

6 December 2019

Dear Assembly Member

The Remuneration Board met on 21 November 2019. The following is a summary of its discussions and decisions.

***Review of the Determination for the Sixth Assembly***

The Board's review is progressing well as we aim to meet our objective of publishing the Determination for the Sixth Assembly in May 2020, one year before the next scheduled Assembly election.

The Board considered the responses it had received to its consultations on parts two and three of the review and is grateful to all those who submitted evidence. The Board will write to you again outlining its decisions on its proposals.

The Board will be considering its final proposals of the Review at its next meeting before launching a consultation on the draft Determination, in its entirety, early next year.

***Annual Review of the Determination 2020-21***

The Board considered a number of issues related to its Determination for the next financial year. The following are the Board's proposals for consultation.

*Residential Accommodation Expenditure Allowance*

The Board considered the Residential Accommodation Expenditure allowance for the forthcoming financial year and discussed a number of factors related to it including Members' spend on accommodation, costs of the local rental market in Cardiff as well as inflationary measures.

The Board considered the appropriateness of the current rate for outer area allowance of £9,540 per annum. As it has done in previous years, the Board compared the average rental costs of properties in the Cardiff Bay area as well the average spend made by Members who are eligible for the outer area allowance. In light of a slight increase in rental costs, the Board agreed that the outer area allowance should be increased in line with the

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CPI rate from September 2019, which was 1.7 per cent. This would increase the allowance from £795 per month to £810 per month. This would be a total of £9,710 per annum.

The Board also discussed whether or not to make changes to the Essential Repairs allowance and the Carer's Allowance. The Board decided that both the Essential Repairs Allowance and Carer's Allowance were sufficient for the next financial year.

Proposal: The Board is proposing to increase the Residential Accommodation Expenditure allowance for outer area Members by 1.7 per cent in line with the CPI rate for September 2019 for the financial year 2020-21 and to maintain the Essential Repairs Allowance and Carer's Allowance at the current rate.

### *Office Cost Allowance for 2020-21*

The Board considered the rate for Office Costs Allowance and whether it remains appropriate for the next financial year (2020-21). The Board considered a number of factors including how much individual Members' spend on office costs as well as inflationary measures.

The Board considered that the current allowance is sufficient, coupled with the ability to vire funds from other budgets. As such the Board decided to maintain the allowances of £18,260 (where the Member maintains an office in the Member's constituency or region) and £4,912 (where the Member undertakes duties exclusively from the office facilities in Tŷ Hywel, Cardiff Bay) for the next financial year.

### *Annual salary changes for Members and support staff*

As you will be aware, Members (and additional office holders) and support staff salaries are automatically adjusted in the April of each year by the change in the Annual Survey Hours and Earnings (ASHE) gross median earnings for full time employee jobs in Wales. The Board noted that the change for this year is 4.4 per cent, therefore salaries will be adjusted by this amount in the forthcoming financial year. The new salaries will be published next year in the Determination for 2020-21.

### *Annual change to Political Party Support Allowance*

The Political Party Support Allowance has previously been adjusted annually by the same index as used for Members and support staff salaries. However, the allowance isn't exclusively used to fund group support staff salaries; it is also used to fund other staffing costs such as travel, office equipment and materials. The Board aims to manage the overall

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total cost of this allowance and as such is proposing to adjust the allowance total by a different method for the forthcoming financial year.

The Board is proposing that the total amount that is spent on salaries (which is circa. 80.2 per cent of the total allowance in 2018-19) is increased by the ASHE index of 4.4 per cent, and that the remainder of the allowance is adjusted by the CPI rate for September 2019, which is 1.7 per cent. The Board believes that this is a fair change which would enable Groups to meet the costs of the support staff salary increase, without unnecessarily increasing the overall sum. The Board believes its proposal better reflects the actual usage of the allowance by Political Parties and Independent Members and that the increases as apportioned provide better value for money for the taxpayer.

The Board's proposal would mean that the total Political Party Support Allowance is increased by 3.86 per cent for the next financial year. This is the total percentage change when the method outlined in the previous paragraph is applied to the Allowance as a total. In turn this would see the allowance rise from £961,890 in 2019-20 to £999,070 in 2020-21.

Proposal: The Board is proposing to increase the Political Party support allowance by 3.86 per cent to £999,070 for 2020-21.

### *Fixed term contracts*

During the Board's deliberations on part two of its review of the Determination for the Sixth Assembly, the Board considered one comment that was raised in relation to fixed term contracts. The Board's proposal in that consultation was to remove any restrictions on Members' ability to recruit to fixed term contracts. The response asked that consideration for such flexibility to be extended for the remainder of the Fifth Assembly as well. The Board agreed that there would be merit in doing so. Therefore the Board is proposing that there is no restriction on the ability of Members to recruit to fixed term contracts and for those contracts longer than six months in duration, to be subject to an open and fair recruitment process. Such contracts will also be subject to an 18-month limit in their length. Should the Board agree to this after consultation, it would take effect from April 2020, when the next Determination will be issued.

Proposal: The Board is proposing is proposing that there is no restriction on the ability of Members to recruit to fixed term contracts and for those contracts longer than six months in duration, to be subject to an open and fair recruitment process. These contracts could not be longer than 18 months in length.

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### *Name change*

The Board considered issues relating to the Assembly changing its name and its impact on Members' budgets and expenditure. The Board noted the Assembly Commission's Explanatory Memorandum for the Senedd and Elections (Wales) Bill which states:

*"The legal date of the Assembly's name change is scheduled to take place on 6 May 2020. This is exactly 12 months from the scheduled date of the May 2021 Assembly election. The estimates are based on the assumption that the Remuneration Board would advise Members not to make name-change related signage claims before the 2021 election".*

The Board considered this assumption and agreed that it was reasonable that Members should not seek to claim back any costs related to the institution's name change prior to the next Assembly election, due in May 2021. This includes costs for items such as signage, banners, web domains and websites. The Board is of the view that this is a prudent and proportionate approach as well as being cost effective to the taxpayer due to the possible turnover in the number of Members at an election.

Following the 2021 election, newly elected Members will have an allowance of up to £5,000 to establish their office and will not require any particular ring-fenced funding to give effect to the name change. Members who return after the 2021 election will also be able to make such changes. A decision on how returning Members would be reimbursed for any relevant costs will be decided by the next Remuneration Board after the legislation has been enacted.

Proposal: The Board is proposing that Members should not seek to claim back any office costs related to the institution's name change prior to the next Assembly election, due in May 2021.

Please let us have any responses to the above proposals by **7 February 2020** to inform the Board's deliberations at its following meeting.

### **Other matters**

#### *12-month review of the flexibility of the allowances*

It has been one year since the Board made changes to how the staffing allowances could be utilised by Members. These changes were introduced as part of the review of staffing support. These changes included removing the 111 hour cap on the employment of permanently employed staff, budgeting salary costs at actual costs and changes to the viring options available to Members. The rationale behind introducing these changes was

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to offer more flexibility to Members without increasing the cost to the taxpayer. At the time of their introduction, the Board agreed to monitor their impact at both six and twelve months.

The Board considered how Members had utilised the new provisions and agreed that the changes that were taking place were beneficial to Members and having their intended effect. The Board agreed to undertake one further review of this expenditure at the end of the current financial year in order to satisfy itself that the changes continue to have their desired effect.

In addition, the Board noted a correction for clarity would be made to the Determination in relation to the viring provisions to reflect the decision taken by the Board on this matter in March 2018. As such the Board agreed to amend the text in paragraph 6.8.1 of the Determination so that it now reads as follows:

*"Members may vire up to 25 per cent of their Office Cost Allowance to their Staffing Allowance where excess funds exist. Members may also vire up to the same amount from their Staffing Allowance to the Office Cost Allowance where excess funds exist."*

An amended version of the Determination will be issued shortly.

### *Services provided by the Assembly Commission*

The Board considered information provided to it by the Assembly Commission in relation to office supplies and Employment Practices Liability Insurance for Members funded centrally by the Commission. The Commission has invited the Board to consider whether or not the funding for some of these should be funded through the Determination. The Board agreed to ask the Commission for further information on this matter before deciding how it wishes to proceed.

If you would like to discuss any matter with me, or with one of my fellow Board members, please do not hesitate to contact me via the [secretariat](#).

This letter will also be published on our website as is our usual practice.

Best wishes,



BWRDD **TALIADAU**  
**REMUNERATION** BOARD

**Dame Dawn Primarolo**

**Chair, Remuneration Board**

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.