Us From Standing?
295. While preparing for life after politics is at the edge of the Board's remit, the Board has explored the possibility of establishing some sort of outplacement service – providing advice and guidance for those Members who lose their seats at an election – whether constituency or regional Members.
296. The Board has recommended that the Assembly Commission look in more detail at how best to provide such an outplacement/advice service for a limited period to support Members losing their seat at an election. Similar provision might also be extended to support staff working for defeated Members, and any Group Staff who lose their jobs as a result of electoral changes.

Equality considerations

297. The Board wanted to ensure that its conclusions were fair and equitable. The Board therefore invited Diverse Cymru to respond to each consultation and provide valuable advice throughout the review of the Determination for the Fifth Assembly.
298. The full range of the equalities considerations are set out in the Equalities Log at Annex D. This section highlights some specific areas of concern and how these are being addressed.
299. The Board is mindful that Members are individuals with unique needs and responsibilities. In drawing up the provisions and requirements in respect of financial support for Members the Board understands that, from time to time, exceptional circumstances will arise. The Board will ensure that all Members are aware of the Board's ability to provide financial support in exceptional circumstances to ensure that the role of the Member can be properly fulfilled.

Caring responsibilities

300. The Board has given a great deal of consideration to ensuring that the financial support provided in the Determination does not deter anyone with caring responsibilities from becoming a Member.
301. As part of their response to the Board, Diverse Cymru raised concerns regarding the challenges faced by Members with caring responsibilities. This issue was mentioned in the Bangor University report and the Chair has also received representations from Members.
302. The following arrangements are in place in the Fourth Assembly:
- Members may claim unlimited travel between their home or constituency and Cardiff Bay;
 - Members living in the outer area are able to claim up to £735 a month for the rental of a two bedroom furnished accommodation in Cardiff. It is reviewed annually.
 - Members who feel that they require financial support above or beyond what is provided can apply to the Board for Exceptional Expenses.⁵⁴
303. The Board noted that the current Determination includes provision for the partner and/or any child under the age of 18 to travel by car as an alternative to travelling by public transport between Cardiff and the Member's constituency or region. Currently, no Member is using this allowance to its maximum. However, it will be retained for the Determination for the Fifth Assembly.
304. The Board's remit is limited to the remuneration of Members and their staff. The day to day time demands on Members are a matter for them, their party groups and will also depend on the timetable of Assembly business as agreed by the Business Committee. Changes to the way the Assembly works on a daily basis are a matter for Members – specifically the Business Committee and Presiding Officer. These matters are completely outside the Board's remit, however, the Board took account of the following:
- Members are elected, not employed, as such they are normally free to make whatever arrangements best suit their circumstances.
 - The Assembly's Standing Orders enshrine the requirement that timetables have regard to the family and constituency or electoral region responsibilities of Members. Timetabling formal business outside the hours of 09:00-18:00 is generally avoided and recess periods coincide with most school holidays. Assembly business will sometimes go on later than 18:00. Party groups can be flexible on occasions as to when they require Members to participate in Assembly business;
 - Members with children can receive childcare vouchers through a salary sacrifice scheme, and limited places – charged at market rates – are reserved at a Cardiff Bay nursery, for the benefit of Members;

⁵⁴ See Section 2.4 of the 2014 Determination on Members Pay and Allowances

- For Members who are unable to attend Committee meetings in person the Board understands there is some scope to use video conferencing facilities.

305. The Board has concluded that the Assembly's current arrangements to assist Assembly Members with caring responsibilities are largely sufficient and include examples of good practice.

306. However, the Board also considered provisions available in other legislatures for caring responsibilities. While in some aspects Assembly arrangements are more extensive than the provisions available in other UK Legislatures, the Board agreed there was merit in introducing flexibility similar to that available in Westminster whereby Members in the Outer Area who have caring responsibilities for dependents living with them while they are in Cardiff, will be eligible to apply for an enhanced residential accommodation allowance.

Disability

307. The Members' Access Fund was created in 2012, enabling Members to cover the costs of providing services that meet the requirements of the Equality Act 2010. This makes funding available for disabled Members and AMSS to pay for adaptations to their office premises as well. The Assembly's Equalities Team and Members Business Service also provided Members with factsheets to keep them informed of their obligations as employers and service providers under the Equality Act 2010.

308. The Board recommends the continuation of the Access Fund, which will help ensure that any Members, staff and visitors with disabilities will be able to access their constituency offices.

309. During the review, the Board noted the decline in use of the overnight stay allowance among Members in the Inner Area (further details and definitions of Inner and Outer areas can be found in the Determination)⁵⁵, and proposed to remove the allowance and instead allow Inner Area Members to make a business case for overnight stays in exceptional circumstances. Diverse Cymru raised concerns that removing the allowance for Members in the inner area could have an impact on disabled Members, specifically if lengthy plenary sessions and events make it difficult or unsafe for them to travel home.

310. Taking into consideration these comments, the Board agreed that there needed to be flexibility in such circumstances and, subject to a business case, Commission staff will have discretion to provide funds for overnight accommodation as appropriate.

⁵⁵ *Determination on Members' Pay and Allowances, Remuneration Board of the National Assembly for Wales, April 2015 (Chapter 4)*

6. Costs

In this chapter we set out the cost of the Board's decisions, and the costs incurred during the course of this review.

The Board estimates that the total cost of the financial support put in place to remunerate Members and support the effective operation of the Assembly will be around £14.5m in 2016- 17.

The review itself has cost an additional £156,000, including all external advice. Most of this has been incurred as a result of the review of the Members' pension scheme and implementation of the new scheme. The annual savings to the taxpayer arising from the changes made to the pension scheme will more than offset this expenditure in a single year.

Cost of the Determination

311. The Board has set out a system of financial support which is evidence-based and cost effective. Expenditure has been increased in some areas, and reduced in others. The overall cost of remuneration and financial support for the Fifth Assembly will cost more than the Fourth Assembly. The Board consider that this a prudent and proper investment in Welsh democracy.

Assembly Member remuneration

312. The freeze in Members' pay across the first four years of this Assembly means that Members' remuneration costs (including employer's National Insurance (NI) contributions) have been consistent at around £5.5 million p.a. For 2015-16, an increase of 1% of base salary has been made and this is expected to raise the total to £5.6m.

313. Although increasing base salaries from the start of the Fifth Assembly, 2016-17 to £64,000 will increase costs by £640,000, around half of this is offset by reductions in some office holder salaries and reduction in the cost to the taxpayer of employers' pension contributions.

314. Changes in NI, which are entirely outside the Board's control, will add a further £71,000.

315. The total cost of Member remuneration is therefore likely to rise from £5.6m in the last year of this Assembly, 2015-16 to around £6m in 2016-17.

316. In its projections the Board has used the current number of Members in each party, the current number of committee chairs and the current size of the Welsh Government. All of these things could change following the election - although the net impact is likely to be small.

Assembly Member Support

317. Allowing Members to employ a Senior Advisor on a higher salary from 2016-17 will lead to an increase in the maximum amount that Members can spend on staff.
318. This will increase from £91,879 in 2015-16, to £95,000 in 2016-17. However, this is a maximum that would be paid if all staff were at the top of their pay bands. In practice, as staff normally start on the bottom band, 90% of this maximum sum is typically spent.
319. In 2014-15 the expenditure on AM Support staff and Group staff remuneration is expected to be just under £6.7m (against a potential maximum cost of £7.6m). This includes overtime, NI and pension contributions. For 2015-16 that figure will rise to just under £6.8m (against a potential maximum cost of £7.7m).
320. In 2016-17 the Board is projecting an increase in the maximum spend to £7.95m. However, with new Members possibly taking some time to appoint new staff, and many of those coming in starting at the bottom of their salary bands, actual spend is likely to be less than 90% of this estimate (£7.0m)
321. Support for Political Parties, including NI and Pension contributions, has hovered around £1m during the Fourth Assembly. The Board's changes will ensure that this figure should not increase markedly in the Fifth Assembly.

Expenses (Allowances)

322. The three main costs here are office costs (an average of around £725,000p.a. for 2012-13 to 2014-15); travel (historically between £200,000 and £250,000p.a.); and residential accommodation and all other allowances (this cost £312,000 in 2013-14).
323. The total cost of all expenses and allowances in 2013-14 was £1.3m and while the maximum budget is around £1.7m, the Board estimates the actual spend will remain around £1.3m for 2014/15.
324. The estimated maximum costs (£1.7m) for 2015-16 and 2016-17 are based on the current rate for both office costs allowance and residential accommodation allowance, however, the Board will review these decisions in January 2016.
325. The Board is projecting a spend of around £1.5mp.a. for both 2015-16 and 2016-17, although this would rise if there were a significant change in either office costs of residential accommodation allowances.

Total Costs

326. The total cost of the Board's decisions will increase in 2016-17. The Board has taken these decisions because it believes there is a need to invest in the quality and capacity of the Assembly.

327. Total costs have increased too during the Fourth Assembly and were £13.5m in 2014-15. This compares with a maximum cost estimate for 2014-15 of £14.9m.
328. Estimates for future years look at the maximum cost though actual costs will be lower. It is estimated that the actual costs for 2016-17, the first year of the Fifth Assembly will be around £14.5m.

Table 13: Costs and estimates for the Determination 2013-2017

All figures in 000s	ACTUALS					ESTIMATES	
	Third	Fourth				(maximum)	
Assembly	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Members Remuneration							
Salary Costs	£3,153	£3,119	£3,222	£3,216	£3,223	£3,263	£3,904
Additional Salary	£909	£804	£832	£913	£888	£907	£744
Pension	£964	£930	£965	£983	£979	£992	£772
National Insurance	£409	£416	£435	£447	£444	£437	£574
Total	£5,435	£5,269	£5,454	£5,559	£5,534	£5,599	£5,994
Support Staff (including Group Staff)							
Salary costs (inc NI to 2014)	£5,750	£5,482	£5,863	£6,014	£5,629	£6,403	£6,600
NI					£498	£650	£686
Pension Contribution	£494	£474	£534	£581	£560	£640	£660
Total	£6,244	£5,956	£6,397	£6,595	£6,687	£7,693	£7,946
Allowances							
AM Travel Costs	£196	£309	£245	£236	£230	£250	£250
AMSS T&S	£40	£13	£67	£89	£85	£90	£90
AM Office Costs Allowance	£699	£747	£778	£726	£735	£1,021	£1,021
AM Additional Costs Allowance	£241	£223	£266	£242	£220	£248	£248
Engagement/Policy and Research Fund			£6	£15	£30	£150	£150
Total	£1,176	£1,292	£1,362	£1,308	£1,300	£1,759	£1,759
Total Costs	£12,855	£12,517	£13,213	£13,462	£13,521	£15,050	£15,699

Cost of the Board's Review

329. The Board has incurred a variety of costs in conducting this review. The total cost over the last two years will be just over £206,600, although three quarters of this cost arises from expert advice the Board has commissioned.
330. The costs arising from the engagement of external experts is set out in the table below.

Table 14: costs arising from the Board's engagement of external expert advice.

Summary	Organisation	Costs (Inc VAT)
Legal advice on AM pension scheme	Wragge Lawrence Graham & Co LLP	£76,218
Actuarial advice on AM pension scheme	PWC	£35,400
Actuarial advice on AM pension scheme	GAD	£12,765
Research into barriers for entry into the Assembly	Bangor University	£9,850
Research into Job evaluation and remuneration benchmarking for AMs	Hay Group	£18,838
Advice on Equality Impact Assessment of Determination	Diverse Cymru	£2,500
Legal advice on AMSS Continuous Service	Geldards	£577
Total:		£156,148

331. Over the last two years the fees and expenses incurred by members of the Board in their work has cost a further £20,256 in 2013-14 and £30,240 in 2014-15. In total this amounts to £50,496 over two years. A detailed breakdown of these costs is published each year in our annual report.

Annex A: Remuneration Board

Remit and Membership

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

The Board are 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 was appointed under a fair and open recruitment process and consists of a Chair and four Board members. The original Chair, Sir George Reid, resigned in September 2013 due to ill health. Sandy Blair took over as Chair, and Professor Laura McAllister joined the Board in July 2014.

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 MAPPA (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.

Annex B: Consultations

Throughout the Board's work, and in accordance with Section 2 of the National Assembly for Wales (Remuneration) Measure 2010, the Board undertook consultation with a range of stakeholders. The Board is grateful to all Members of the Fourth Assembly, the Presiding Officer and Assembly Commission, the Counsel General, the Board of Trustees for the current pension scheme and members of the public for taking the time to provide evidence to support it in its work, whether by attending meetings with the Board, through the Chair's regular drop-in sessions or by responding to the Board's survey or supplying written evidence.

Particular thanks are due to the following:

Assembly Members

Representative Group:

Peter Black AM, *Welsh Liberal Democrats*

Ann Jones AM, *Welsh Labour*

Elin Jones AM, *Plaid Cymru*

Nick Ramsey AM, *Welsh Conservatives*

Members' Support Staff

Representative Group:

Anthony Cooper, Chris Binding, David Costa and Sam Hadley, *Welsh Labour*

Richard Thomas and Karen Roberts, *Welsh Liberal Democrats*

Anthony Pickles, *Welsh Conservatives*

Helen Bradley, Carole Willis, Phil Nifield and Luke Nichols, *Plaid Cymru*

External Consultees:

Professor Laura McAllister, *University of Liverpool (20 March 2014)*

Gerard Elias QC, *National Assembly for Wales Commissioner for Standards*

Professor Richard Wyn Jones, *Wales Governance Centre*

Professor Sir Ian Kennedy, *IPSA Chair*

Pat McCartan, *Chair, NI Independent Financial Review Panel*

The team of officials responsible for public sector pensions at *HM Treasury*

William Graham (Chair), and the *Board of Trustees of the National Assembly for Wales Assembly Member Pension Scheme*

Commissioned advice:

Mark Packham,

PWC

Jon Gay, Hay Group

Professor Catherine Robinson, and colleagues, Bangor University

Paul Carberry, Kevin Milton and Hannah Beacham Wragge, Lawrence and Co.

Charles Willie, Adele Goodwin, Diverse Cymru

Party leaders:

Rt Hon Carwyn Jones AM, *Welsh Labour*

Andrew RT Davies AM, *Welsh Conservatives*

Kirsty Williams AM, *Welsh Liberal Democrats*

Leanne Wood AM, *Plaid Cymru*

Presiding Officers:

Dame Rosemary Butler AM

David Melding AM

Annex C: Background Documents

The Board has published the following consultations over the last 13 months which have helped inform this report.

- Proposals for the [Draft Determination in the Fifth Assembly](#) closed on 8 April 2015.
- [Proposed changes to the Determination regarding salaries for Assembly Members in the Fifth Assembly](#) closed on 12 January 2015.
- Proposed changes to the [Determination regarding allowances for Assembly Members in the Fifth Assembly](#) closed on 15 December 2014.
- Proposed changes to the [Determination regarding support for Assembly Members in the Fifth Assembly](#) closed on 26 September 2014.
- The [consultation on future pension arrangements for Assembly Members closed](#) on 15 August 2014.
- [Future pension arrangements for Assembly Members](#) closed on 21 May 2014.

A full list of Determinations, Annual Reports and specific reports on Assembly Member Staffing and Support Staff pay, and Office Holder Allowances (July 2011) can be seen on the Board's website.

Research

Hay Group report - [Report on the job evaluation of the role of an Assembly Member and office holders - Hay Group](#) PDF

Bangor University Report - [Research into barriers for entry into the Assembly – Bangor University](#) PDF

Hansard Society report - Assembly line? The Experiences and Development of New Assembly Members - <http://www.hansardsociety.org.uk/assembly-line-new-ams/>

Legislation

The National Assembly for Wales (Remuneration) Measure 2010 - http://www.opsi.gov.uk/legislation/wales/mwa2010/mwa_20100004_en_1

Statistical Information

Annual Survey of Hours and Earnings, from the Office of National Statistics - <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/index.html>

Remuneration at Other UK Legislatures

You can read more about the work of IPSA and the Northern Ireland's Independent Financial Review Panel at their websites.

<http://parliamentarystandards.org.uk/Pages/default.aspx>

<http://ifrp.org.uk/>

Annex D: Equality Impact Log

The log reflects the issues raised by Diverse Cymru and in other evidence provided to the Board at every stage along the Review, the Board's consideration of the issue and where appropriate the decisions taken by the Board to address the issue.

Issues Log

Protected Characteristic	Review Theme	Outcome
Age		
Grandfathering provisions and transitional protection poses age discrimination risk	Pensions	<p>"Grandfathering" encompasses a number of possible arrangements designed to protect older scheme members from being disproportionately affected by pension changes.</p> <p>The Board does not wish to unduly impact the pension plans of those Members closest to retirement age therefore it has agreed to offer grandfathering. From 2016, five years of grandfathering will be available to those members who are within 10 years of their normal retirement age at April 2012. The Board agreed that there should not be further tapering of the grandfathering /protection provision in the new scheme.</p>
Pension age: normal pension age/state pension age poses age discrimination risk (younger people have to work longer than those currently approaching retirement).	Pensions	Although grandfathering provisions in the draft scheme were not as beneficial over a five year period as the MPs Scheme, the Board acknowledged that it was counter-balanced by other benefits. For example, Members will enjoy an extra year of accrual under their current scheme, which has a higher employer contribution and a higher level of benefits. It also noted that the new Assembly scheme proposals has a higher accrual rate than that for MPs. This benefits younger Members who will accrue more during their careers.
Disability		
Lack of equality data on AMs and AMSS	General	The Board urges the Assembly Commission to collect equality data at the beginning of the Fifth Assembly and every Assembly after that. This should include Members and Support Staff joining mid-term.
Low representation of disabled elected representatives?	General	The Bangor University survey quoted two interviewees suggesting that having a disability could be a barrier, particularly during

		<p>campaigning and due to the physical aspects of the role.</p> <p>The Board agreed that, during campaigning for Assembly elections, this would be a matter for the political parties to address.</p> <p>In August 2014, the Board discussed the Access Fund which it established to enable accessibility related improvements to be made to Members' constituency or regional offices, whether it was sufficient in scope, and the potential for more innovative ways of addressing the problems experienced by Members – particularly those who live a long distance from the Assembly and might have problems accessing Cardiff Bay.</p> <p>The Board agreed to maintain the Access Fund and stressed the importance of promoting its availability.</p> <p>The Board has also reduced the threshold for work on offices to make them more accessible to constituents. From the start of the Fifth Assembly, Members will pay the first £500, rather than £1,000 from their office cost allowance.</p> <p>The Board analysed data on recent on claims for travel during the Fourth Assembly and agreed that the existing system was sufficient.</p>
Residential Accommodation	Allowances	<p>At its meeting in October, the Board noted the decline in use of allowance among Members in the Inner Area, and agreed to remove the allowance and instead allow Inner Area Members to make a business case for overnight stays in exceptional circumstances.</p> <p>The Board considered that disabled Members – including those in the Inner Area – may have a stronger case for receiving a higher level of accommodation support. The Board agreed to allow Members (including those with disabilities) to submit a business case for a higher level of residential accommodation allowance where appropriate.</p>
Gender Reassignment		
		No specific issues were raised on gender reassignment.

Maternity and Pregnancy		
Differing arrangements in political parties requiring Members to attend Assembly business meetings to vote, for example, arrangements for nursing mothers or proxy voting?	General	The Board agreed that decisions on whether or not to permit proxy voting were outside its remit. The Board noted from the Bangor University report that there were concerns around how an Assembly Member would be unable to work to family-friendly hours. The Board agreed that the timetabling of Assembly business was a matter for the procedures for the National Assembly for Wales and was outside the remit of the Board.
Race or Ethnicity		
Overseas transfer costs if someone decides to draw pension in country of origin overseas?	Pensions	The Board received no evidence that a retired Assembly Member living overseas had incurred transfer costs in claiming their pension. No transfer costs would be incurred in the event of a Member claiming their pension overseas. However, the new pension fund has been calculated in Sterling only and will be transferred to Assembly Members as such.
Low representation of black minority ethnic (BME) elected representatives	General	The administrative difficulties of providing alternative benefit provision within a small pension scheme like the one for Assembly Members were identified. The current pension scheme does not offer different arrangements for different groups, such as BME groups. However, the Board will encourage the new Pensions Board to monitor the equality aspects of the administration of the new scheme, and to recommend changes if the membership changes in the future. Extract from Bangor University report on barriers to entering the Assembly: Some (non-BME) interviewees felt that being from a minority ethnic background could be a barrier to standing for election or to entering the Assembly. However, it was generally felt that this was not about the Assembly systems per se, but rather down to general attitudes. The Board agreed at its meeting on 29 August that this was outside its remit. The Board felt that the research provided by Bangor University should have contained BME groups as part of its interview process – This was fed back to Bangor University and they amended their report to ensure that there was a wide range of respondents.
Religion or Belief/Faith Communities		
Ethically-sourced provision within pension scheme for	Pensions	The Board was advised by Diverse Cymru that ethically sourced pension investments are

Members who require it as a result of religious beliefs?		acceptable under religious grounds. The Board understands that some groups may only invest in certain financial products, therefore, the new Pensions Board will be encouraged to monitor the equality aspects of the administration of the new scheme.
Sex		
Provision for carers/lone parents, especially those who live in North Wales. 92% of lone parents are women (source: Gingerbread).	Salaries / Allowances	These issues are covered in the section on Maternity and Pregnancy – above – and the section on Carers – below.
Barriers for women entering the Assembly	General	The survey conducted by Bangor University on barriers to entry into the Assembly identified that there were perceptions within parties and the general public of what a candidate should be. Some interviewees commented that they felt it was a 'macho' or male dominated environment, and that they received negative comments about standing, especially if they were mothers. The Board noted that candidate selection was outside its remit, and acknowledged the family-friendly working conditions and hours operated in the National Assembly. The Board has agreed to raise awareness of its capacity to meet exceptional expenses.
Raising normal pension age to 66, 67 and beyond could have a potential disproportionate impact on men as men's average life expectancy is four years less than that of women (source: ONS)	Pensions	The Board agreed that the new pension scheme would be compliant with Public Sector Pension Act regarding pension age.
Could new Support Staff staffing arrangements disadvantage women in the workplace?		The Support Staff representative group, were concerned that the creation of the new senior advisor role might disadvantage women. The Board produced an analysis of current employment patterns (see section on Member Support), and decided that there is nothing in the position itself which should deter women from applying for roles as a senior advisor. Nor is there any requirement that the job be done from Cardiff.
Sexual Orientation		
Same-sex pension partner	Pensions	The Board reviewed provision for surviving

beneficiaries remain in place in the new pension scheme		ex partners/spouses in the pension scheme rules at its meeting on 28 November 2014. The Board has ensured that the benefits for same sex partners in the existing pension scheme remain in the new scheme (and are made clearer in the current scheme).
Barrier for LGBT (Lesbian, Gay, Bisexual or Transgender) people entering the Assembly	General	<p>The Bangor University survey found that there were mixed opinions on whether being LGBT was a barrier to entering the Welsh Assembly. The Board noted that those who responded did not see this as a barrier to being elected. However some interviewees believed that it could be a barrier to standing due to public and party perceptions:</p> <p>The Board agreed at its meeting on 28 November 2014 that this was outside its remit and a matter for political parties. The Board also acknowledged the external recognition that the National Assembly for Wales as a workplace has received for its commitment to LGBT Equality such as being ranked 11th in the top 100 gay-friendly employers in the UK by Stonewall UK.</p>
Caring responsibilities		
Staff, Partner and children's travel	Allowances	<p>Concerns have been raised about the travel of Members' children to Cardiff Bay. The Board agreed that Family travel should remain limited to 12 single journeys between the home and Cardiff Bay, and that Support Staff should be entitled to 18 return journeys between the constituency and Cardiff Bay. However, the Board acknowledged that this compares unfavourably with Westminster where family travel is limited to 30 single journeys <i>for each dependent</i>, and support staff can make up to 96 single return journeys, per office.</p> <p>The Board noted that the current Determination included provision for the partner and/or any child under the age of 18 to travel by car as an alternative to travelling by public transport between Cardiff and the Member's constituency or region. Currently, no Member is using this allowance to its maximum. However, it will be retained for the Determination for the Fifth Assembly.</p>
Caring arrangements	Allowances	Caring arrangements have been discussed by the Board several times since 2011 with relevant background data provided to the Board by the Research Service.

	<p>As the role of Assembly Member does not conform to 9-5 hours, the Board has continued to receive representations on this subject, with the argument made that its introduction would be consistent with the Assembly's commitment to equality of opportunity.</p> <p>The Board consulted Members, and more widely, on the value of introducing such a scheme for carers. Previous consultations have not resulted in any change. Most recently in March 2014 the Board consulted on initial thoughts to introduce an allowance for Members with caring responsibilities, including children, elderly relatives and partners with particular needs. Members indicated they required more information to inform their views as to its merit.</p> <p>The issue is one that raises strong views amongst Members and other stakeholders both in favour of, and opposed to, the introduction of such an allowance.</p> <p>The Board considered options for carers such as a flat rate allowance, an expense/reimbursement arrangement, or enhanced rental allowance for outer area Members.</p> <p>These issues were discussed further as part of the wider revision of Members' Allowances. At its meeting on 16/17 October 2014, the Board discussed provision for carers in the existing Determination and comparisons with the provision in other UK Parliaments. It noted that the current provision and flexibility available to Members was already greater than that offered by most employers. However, the Board has decided to offer an increase in the residential accommodation allowance for Members who have children or other dependents routinely residing with them, and to promote awareness of the Exceptional Expenses provision in the determination.</p>
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The Board will publish its action plan to monitor Equalities issues later this year.