

National Assembly for Wales
Independent Review Panel

Getting it Right for Wales

An independent review of the current
arrangements for the financial support of
Assembly Members

July 2009



The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

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Independent Review Panel Members



Sir Roger Jones, a business entrepreneur, and a former Governor of the BBC and former Chairman of Welsh Development Agency, is Chair to the Panel. He is also a past Chairman of the Institute of Directors Wales, and Chairman of the Committee for Wales of the National Trust. Sir Roger is currently the Pro-Chancellor and holds the Chair of Council at Swansea University. He was awarded an OBE in 1996 for his services to the pharmaceutical industry and was knighted in the 2005 New Year honours' list. He is also The Republic of Estonia's first honorary consul in Wales.



Jackie Nickson until recently was Human Resources Manager for the Opagus Group Limited. Previously she worked for British Gas in Wales and in their Corporate Centre in London. Her expertise is the introduction of HR policies to meet the strategic aims of the organisation. She specialises in recruitment and selection, Equal Opportunities, recruitment from continental Europe, training and development of graduates, 'fast tracking' and relocation of employees. In addition Jackie works as an Independent Member of Misconduct Panels for the Police Authority. Jackie is also an Affiliate Member of the Chartered Institute of Personnel and Development.



Nigel Rudd is a former Chief Executive of the East Midlands Regional Assembly. Prior to that, he was at the helm at Corby Borough Council for five years. A champion of regeneration issues, Mr Rudd has worked widely at national levels with Ministers, with regional politicians and local Councillors. He has worked with a number of public-private sector partnerships and forums, covering economic review and policy development. He has been an Advisory Member of the National Centre for Public Scrutiny, providing support for scrutiny work in government, health and other sectors and is a Non-Executive Director for Studentforce, the graduate placement agency.



Dafydd Wigley has experience of providing strategic leadership in the private and voluntary sectors and in the political arena. From his 27 year period as MP for Caernarfon and as an AM in the first National Assembly, he has an insight into relevant issues. As chair of the Audit Committee of the Assembly, he has experience of Value-for-Money exercises. His industrial experience as a former Chief Cost Accountant of Mars Ltd and Financial Controller of Hoover Ltd is also relevant. He chaired the Audit Committee of S4C (2003-06) and currently chairs the Advisory Board of Bangor University School of Business. He was Plaid Cymru President, 1991-2000.

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Secretariat

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Emyr Lewis, Morgan Cole

Chair's Foreword

It has been a pleasure to serve as Chair of the Independent Review Panel. The Assembly Commission gave us the challenging task of delivering a system of financial support for Assembly Members that is fair and transparent and which represents value for money.

The fact that this review was necessary does not imply any criticism of the National Assembly for Wales or its Members. When we started our work, we could not have anticipated the dramatic events still unfolding in Westminster. Whilst being aware of the review of the Westminster system currently being undertaken by the Committee on Standards in Public Life, our inquiry is completely independent. One of our key recommendations is that the coupling between the pay of Assembly Members and that of Members of Parliament should be broken. We consider it neither appropriate nor desirable that the current direct link be maintained.

We applaud the Presiding Officer and the Assembly Commission for having the foresight to establish this review last summer. The Commission has already published comprehensive information on Assembly Members' expenses claims and will do so regularly from now on. Transparency is the key to a fair system that commands public confidence. Assembly Members work hard for the people of Wales and deserve their respect.

Our deliberations have been guided by a set of principles that are set out in this report. In framing our recommendations, I feel we have been radical but fair. We have taken a broad view of our remit, not just tinkering with the current system but giving it a major overhaul. Most of our key recommendations will take effect before the next National Assembly election in May 2011. We hope that Assembly Members will take all our recommendations to heart and start the process of change now, particularly regarding the need for more training and development for themselves and their staff.

I wish to thank the Panel members and our support staff for their hard work. I would also like to thank all those who took the time to submit evidence, either in writing or in person. I am particularly grateful to current and former Assembly Members and their staff for their constructive support.

Our recommendations will deliver a first class system of financial support for Assembly Members. When implemented, our recommendations will enable the Assembly to develop as a learning organisation and be appropriate for Wales going forward. I commend this report to the Assembly Commission.

A handwritten signature in black ink, appearing to read 'Roger Jones', with a large, sweeping flourish on the left side and a small arrow pointing to the right at the end of the signature.

Sir Roger Jones

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Chapter 1: Executive Summary

- 1.1 This report reviews the current arrangements for the financial support of Assembly Members. It recommends improvements to deliver a package of pay and expenses that is right for the National Assembly for Wales moving forward into its second decade and beyond. The recommendations are aimed at providing a complete system of financial support for Assembly Members which is robust and fit for purpose. The Panel's recommendations are set out at the end of this Executive Summary, and the reasoning behind them is set out in the relevant chapters.
- 1.2 There is no doubt in our minds that Assembly Members must be given the means to ensure that they can undertake the role for which they have been elected. Equally, this must be done in a way that is beyond reproach – costs that are reimbursed must represent value for money, Assembly Members must be held accountable and the whole process must be transparent. We believe that accountability and transparency are the keys to restoring public confidence.
- 1.3 Currently, just over £13 million per year is spent on support for Assembly Members; including their pay, expenses, support staff and equipment. The Panel has identified potential savings in certain areas and other areas where additional resources are required. The main purpose of this review was not to save money, but rather to devise a system of financial support that is seen to be fair and transparent and commands the respect of the general public. The Panel considers that it has achieved this primary objective, and that the package can be delivered within existing budgets with scope for savings.
- 1.4 One key recommendation is that the automatic link between the pay of Assembly Members and that of Members of Parliament should be broken. The Panel has recommended that, for 2010-11 the current basic salary of £53,108 should be maintained, but uprated in line with inflation. Before the next election, a statutory Independent Review Body should be established to set future salary levels, which should be fixed for the duration of each 4-year Assembly term. We have recommended the approach that the independent body should take to this.
- 1.5 Another important recommendation is the abolition of a number of payments relating to second homes, including the abolition of the entitlement to claim mortgage interest payments on Members' second

homes in Cardiff. In future, the number of Members entitled to a second home will be halved from 51 to 25, and they will live in furnished accommodation provided by the Assembly, within five miles of the Senedd. The flats will be provided with the reasonable requirements for modern living, and be suitable for family visits, but Members will be expected to pay for any additional furniture and fittings themselves.

- 1.6 The other 35 Members will be expected to commute from their homes to Cardiff Bay, with limited provision for them to claim for some overnight stays each year in Cardiff, subject to reasonable justification and the provision of receipts.
- 1.7 The general entitlement to a flat rate allowance of £30.65 for expenses incurred in an overnight stay away from their main home will be abolished.
- 1.8 The Panel believes that a central challenge to the National Assembly is its capacity to undertake legislative scrutiny, particularly following its new responsibilities under the Government of Wales Act 2006. The Panel considers that staff support for Assembly Members should be primarily geared to maximising their capabilities, as a contribution to enhancing the capacity of the Assembly as a whole. The Panel is of the view that the Assembly Commission should give its immediate attention to considering the levels of staff support required by Assembly Members to fulfil their roles, taking into account the evidence and suggestions outlined in the report.
- 1.9 The Panel considers that the central support units of the main political groups should be strengthened; particularly to enhance their research and media relations capabilities but that overall numbers of support staff should remain at about current levels.
- 1.10 The Panel has identified training and development as an area where significantly more resources are required, in order to ensure that Assembly Members are fully equipped to deliver the best possible service to the people of Wales. The Panel has recommended a large increase in the current training and development budget, to enhance the skills and expertise of Members and their staff. The Panel feels strongly that the Commission and the party groups should work together to promote an ethos of learning and improvement across all parts of the National Assembly; it is not just a matter of increasing resources but also requires commitment and dedication on the part of Members.

- 1.11 The Panel feels that the current pension arrangements for Assembly Members are generous, and that there is scope for savings. The Panel recommends that the Commission-funded contribution rate should be no higher than the current level of 23.8 per cent.
- 1.12 For all the recommendations, the Panel has considered what transitional arrangements are appropriate. The Assembly Commission will also need to take decisions on the timing of the changes, taking account of any preparatory work that is necessary and the mechanisms by which the recommendations will need to be brought into effect, for example where appropriate through legislation.
- 1.13 The Panel has examined the current arrangements for internal and external audit of the various types of financial support provided to Assembly Members. The Panel is satisfied that these arrangements, as part of the overall corporate governance procedures within the National Assembly, are robust but has identified some areas where these could be strengthened.
- 1.14 Candidates for election as Assembly Members should not be attracted solely by the level of remuneration and expenses, but neither should they be deterred from standing simply because they do not have sufficient means.
- 1.15 The Panel firmly believes that its recommendations will help to strengthen the democratic process in Wales by attracting a wide cross-section of the population to stand for election, and by equipping those elected to carry out their roles effectively.
- 1.16 The Panel has made 23 principal recommendations (marked ‘*’ in the relevant chapters) and 85 further recommendations, and these are set out below. We have indicated, for each of our recommendations, those which:
- should be implemented as soon as possible after the publication of our report (①)
 - should be implemented immediately after the next election in 2011 (②)

Principal Recommendations

Recommendation	Implementation
Chapter 3: Principles	
3 Assembly Members claiming expenses for an activity associated with their duties as an Assembly Member should be required to provide the appropriate documentary evidence, and explanation to demonstrate that the expenditure was incurred and the activity was undertaken.	①
Chapter 4: Context and Capacity	
7 The Assembly Commission should give immediate attention as to how best to increase the strategic capacity of the Assembly by drawing in additional expertise from the menu of options set out in paragraph 4.46.	①
Chapter 5: Pay, Pensions and Arrangements on Leaving Office	
8 The salaries of Assembly Members should no longer be automatically directly linked with those of Members of Parliament.	①
9 The current basic salary of £53,108 for Assembly Members is appropriate, and should be uprated in April 2010, in line with inflation.	①
11 Assembly Members' salaries should be fixed for the 4-year term of the Assembly. <ul style="list-style-type: none"> • The base level of this salary should be set by reference to the percentage change in the index of average earnings for Wales. • Account should be taken of inflation and a notional increase applied to the base level salary. • This salary should remain fixed for the duration of the Assembly unless there are exceptional circumstances; for example a significant change in the powers of the National Assembly. • An Independent Review Body should meet at least six months prior to the next Assembly to decide these matters. (see recommendation 12) 	②
12 The Assembly Commission should prepare and bring forward an Assembly Measure as soon as practicable, to establish a statutory Independent Review Body to make decisions in respect of the matters listed below. The role of this body is to: <p>i) make decisions on all aspects of financial support for Assembly Members</p> <p>ii) take account of changing responsibilities in the work of Assembly Members</p>	①

	<p>iii) review the effectiveness and impact of the uprating process iv) deal with any 'ad hoc' issues</p> <p>It should be noted that the members of this Body should be independent of the Assembly and should have relevant expertise. Selection by the Chief Executive and Clerk of the Assembly (as Principal Accounting Officer), the Auditor General and a Commission Independent Adviser would be an appropriate approach.</p>	
16	The Assembly Commission and the Fund Trustees should take legal and actuarial advice with a view to containing the standard Commission-funded contribution rate to be no higher than its current level of 23.8 per cent, and that this should be reviewed periodically to take account of what happens in pension schemes elsewhere.	①
17	Following the next Assembly election, the Winding-up Allowance should be reduced to a maximum of one quarter of the Other Staff Costs Allowance and the Office Costs Allowance and should not include redundancy payments for support staff, which will be provided for in a separate budget.	②
18	Existing Assembly Members should continue, as long as they maintain continuous service, to be entitled to a Resettlement Grant when they resign or retire. Any new Assembly Members elected in 2011, or thereafter, should only be eligible to receive a Resettlement Grant on failing to be re-elected at an Assembly election in which they stand.	②
Chapter 6: Residential Accommodation		
20	The existing Additional Cost Allowance, including eligibility to claim mortgage interest on second homes, should be abolished with effect from the end of this Assembly in May 2011. There should be provision for the costs incurred in staying away from home. This should comprise different provision for Assembly Members living in the inner and outer areas, as described in paragraphs 6.24 and 6.25 and shown at Appendix 11.	②
21	Assembly Members living within the inner area defined in paragraph 6.24 should be eligible to claim up to 20 overnight stays in Cardiff per year. They may claim up to £95.00 per night for hotel accommodation, including car parking, and up to £20.00 for an evening meal. Claims should be accompanied by relevant receipts and a brief explanatory note. For the 'non-hotel' rate of £25 for staying with a friend or relative, only a brief explanatory note is required.	②
23	The flat rate of £30.65 claimed by Assembly Members when away from their main home should be abolished as soon as possible.	①

24	The Assembly Commission should provide suitable accommodation for eligible Members, furnished to modern standards and within a five mile radius of the Senedd. The Commission should consider the most cost effective method for the provision of this accommodation.	②
25	Assembly Members who are partners in a relationship with another Assembly Member, and who are eligible for a second home in Cardiff, should be considered to be a single household for the purposes of providing residential accommodation.	②
27	Assembly Members should no longer claim for furniture and fittings for their second home.	①
29	Eligible Assembly Members should be able to claim, where appropriate, reimbursement for utility bills, council tax, broadband, insurance and a television licence for the second home provided by the Assembly.	②
Chapter 7: Office Accommodation		
32	The local office costs provision should enable Assembly Members to be reimbursed for all reasonable costs, subject to recommendation 31, relating to the running of a local office and engaging with constituents. Receipts or proof of expenditure should be submitted with all claims and the new monthly arrangements for publishing information on Members' expenses should be maintained.	①
36	An Assembly Member who proposes to lease an office from a party political organisation or a trade union, or proposes to sub-let part of their office accommodation to a party political organisation, trade union or any other organisation or business, should obtain an independent valuation by an assessor, chosen by the Assembly. The valuation should be lodged with the Assembly Commission, prior to the completion of any contractual arrangements. Periodic checks should be carried out to ensure that rentals remain reasonable.	①
Chapter 8: Assembly Members' Employees		
65	Assembly Members who employ family members, as defined under the draft standing order at Appendix 13, should be allowed to continue to do so. However we believe that Members should not henceforward make any new appointment of family members.	①
Chapter 9: Training and Development		
75	Within the first month following election to office, all new Assembly Members should attend a one-week induction training course.	②
80	The training budget for Assembly Members and their employees should be significantly increased and identified for each 4-year period.	②

Chapter 11: Travel		
92	The use of hire cars by Assembly Members or their staff should cease, save in exceptional circumstances.	①
Chapter 12: Administration, Audit and Standards		
101	The Assembly Commission should make use of external audit (the Auditor General) to provide independent assurance, both to the Commission and to the people of Wales that expenditure on claims and allowances is being made in accordance with the requirements of the new arrangements.	①

Further Recommendations

Recommendation		Implementation
Chapter 3: Principles		
1	Financial support for Assembly Members should be underpinned by a set of principles to be drawn up by the Assembly Commission. These principles should be consistent with the 'seven principles in public life': selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Assembly Members should sign the Code of Conduct when they take the Oath.	②
2	Assembly Members should be entitled to claim for the reimbursement of reasonable expenses, necessarily incurred, when undertaking Assembly business.	①
Chapter 4: Context and Capacity		
4	The Commission should, through discussions with Welsh Ministers, seek to facilitate a smoother flow of information and briefing, particularly in support of the work of committees.	①
5	The Business Committee should increase sitting time up to a maximum of 36 weeks per year, in order to ensure that there is sufficient time to scrutinise the legislative programme.	①
6	That party groups should record Assembly Members' holidays.	①
Chapter 5: Pay, Pensions and Arrangements on Leaving Office		
10	The base level pay used for subsequent uprating should be the salary as at 1 June 2009.	①
13	Committee chairs should receive an office holder supplement of either £12,000 per year or £8,000 per year. The Assembly Commission should determine which supplement applies to each committee chair, to apply for the remainder of the Assembly term. Additional office holders currently entitled to the same supplement as committee chairs should maintain parity.	①
14	Following the next Assembly election, additional office holders should receive supplements in the same proportion to the basic salary as will apply following the adjustments described in recommendation 13. These proportions will be subject to review by the Independent Review Body from time to time.	②
15	In addition to recording information on other employment on the Register of Interests, Assembly Members should also be required to detail the time involved in this additional employment.	①
19	The Resettlement Grant for new Assembly Members should be based only on the length of the Assembly Member's service. The grant should be calculated on the basis of one month for each complete year of service up to six months pay. Current Assembly Members if they so wish may continue to be covered by the rules	②

	which are detailed in the Salaries and Allowances Determination 2009, as long as they maintain continuous service. However, any current Assembly Member may elect to be covered by the new rules.	
Chapter 6: Residential Accommodation		
22	The Assembly Commission should negotiate discounted hotel rates for Assembly Members and officials. Members and officials should be required to use only those hotels offering discounted rates, unless there are exceptional circumstances.	①
26	The Assembly Commission may want to consider capping the cost of renting a property for eligible Assembly Members.	②
28	Assembly Members choosing to purchase a second home or to rent from a non-approved agent should not be eligible to claim accommodation allowance.	②
30	Those Assembly Members who choose to rent or purchase a property independently should be entitled to claim for reimbursement of utility bills, television licence, insurance, council tax and broadband connection.	②
Chapter 7: Office Accommodation		
31	The Office Cost Allowance for Assembly Members should continue at the present level for local office costs and surgery advertising.	①
33	A grant of £5,000 should be available towards one-off items needed to equip a constituency or regional office in the first twelve months of a new Assembly Member's term of office. This figure should reduce to £2,000 if the office is provided by way of a publicly-owned building.	②
34	Where an Assembly Member decides not to rent a local office, but chooses to undertake constituency or regional duties from the National Assembly office complex in Cardiff Bay, then the office cost provision should be abated by 75 per cent.	②
35	With the approval of the Members' Business Support Team, Assembly Members should be able to claim an additional Office Costs Allowance provision in respect of the amount in excess of £2,000 in any financial year, spent in their local offices on safety, security and disability access; and this excess should be reimbursed over and above the basic Office Costs Allowance.	①
37	Assembly Members may sub-let part of their office accommodation to party political organisations, trade union or any other organisation or business, but only where such arrangements are transparent. The Assembly Commission should lay down clear rules on how to deal with income generated under such arrangements. The office space occupied by the Member must under no circumstances be used for party political activity,	①

	including electioneering.	
38	Office accommodation should not be leased from an Assembly Member's partner, family members, business associates, or any organisation, including a trust in which the Member, a partner, family member or business associate has a pecuniary interest; with exceptions to cover very small holdings in listed companies and beneficiaries of major pension funds.	②
39	Where an Assembly Member shares an office with a Member of Parliament or a Member of the European Parliament, a formal agreement should be established setting out how the costs will be separated and this should be approved by the Members' Business Support Team and lodged with the Assembly Commission.	①
40	Assembly Members should not be entitled to claim from the office costs allowance for using their home as a constituency or regional office.	①
41	Assembly Members' costs for surgery advertising should be reimbursed up to a maximum limit of £1,500 in any year, to be met from the office costs provision.	①
42	Forthwith, all individual items of office equipment costing £50 or more should be recorded on an inventory. All items on the inventory should be returned to the Assembly Commission when the Assembly Member relinquishes the seat; unless an agreement is made whereby the Member offers to buy the items at an agreed price; or to transfer them to the custodianship of the incoming Member, who should sign for taking them over.	①
43	Individual items of office furniture or other individual items costing more than £750 should be referred to the Members' Business Support Team for approval, before the cost is incurred.	①
44	Where appropriate, provision should be made centrally to provide Assembly Members with equipment, furniture and office supplies. The Assembly Commission should also provide Members with names of approved suppliers of office equipment who are prepared to offer discounts in different parts of Wales, regardless of where they are based.	①
45	The Independent Review Body should have powers to review and approve changes to the office cost provision.	②
Chapter 8: Assembly Members' Employees		
46	Rules on all matters pertaining to financial support for Assembly Members should be combined in one document.	①
47	When guidance on staff pay bands is next revised, the numbering of bands should be placed in a logical order.	①
48	Assembly Members should continue to employ their own staff.	①
49	All staff salary costs should continue to be administered through	①

	the payroll services provided by the National Assembly and identified against each individual Member as appropriate.	
50	The National Assembly should establish a pool of apprentices to bolster the central support units of each party group.	②
51	In order to better resource the strategic capacity of the Assembly, the Assembly Commission should engage with party leaders to reach agreement on an acceptable level of support. The Commission should also review the party group provision to allow for a central support unit of one group manager, one head of policy and research, four researchers, two press officers and two clerical staff for party groups of between three and ten Members; and for party groups with eleven or more Members, there should be accorded one extra press officer.	①
52	The Assembly Commission should consider the introduction of a staff post of committee support worker available to Assembly Members from within their Staff Salaries Allowance.	②
53	All Assembly Members' Employees should be employed under the terms of a standard contract of employment to ensure consistency.	①
54	The Assembly Commission should produce guidance for Assembly Members to take account of the pay scales outlined in this report. Starting salaries should reflect the roles, responsibilities and experience of staff and should be agreed with the Assembly's Human Resources service prior to an offer of employment being made.	①
55	Assembly Members should not be permitted to pay bonus payments to their employees from their Assembly funded allowances.	①
56	Staff salaries should continue to be enhanced appropriately each year in line with current rules regarding increments and 'cost of living' awards, but with provision that if significant changes take place, a review may be undertaken by the Independent Review Body, or at the request of the Assembly Commission.	①
57	When the support staff pay bands are next reviewed in April 2010, the Commission should consider either adding an extra spine point on the top of each band, or increasing the current maximum spine point on each band.	①
58	Employer contributions for National Insurance should continue to be paid by the Assembly Commission out of Assembly Members' staff salary allowance and identified against them.	①
59	Employer pension contributions should continue to be subject to a maximum of 10 per cent of actual annual salary.	①
60	Pooling arrangements for the employment of Assembly Members' support staff should continue to be permitted. These	①

	arrangements should be set within a legal framework appropriate to each pool.	
61	It should be permissible for costs associated with temporary staff employed to cover legitimate absences to be met from a central fund. Payments should only be made on condition that the cover is required for a substantive post. Cover for casual or temporary staff should not be permitted.	①
62	An Assembly Member should be able to claim an additional amount not exceeding £2,000 to cover the cost of travel and staff overtime payments, including the additional employer's national insurance contributions relating to any such payments. In cases where there have been high levels of expenditure on travel necessarily incurred by support staff in undertaking Assembly duties, an Assembly Member may make a case for an increase in this allowance by making an application to the Members' Business Support Team.	②
63	On first starting employment, all Assembly Members' employees should be given an employee handbook. This handbook should be prepared by the Assembly Commission and based on the proposed format at Appendix 12 of this report. The handbook should be reviewed regularly and be available electronically and in hard copy.	①
64	A Recruitment Policy should be produced for the selection of Assembly Members' support staff. This should cover the following points: i) reasons why it is important to follow good practice, an overview of the legislative framework- on race, sex and disability ii) the specific obligations of public bodies in relation to the most recent legislation – to actively promote equality in all that they do iii) produce a person specification prior to advertising iv) advertise openly on web site and local press v) the requirement to belong to specific political party must not be a prerequisite vi) rules restricting to the employment of family members vii) use a common application form with Equal Opportunities monitoring information viii) selection for interview should be done by Assembly Members and Human Resources ix) reasons for rejection at short listing stage and after interview to be recorded (feedback given if requested) x) professional interview will be with the Assembly Member following guidelines prepared by Human Resources. To include discussion of Nolan principles and the Code of Conduct for Staff	①
66	Any new recruitment of support staff should be subject to	①

	transparent recruitment procedures in line with the new policy and with Nolan principles.	
67	The Commission should draw up an updated Contract of Employment for existing Assembly Members' support staff, taking account of the amendments suggested in paragraph 8.93.	①
68	The Commission should draw up a new contract of employment for all new appointments of Assembly Members' support staff.	①
69	Redundancy payments for Assembly Members' support staff should be calculated according to the statutory redundancy payment scheme plus a 50 per cent enhancement.	①
70	The Assembly Commission should be satisfied that an application for the payment of such redundancy costs is reasonable given the individual circumstances. The Commission must be satisfied that the redundancy in question is justified and correct procedures have been followed, in order to ensure proper use of public money.	①
71	The Assembly Commission should have authority to meet all, or part of, reasonable redundancy costs from a central fund when a pool is dissolved as a result of one or more Assembly Member(s) vacating office.	①
Chapter 9: Training and Development		
72	Party groups should be encouraged to draw up job profiles for their Assembly Members and use these constructively to identify skills gaps and development needs.	①
73	Once a year, each party group should produce a short report summarising its Members' training achievements, to be published on the Assembly's website.	②
74	Each party group should appoint a 'training champion' to offer support and encourage ongoing learning and development among Members and their employees.	②
76	Party groups should agree to set aside one afternoon per month for training (for example, on a Monday or a Thursday afternoon) and ensure that each Assembly Member attends sessions on areas deemed crucial, as well as those that have been identified by training needs analysis or by the 'training champion' and from the self-assessment exercise.	②
77	The Commission should publish information and data on its website relating to the training and development activities that have been undertaken by individual Members, or by committees.	①
78	Assembly Members' employees, in addition to any training provided by the party group or specialist training identified as necessary, should be able to access any appropriate training currently available to National Assembly employees.	②
79	Support staff training should be included within the Assembly	②

	Members' training budget and this should be held centrally.	
81	The training budget should contain more in the first year as that will be the time when new Assembly Members and their employees will need concentrated training. We recommend a total of £350,000 in year one, and £200,000 in each of the following three years.	②
82	A system should be set up and run by the Members' Business Support Team whereby party groups bid for allocations from this training budget, to provide specific training for Assembly Members and their staff.	①
Chapter 10: Information and Communication Technology		
83	It should be mandatory that Assembly Members and their employees sign the ICT Code before being given access to ICT equipment.	①
84	In addition to the computers and other ICT equipment provided in the Cardiff Bay and constituency offices, each Assembly Member should continue to receive one Blackberry (or similar), one mobile phone, one laptop computer, one landline and broadband access.	①
85	Assembly Members should be eligible to claim reimbursement for the cost of business calls made on their mobile phones. They should have the option of either submitting an itemised bill or of contributing at a flat rate of 50 per cent to the total bill. Members will be expected to choose one of these options at the start of each Assembly.	①
86	All ICT equipment issued to Assembly Members should continue to be recorded on an asset register and should be returned to the Assembly Commission when a Member leaves.	①
Chapter 11: Travel		
87	Mileage rates should continue to be based on those set by Her Majesty's Revenue and Customs and should apply to both Assembly Members and their staff.	①
88	The Assembly Commission should take up with Her Majesty's Treasury and Her Majesty's Revenue and Customs the question of developing a new system of mileage rates based on the latest scientific evidence, with the aim of more positively encouraging the use of environmentally-friendly vehicles.	①
89	Assembly Members should continue to be eligible to claim for travel between their home, the Assembly and local offices.	①
90	Existing arrangements for travel by Assembly Members' partners and children, as set out in the Salaries and Allowances Determination 2009 should be maintained.	②
91	The Salaries and Allowances Determination 2009 should be amended to encourage sustainable transport and the Green	②

	Dragon Scheme.	
93	Assembly Members should seek the cheapest available travel ticket and take account of any discounts available; including those available to Members holding a 'senior railcard' or other concessionary fares.	①
94	The Assembly Commission should seek to promote car sharing by Assembly Members where appropriate, possibly involving a financial incentive.	①
95	The Members' Business Support Team should seek to negotiate with train operators and air-service providers a discounted charge for Assembly Members who use their services on Assembly business.	①
96	Journeys outside the UK (except for travel to Brussels and Strasbourg), should continue to be agreed by the Members' Business Support Team in advance.	②
97	In any financial year, each Assembly Member should be entitled to make up to four return journeys between Wales and any other member state, or region, of the European Union on Assembly related business.	①
98	The Assembly Commission should review current policy for car parking arrangements in the Assembly offices in Cardiff Bay, with regard to Assembly Members, their staff and the Assembly staff – in relation to the equity of provision, sustainability and resource implications.	①
Chapter 12: Administration, Audit and Standards		
99	The Chief Executive and Clerk of the National Assembly, as Principal Accounting Officer, should put in place systems to ensure appropriate corporate governance.	①
100	<p>The principles of robust corporate governance should be upheld as follows:</p> <p>i) published rules that are clearly expressed, consistently applied and supported by unambiguous guidance</p> <p>ii) with effect from adoption of the report, the Members' Business Support Team should clearly set out in a single, publicly available document, the full range of all salary, expense and allowance costs claimable by any Assembly Member, including costs incurred in respect of their support staff</p> <p>iii) that document should be supported by clear and unambiguous Commission guidance, setting out in detail the specific rules and procedures to be followed by Assembly Members and their support staff when identifying claimable allowance costs, preparing claims for submission, retaining supporting papers</p>	①

	<p>iv) Commission guidance should also be prepared for the staff of the Members' Business Support Team to assist them in the checking and processing of claims for approval and payment</p> <p>v) appropriate and timely training and support should be provided to all those involved in operating the new arrangements</p> <p>vi) the Members' Business Support Team should develop appropriate training materials on the new arrangements and offer this training to all Assembly Members and their support staff. Attendance on these training courses should be mandatory</p> <p>vii) appropriate modifications should be made to the existing induction arrangements for all new Assembly Members and support staff, to ensure that due prominence is given to these issues from the outset</p> <p>viii) mandatory training should also be provided to all relevant Commission staff, including staff within the Members' Business Support Team, on the operation of the new arrangements</p> <p>ix) comprehensive and robust internal and external audit arrangements should exist</p>	
102	The Assembly Commission should make use of internal audit to provide assurance to the Chief Executive and Clerk of the National Assembly, as Principal Accounting Officer, that the framework of internal control over the new arrangements is robust and operating as intended.	①
103	To aid transparency, the Commission's annual published Statement on Internal Control should contain explicit reference to the effectiveness of the internal control framework over the new arrangements.	①
104	The Commission's Corporate Governance Committee should be renamed the Audit Committee.	①
105	The existing Audit Committee should be renamed the Public Accounts Committee (Wales).	①
106	A duty should be placed on the Chief Executive and Clerk of the National Assembly, as Principal Accounting Officer, to refer relevant matters to the Commissioner for Standards for investigation.	①
107	To improve the effectiveness of the investigative process, the Panel would support an extension to the powers of the Commissioner for Standards to investigate other potential cases, which appear to the Commissioner to be relevant to, or associated with, the investigation of one particular matter.	①
108	The Independent Review Body should meet at least once a year. The Chief Executive and Clerk of the National Assembly, as Principal Accounting Officer, should have the ability to call a meeting of the Independent Review Body at any time.	①

Chapter 2: Our Approach

Preamble

- 2.1 This independent review panel (the Panel) was established by the Assembly Commission in summer 2008. The Panel considers that the Commissioners should be applauded for their foresight. The issue of Members' pay and allowances in the House of Commons has become a major topic of public debate during the course of our inquiry; particularly over the last three months. However, whilst our recommendations address all of the issues of concern, it should be made clear that this report is not a reaction to developments in Westminster. Our recommendations are aimed at providing a robust and transparent system of financial support for Assembly Members for the future.
- 2.2 A previous independent review panel reported in March 2008, and focused mainly on the issue of pay. Their key recommendation was that this should increase from 76.5 per cent to 82 per cent of that of a Member of Parliament. This was to reflect the increased responsibilities of Assembly Members, particularly the scrutiny of primary legislation, conferred by the Government of Wales Act 2006.
- 2.3 Another of their recommendations was:
- “a fundamental examination of the pay and system of financial support for Members under the developing devolution settlement. This will allow for further experience of the new powers of the Assembly as they develop to inform the review, and for a new approach to be adopted, tailored by the Assembly, which has the advantage of effectiveness, clarity, transparency and simplicity.”
- 2.4 The Assembly Commission accepted this recommendation and this Panel was appointed in August 2008 and our review began the following month.

Our Remit

- 2.5 **To examine all aspects of the financial support available to Assembly Members, including pay and allowances for travel, accommodation, constituency offices and support staff. In carrying out its work, the Panel will:**

- **review the current arrangements for financial support for Assembly Members and seek out best practice**
 - **receive evidence about relevant matters**
 - **consult with relevant bodies and stakeholders**
 - **produce a set of evidence-based recommendations containing principles that will deliver a fair, equitable and transparent process for the financial support of Assembly Members**
- 2.6 The current rules for Assembly Members' salaries and allowances are set out in the National Assembly (Assembly Members and Officers) Salaries and Allowances Determination 2009 and the excerpt from the equivalent Determination 2006 which are at **Appendix 1**.

Strategic Goals

- 2.7 In carrying out this review, the Panel has been mindful of the five strategic goals of National Assembly for Wales. These are set out at **Appendix 2**.

Legislative Framework

- 2.8 The National Assembly for Wales was initially established under the Government of Wales Act 1998. However, the Government of Wales Act 2006 ('the Act') reconstituted the National Assembly as a legislative body separate from the executive (the Welsh Assembly Government) and gave it enhanced powers to make laws.
- 2.9 Since 2007, therefore, the National Assembly may make laws – known as 'Measures' – in areas where it has legislative competence. Legislative competence is acquired either by means of an Act of Parliament, or by a Legislative Competence Order (LCO) approved by the National Assembly for Wales and by both Houses of Parliament.
- 2.10 Although there are provisions in the Act in respect of Assembly Members' remuneration, the National Assembly has the legislative competence to make Assembly Measures. These Measures can make provision for and in connection with, the payment of salaries, allowances, pensions and gratuities to, or in respect of, Assembly Members and can amend provisions in the Act.
- 2.11 For more information on relevant legislation, see **Appendix 3**.

Context

- 2.12 The National Assembly for Wales is a young institution, barely ten years old. It has an annual budget of £48 million which is taken from the £15 billion block grant for the devolved institutions in Wales provided by the Treasury. Some £13 million of the £48 million budget is for Members' salaries and allowances, Office Holders' salaries and Members' support staff salaries. The National Assembly has no independent tax-raising powers. As mentioned above, the Assembly may pass legislation (Assembly Measures) in a number of key policy areas; including health, education and travel.
- 2.13 A survey of public attitudes towards conduct in public life carried out in 2008 by BMRB Social Research, on behalf of the Committee on Standards in Public Life, found that respondents in Wales were more likely to trust Welsh Ministers (55 per cent) and Assembly Members (51 per cent) to tell the truth than to trust UK Government Ministers (42 per cent).
- 2.14 There are 60 Assembly Members; 40 Members elected by the 'first past the post' system and a further 20 Members elected by proportional representation. This is described in more detail in **Chapter 4**.
- 2.15 In June 2007, the Scottish Parliamentary Corporate Body (SPCB) commissioned a review of allowances for Members of the Scottish Parliament. This was chaired by Sir Alan Langlands and reported in March 2008. A new scheme (the Reimbursement of Members' Expenses Scheme), largely based on the recommendations in the review, is now in place. Many of the issues raised in this report are relevant to our work. The Panel also heard evidence from two senior officials from the Scottish Parliament who were responsible for administering the system of financial support for Members of the Scottish Parliament. In June 2009 the SPCB decided to undertake a re-examination of their Scheme in the light of developments in Westminster and Wales, but with a view to building on the present system rather than replacing it. The Panel also note the Senior Salaries Review Body (SSRB) 2008 report on Northern Ireland Assembly Members' salaries and allowances.
- 2.16 In Westminster, there has been considerable recent activity in relation to the pay and allowances of Members of Parliament, including recommendations from the Senior Salaries Review Body (SSRB), consideration by the Members' Estimate Committee (MEC), debates

and votes in the House of Commons and a review by the Committee on Standards in Public Life. Although our work was not provoked by events in Westminster, the issues there are, of course, relevant.

2.17 Early in 2008, the House agreed to a limited pay rise for Members of Parliament and a review by Sir John Baker into a mechanism for setting the pay of Members of Parliament without their having to vote on it. Sir John Baker published his report, *Review of Parliamentary Pay and Pensions*, in June 2008. The Government accepted Sir John's recommendation that the SSRB should remain the independent body that reviews the pay of Members of Parliament, that these reviews should occur once in each Parliament and that the outcome of these reviews should be implemented without the need for further debates or votes in the House. The Government did not accept Sir John's recommendation that the salaries of Members of Parliament should be increased by £650 a year for the next three years. Neither did the Government accept that there should be a link between the pay of Members of Parliament and the public sector average earnings index. Instead, the Government proposed, in line with the alternative suggestion by Sir John, that Members of Parliament should receive the median average of the settlements of a wide basket of public sector workforces. These matters were debated in the House in July 2008 and the Government's preferred options were adopted. In future, Members of Parliament will no longer vote on their salaries.

2.18 The Committee on Standards in Public Life first expressed concern about the system of allowances and expenses for Members of Parliament in the Committee's 2006 Annual Report. In April 2008 it published a set of principles which it believed should underpin the system for reimbursing the expenses of Members of Parliament. It submitted these principles to the review then being undertaken by the Members' Estimate Committee. In July 2008, after two debates in the House on the issue, it stated that:

"There remains a case in our view for a fresh and independent look at the complete picture of how MPs should be supported in a modern system, looking at both what the public expect from their MPs and how they are resourced to meet those expectations."

2.19 In January 2009, the House debated the Government's proposals concerning the publication of information on payment of allowances to Members of Parliament. This included amendments to the rules governing the allowances of Members of Parliament (known as the 'Green Book'), improved audit and assurance procedures, and the establishment of a new select committee (Committee on Members'

Allowances) to advise the Speaker, the MEC and the Leader of the House on all matters pertaining to the allowances of Members of Parliament. All of these measures were approved by the House.

2.20 In April 2009, the House resolved to support the Government's referral of allowances matters to the Committee on Standards in Public Life and to defer its conclusions until after the Committee has reported. However, the House then went on to consider some changes to the current system, including:

- to agree that London Members (inner and outer London) should not be entitled to claim the second homes allowance. This was expressed as any Member who represents a constituency "*the whole of which falls within 20 miles of the Palace of Westminster*". This will take effect from 1 April 2010
- an extended version of the register of Members' financial interests was agreed so that all payments received by Members from outside interests (directorships, employment, client payments) would need to be registered, together with other details like type and hours of work
- the House expressed its opinion that Members' staff should be employed by the House, subject to consideration by the House of Commons Commission, which will report by 29 October 2009. Many Members of Parliament expressed personal concern about the proposal and recognised that costs would rise if this was brought into effect. Other issues raised included lack of consultation with staff, the effects of the rules about House of Commons employee impartiality, and the probability of changes in the law being required
- from 1 July 2009, all claims will need to be supported by receipts. Members of Parliament can claim up to £25 per day without receipts at present

2.21 The Committee on Standards in Public Life is working on its review at present, which aims to ensure that:

- Members of Parliament are provided with the resources and reimbursed expenses necessary to enable them to do their jobs effectively

- Members of Parliament have adequate protection against unjustified accusations of impropriety
 - there is a fully transparent system in which it is clear how taxpayers' money is being spent
 - the system proves to be sustainable
 - public confidence is restored
- 2.22 Finally, the SSRB is considering the pension arrangements for Members of Parliament and is expected to report later this year.
- 2.23 So, during the course of our inquiry, there has been unprecedented, widespread public concern about the current arrangements for the pay and allowances of Members of Parliament. Stories concerning alleged abuse of their allowances by politicians in parliaments and devolved assemblies throughout the UK have appeared regularly and prominently in the UK and Welsh media. On investigation by the relevant authorities, these have usually been found to be within the rules. This begs the question, are the rules fair and reasonable? This question is at the heart of the Panel's work.
- 2.24 The current system of financial support is based on the Westminster model, including a direct link between the pay of Members of Parliament and Assembly Members. This was a reasonable starting point for the fledging institution. However, over the past ten years, the National Assembly has developed its own procedures and best practice and now has more experience in exercising its new powers.
- 2.25 The Panel welcomes the fact that the Assembly Commission has already published detailed information on Members' expense claims and has given a commitment to publish such information regularly in the future. We believe that transparency is the key to public confidence in the probity of current arrangements.
- 2.26 This review provides an opportunity to deliver a new system that best fits current needs and future expectations.

Process

- 2.27 The Panel agreed at its first meeting to seek evidence from all Assembly Members, the party groups represented in the Assembly, Members' support staff, other UK legislatures and relevant organisations. While we were keen to receive views on any aspect of

expenses necessary for Members to fulfil their duties, we were particularly interested in:

- the tasks expected of a Member in relation to his or her Assembly duties and engagement with constituents. For Members, we advised that any quantification of workload (for example volume of correspondence, number of surgeries, local meetings, etc) would be very helpful
- the resources needed (including staffing and accommodation) to undertake official duties
- how accommodation could be provided for Members who cannot reasonably commute to and from Cardiff Bay on a daily basis to undertake their official duties
- what travel is required in undertaking these duties and how this would be reimbursed

2.28 We also made a general call for evidence from the public. We were pleased to receive 74 responses; 10 from Members or their support staff, 36 from local councils (including community councils), 7 from other organisations and 21 from individuals. Six of these responses indicated that the sender had no wish to comment on current arrangements. Names of individuals and organisations responding can be found at **Appendix 4**.

2.29 All the responses to the public consultation that we received will be posted on the website following publication of our report.

2.30 We held two public meetings; one in Llandudno on 5 December 2008 and one in Cardiff on 27 January 2009. In addition, we held some 25 private meetings between September 2008 and July 2009. These were all held in Cardiff Bay to take and weigh evidence from witnesses and to prepare our report.

2.31 During the private meetings, we received evidence from 15 Assembly Members and two Ministers. Four Members represented the views of their political group and the others appeared on their own behalf. We also heard from two former Assembly Members, one of whom is now a Member of Parliament. In addition, we received evidence from seven Members' support staff from the four main political groups, together with officials from the Scottish Parliament and Her Majesty's Revenue and Customs. A schedule of witnesses is at **Appendix 5**.

- 2.32 To help us in our deliberations, we commissioned independent legal advice from Morgan Cole.
- 2.33 The Panel held informal discussions with the four Assembly Commissioners, the Commissioner for Standards, the Auditor General for Wales, a member of the previous review panel and various officials from the Assembly Commission who are involved in administering the current system of financial support to Members.
- 2.34 In order to gain a better understanding of the work of Assembly Members in the round, Panel members 'shadowed' six Members in their constituencies or regions and visited a number of constituency offices. Where possible, they also spoke to those Members' support staff, to get a clearer understanding of support staff's roles.
- 2.35 During the public meetings, the Panel was addressed by representatives from the Institute for Welsh Affairs, Swansea University, the TaxPayers' Alliance and representatives from the public and private sectors. The Panel members engaged in lively and constructive dialogue with members of the public at both meetings.
- 2.36 In addition to the formal meetings, Panel members observed Members at work in Plenary debates and committee meetings.
- 2.37 The Chair also held informal discussions with Sir Alan Langlands, Chair of the panel that reviewed allowances for Members of the Scottish Parliament, and Sir Christopher Kelly, Chair of the Committee of Standards and Conduct in Public Life. The Panel is grateful to both Sir Alan and Sir Christopher for their assistance.
- 2.38 One of the first issues we addressed was what is meant by an 'allowance'. We agree with the Scottish panel that it is in fact 'reimbursement of an expense' necessarily incurred by a Member to do his or her job.
- 2.39 Members must be given the means to ensure that they can undertake the duties for which they have been elected. In incurring legitimate expenditure, Members should not be expected to meet these costs personally. Any scheme of reimbursement must, however, ensure value for money, that Members are accountable, and that the relevant administrative processes are transparent. Accountability and transparency are the twin keys to restoring public confidence in the democratic process in general and in politicians in particular.

- 2.40 From the evidence submitted to us, there was clearly a need to focus on the residential accommodation arrangements; the training and development of Members and their staff; the provision of offices in the various constituencies and regions; travel cost reimbursement; and the system of remuneration for Assembly Members and their staff.
- 2.41 A central issue that became apparent during our inquiry was the capacity of 60 Assembly Members to cope with the ever-increasing quantity and complexity of their work. We felt that it would be remiss not to comment on this important matter, having, as it does, a direct bearing on the need for support staff and their work pattern, and to suggest a possible solution, within the constraints of the current electoral system. This issue is dealt with in **Chapter 4**.
- 2.42 We have assessed the corporate governance procedures currently in place, including internal and external audit. We are reassured that corporate governance is taken seriously by the Assembly Commission and its staff, but feel that the current arrangements can be strengthened. Audit arrangements are considered in **Chapter 12**.
- 2.43 We were also impressed by the dedication and professionalism of the staff who are administering the current system of financial support for Members. We were particularly encouraged by the accountability arrangements where expenditure is reimbursed only when verified by invoices and receipts. We strongly agree that this should continue as a matter of good practice.
- 2.44 The transparency of the existing arrangements has also been acknowledged with recent publication of Members' expenditure details. The Panel congratulates the Assembly on this approach, which allows the public to see what is being spent by their elected representatives.
- 2.45 The Panel welcomes the fact that this review has been commissioned at this time and feels it reflects well on the Commission and Assembly Members. The evidence we received supported the view that Assembly Members work conscientiously on behalf of their electorate. However, the current system of financial support can be significantly improved. The Panel has adopted a strategic approach to deliver a scheme that will last for at least ten years and hopefully will be appropriate for Wales going forward.

Chapter 3: Principles

Preamble

3.1 At the outset, we decided to adopt a set of guiding principles to inform our work. In framing these principles, we took account of those adopted by the Scottish Review Panel, chaired by Sir Alan Langlands. We have considered these principles and adopted them for our inquiry.

Objectives

3.2 Any new scheme of financial support should:

- promote public confidence and a better understanding of the use of public funds by Members in undertaking their duties – and a greater acceptance that this expenditure is fair and reasonable
- provide adequate resources to enable Members to undertake their roles and responsibilities, including scrutinising legislation, holding Ministers to account and engaging with their constituents
- demonstrate probity, accountability, value for money, and transparency with respect to the expenditure of public funds
- include provision for reviewing and setting levels of remuneration

Principles

3.3 To fulfil these objectives, we agreed that our work on any new scheme should be in accordance with the following principles:

- form follows function – in other words, the system should facilitate the work of Members
- be based on principles rather than expediency
- represent value for money
- be clear, transparent, understandable, and open to public scrutiny
- be in accordance with the Assembly Commission's commitment to sustainability

- be administered consistently in a manner that will limit the risk of abuse
 - provide a means whereby only reasonable and legitimate expenses will be reimbursed
 - all claims for reimbursement of expenses should be subject to sample by independent audit
 - expenses should not be used as a means of subsidising political parties or political campaigning activity
 - the scheme should operate fairly for both Members and the public purse
 - the scheme should be reviewed periodically to take account of operational experience and any changes to the status of the National Assembly for Wales
- 3.4 Any new scheme should set out clearly the rules and guidelines on what can and cannot be claimed in relation to Members' roles and responsibilities. This approach will help those who administer the scheme to ensure that claims are processed fairly and consistently.
- 3.5 In addition to the general rules covering all Assembly Members, there are specific guidelines and protocols covering the roles of Welsh Ministers and other office holders. The Panel has considered these in broad terms and sees no reason to change the current arrangements.
- 3.6 Any set of rules, no matter how prescriptive, will not cover all eventualities. There will be occasions when a judgement will need to be made on the merits of a particular claim. We hope that our key principles will inform these decisions and give the officials administering the scheme the confidence to resist undue pressure.
- 3.7 Assembly Members are already subject to a Code of Conduct which incorporates the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Aspects of the Code that are considered to be particularly relevant are set out below. The Code of Conduct for Assembly Members is at **Appendix 6**.

- **Selflessness:** *Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefit for themselves, their family or their friends.*
- **Integrity:** *Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties. Assembly Members and their staff should at all times conduct themselves in a manner which will tend to maintain and strengthen the public's trust and confidence in the integrity of the Assembly and refrain from any action which would bring the Assembly, or its Members generally, into disrepute. Members should not ask Assembly staff to act in any way which would compromise their political impartiality or conflict with the National Assembly's Staff Code of Conduct. Neither should they expect their own staff to do anything contrary to their Code of Conduct or Nolan principles.*
- **Objectivity:** *In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards or benefits, holders of public office should make choices on merit.*
- **Accountability:** *Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office. No improper use shall be made of any payment or allowance made to Assembly Members for public purposes and the administrative rules which apply to such payments and allowances must be strictly observed.*
- **Openness:** *Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions, and restrict information only when the wider public interest clearly demands.*
- **Honesty:** *Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.*
- **Leadership:** *Holders of public office should promote and support these principles by leadership and example.*

Recommendation 1: Financial support for Assembly Members should be underpinned by a set of principles to be drawn up by the Assembly Commission. These principles should be consistent with the ‘seven principles in public life’: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Assembly Members should sign the Code of Conduct when they take the Oath.

- 3.8 Currently, some £13 million is allocated to provide financial support for Assembly Members. A breakdown of this expenditure is at **Appendix 7**.
- 3.9 The Panel considers that the Commission should provide adequate resources to enable Assembly Members to carry out their various roles effectively.

Recommendation 2: Assembly Members should be entitled to claim for the reimbursement of reasonable expenses, necessarily incurred, when undertaking Assembly business.

Office Holders

- 3.10 Assembly Members are holders of a statutory public office. They are not employed by the National Assembly for Wales or the Assembly Commission. There is no contract of employment. They are not therefore subject to employment law, which is concerned with regulating employment. Members cannot be disqualified for membership of the Assembly before the end of their term of office, unless sentenced or ordered to be imprisoned or detained indefinitely or for more than one year. At the end of their term they are not dismissed since dismissal means a termination of a contract of employment. Instead, their term of office comes to an end by operation of law. Other examples of statutory public office holders include the Auditor General for Wales, the Public Services Ombudsman, the Children’s Commissioner and the judiciary.
- 3.11 Office holders can, in principle, be subject to terms of appointment which place obligations on them in relation to the way in which they discharge the duties of the office. For example, the Auditor General’s terms of appointment are agreed between the Assembly and the proposed appointee before that person is nominated by the Assembly for appointment by Her Majesty. While there are certain disciplinary measures enabling the Assembly effectively to dock Assembly Members’ pay if they misbehave, there is no current statutory basis on which the pay of Assembly Members (or Members of Parliament) can

be linked to the way in which they discharge their duties. This reflects the fact that Assembly Members are ultimately answerable to the electorate.

- 3.12 However, we consider it reasonable to expect that Members claiming reimbursement of expenses for undertaking activities related to Assembly business should be expected to provide proof both that they incurred the expense and that they completed the activity. This is consistent with the principles set out earlier in this chapter.
- 3.13 Existing arrangements record Members' attendance at committees and Plenary sessions. But Members should be required to provide basic information (date, time, location, purpose) for other activities.
- 3.14 Any allegations regarding non-compliance with the Code of Conduct are dealt with by the Commissioner for Standards or by the Committee on Standards of Conduct.

Recommendation 3*: Assembly Members claiming expenses for an activity associated with their duties as an Assembly Member should be required to provide the appropriate documentary evidence, and explanation to demonstrate that the expenditure was incurred and the activity was undertaken.

Chapter 4: Context and Capacity

Preamble

- 4.1 This chapter discusses issues of capacity arising from the size, specifically the number of Assembly Members, and the associated operation and management of the National Assembly for Wales. The Panel has addressed this area because, with a comparatively small number of elected Members, there is a need to place appropriate resources at their disposal to ensure that the Assembly operates effectively.
- 4.2 The Panel took the view that issues of capacity are of particular relevance to our deliberations around constructing a fair and effective system of support for Assembly Members. Considerations of capacity are crucial as they frame the formal operating context for the Assembly and its Members, and impact upon its overall effectiveness. If not addressed, the capacity issue and its effect on Members' workload could deter potential candidates from standing for election. The Panel was clear that the system of support and expenses should facilitate effective working by Assembly Members, following the principle that form follows function. We are of the view that capacity constraints have affected the Assembly's work. Hence, this chapter is placed early in our report to add context and rationale to the recommendations that follow.
- 4.3 The Panel received evidence on issues relating to capacity from Assembly Members and others. To supplement this, we considered evidence from other small countries like New Zealand and Scotland, and federal states including Queensland and Western Australia, in order to shape suggestions for maximising efficient and effective working. We identified some specific constraints that affect the operation of political and parliamentary business in Wales. Some of these are not easily altered, whilst others might be adjusted with a view to enhancing capacity and effectiveness. These include:
- the range of Assembly powers
 - the number of Assembly Members
 - the system that elects Assembly Members
 - the management of political roles and responsibilities

- the organisation and recording of working time during Assembly sessions and recesses
- the availability of expertise
- training and development for Assembly Members and their staff
- support for Assembly Members

4.4 The Panel was aware that its suggestions for change require the support of all key partners. Clearly, few of these ideas can be implemented without the support of Assembly Members themselves. There is also a critical role for the political parties that are represented in the Assembly.

Context

4.5 There have been some significant changes impacting upon capacity during the first decade of devolution and especially since the Government of Wales Act 2006. In particular, the split in the original corporate body to create a formal executive and legislature has significant implications for parliamentary capacity, as do the additional powers accrued through Part III of the Act. This permitted the Assembly to make laws (called ‘Assembly Measures’) in the devolved areas set out in Schedule 5 of the Act.

4.6 The Panel considered how changes in the scope and operation of devolution had affected the work of Assembly Members and how they had adapted to the requirements of the 2006 Act. The Panel reviewed how Members deliver the core functions of all elected politicians, namely, representation and advocacy on behalf of constituents and groups; holding the government to account; the scrutiny of legislation; the scrutiny of finance; policy investigation and policy development; and political debate and deliberation. There is consensus that these are the critical roles of politicians in all democracies. In 2004, the Richard Commission identified similar roles for elected politicians and these formed the basis for its recommendations on the operation, role and structure of the Assembly as set out in Chapter 4 of the report¹.

4.7 Some of the core arguments in favour of creating additional Assembly Members were set out in the Richard Commission report which considered whether the Assembly had sufficient capacity to deliver its

¹ Richard Commission report (2004), see <http://www.richardcommission.gov.uk/content/finalreport/report-e.pdf>

objectives. The Commission’s evidence on capacity concentrated specifically on the effectiveness of ‘backbench’ capacity with a membership of 60 Assembly Members.

Main capacity issues

The size of the Assembly

4.8 In comparative terms, the Assembly is remarkably small with just 60 Assembly Members.

Table 4.1 Number of elected Members and population levels

Nation	Number of elected Members¹	Population (thousands)	Population represented per Member² (thousands)
Catalonia ^b	135	7,242	54
Denmark ^a	179	5,442	30
European Union (27 countries) ^c	785	499,795	679
Iceland ^a	63	301	5
Ireland	166	4,301	26
Isle of Man ^a	24	79	3
Norway ^a	169	4,698	28
New Zealand ^a	122	4,179	34
Northern Ireland ^d	109	1,759	16
Scotland ^d	129	5,144	40
United Kingdom ^a	646	60,769	94
Wales ^d	60	2,980	50

¹ Sourced from websites of the appropriate legislatures.

² Calculated as the ratio Members:population.

^a Sourced from United Nations World Population Prospects 2006 Revision.

^b Sourced from Generalitat of Catalunya Idescat Statistical Yearbook of Catalonia.

^c Sourced from Eurostat. Since the 2009 EU elections there are 736 MEPs.

^d Population information sourced from National Statistics mid year estimates of population.

4.9 Since the publication of the Richard Report in 2004, issues of capacity have been accentuated by the impact of the Government of Wales Act 2006.

4.10 The shortage of Assembly Members to carry out the core scrutiny functions has been brought into sharper focus through the formal split of the corporate body since the 2006 Act. Since July 2007, Labour and Plaid Cymru have formed a coalition government. Assembly Members from these two parties number 41 of the 60 Assembly Members.

Table 4.2 Roles of Assembly Members

Executive/Legislature	Roles	Number of Assembly Members
Executive	First Minister and Cabinet Ministers	9
Executive	Counsel General	1*
Executive	Deputy Ministers	4
Legislature	Presiding Officer and Deputy Presiding Officer	2
Legislature	Party Leaders	4
Legislature	Assembly Commissioners	4
Legislature	Assembly Members available to serve on committees	44**

**the Counsel General does not have to be an Assembly Member.*

***44 includes all backbenchers, two party leaders and the Independent Assembly Member, who currently sits on only one committee.*

4.11 There is evidence to suggest that the number of Assembly Members in executive roles will remain large in relation to those in non-executive roles if, as is likely, coalition arrangements become the norm in Wales. States which regularly have coalition governments usually have a larger Cabinet, with additional Ministers and more Deputy or Junior Ministers². Several Assembly Members suggested that their ability to scrutinise was affected by the fact that there are so few Assembly Members outside government.

4.12 The Panel was told that, following the greater separation between the executive and the legislative arms of the Assembly, Members now have very limited access to the civil servants involved with developing and implementing government policy and to the information they hold. This is an impediment to their preparation for Plenary debates and committee work – the Assembly cannot function without a proper flow of information. Whilst acknowledging the need for a clear separation

² McAllister, L., 2007, 'Coalition Negotiations and the Normalisation of Welsh Politics', *Western Mail*, 7 July 2007; Seyd, B., 2002, *Coalition Government in Britain: Lessons from Overseas* (The Nuffield Foundation).

between the National Assembly and the Welsh Assembly Government, the Panel considers that the Commission should seek discussions with appropriate Welsh Ministers, to facilitate better access by individual Members to civil servants and the information they hold, via the Members' Research Service and other channels. In particular, it would help to ensure that the Committees are well-informed, and can therefore fulfil their functions effectively, if Welsh Assembly Government officials could help brief them at the outset of their deliberations without Ministers present unless required, as is often the practice in Westminster.

Recommendation 4: The Commission should, through discussions with Welsh Ministers, seek to facilitate a smoother flow of information and briefing, particularly in support of the work of committees.

The Electoral System

4.13 The system of election has a direct bearing on the capacity of the Assembly. Wales uses a Mixed Member Electoral System (MMES) called the Additional Member System (AMS). This was designated in the Government of Wales Act 1998 and was an integral part of the original devolution proposals, as explained in the White Paper, 'A Voice for Wales':

"The electoral system will reflect the diversity of modern Wales and ensure fair representation for all areas and parties. Electors will have two votes – one for a candidate for their local constituency and another for a party list. This retains local constituencies while giving a strong element of proportional representation."

4.14 The Assembly has 60 elected Members and each elector has two votes. The first vote is used to elect a constituency Assembly Member in the same way as Members of Parliament are elected to the House of Commons, using the first past the post system. 40 Assembly Members are elected on this basis, one from each parliamentary constituency in Wales. The second vote is used to elect 20 additional Members, on a regional basis, to ensure that the overall number of seats for each political party reflects, as far as possible within this system, the share of the vote it receives. There are five electoral regions based on the European Parliamentary Constituencies created in 1994, and each region returns four Members to the Assembly.

4.15 The Government of Wales Act 2006, which transposed and modified the 1998 Act, set out the methods and procedures for the return of Additional List Members to the Assembly. Electors vote for a political

party or an independent candidate, rather than for a particular individual, in a 'closed list' system. For the first time in 2007, candidates could not stand on both parts of the ballot.

- 4.16 Several other countries use variants of the AMS, including the Scottish Parliament. Amongst MMES, Wales has an untypical imbalance between the proportion of constituency Assembly Members and list Assembly Members – 67 per cent to 33 per cent.

Table 4.3 Balance of Constituency and List Members under MMES

Country (using MMES)	Constituency/Electorate Members (per cent)	List/Party Members (per cent)
Wales	67	33
Venezuela	60	40
Scotland	57	43
New Zealand	54	46
Germany	50	50
South Africa	50	50

Implications of the Electoral System

- 4.17 The Panel evaluated the Additional Member System (AMS) in order to consider its implications for the work of Assembly Members and the capacity of the Assembly overall, at present and with the prospect of further legislative powers.

- 4.18 Relevant points include:

- the AMS system enshrines a differentiation in the type of member, depending on the route of their election. The Electoral Commission has confirmed that *“AMS creates two categories of elected representatives. This is an intrinsic defect of additional member systems”*³
- Wales has a higher than usual concentration of constituency Assembly Members which impacts upon the distribution of overall political workload. It is accepted that constituency Members will normally have a heavier local case load. Given Wales has one of the smallest proportions of politicians elected through the list part of the ballot, this means a large part of overall political time is absorbed by constituency work. Whilst this work is vital, the corollary of this is that there is lower capacity for the other

³ written evidence by Electoral Commission to Richard Commission, 2003

legislative, policy and scrutiny roles carried out by politicians, thus affecting the management of the political roles of all Assembly Members.

- Wales uses regional lists rather than a national one, as used in New Zealand, for example. The regions used as electoral constituencies in Wales were originally the European Parliamentary electoral constituencies. The Panel believes the relevance and coherence of the regions used in Wales' AMS make the representation of these areas more difficult to discharge properly.

Constituency and Regional Members

4.19 The Panel recognises that all Assembly Members are equal and should be treated as such in terms of their contributions in the chamber and in committees, and with regard to their voting rights. The Panel is aware that the Committee on Standards of Conduct has prepared a protocol on the roles and responsibilities of regional and constituency Members, in accordance with standing order 1.13, which is yet to be ratified by the Assembly. The Panel considers that there should be some limited shifts in how each performs his or her political roles, with slightly different job profiles and organisation of support for regional and constituency Assembly Members. The electoral system is relevant in this regard. If, as in many other countries, the list is regarded simply as a mechanism for improving proportionality, then there is an argument for encouraging slightly different roles for each type of Assembly Member.

4.20 It is worth noting some of the key features of the Additional Member System:

- one key rationale for a semi PR system like AMS is wider representative choices for citizens (that a citizen might approach a member of a different party to that of their constituency Assembly Member or, in certain circumstances, might prefer to speak specifically to a female or male representative). A regional Assembly Member told us:

“...people are learning that you have a choice, and that choice which the voting system has given us is that you can go to an alternative Member, whether it be a regional or constituency, to whom you feel may be more sympathetic to your case.”

- individual Assembly Members’ own political priorities and ambitions. However, there are issues about how Members’ representative role might be balanced with the other political duties such as policy and legislative scrutiny, or wider, national campaigning or championing interests.

4.21 The Panel heard evidence that constituency and regional Assembly Members already do slightly different jobs and that representative roles were continuing to develop. A constituency Assembly Member told us:

“From my own point of view, there has been a significant increase in the numbers coming through the door of the office. I would probably expect to have 50 or 60 people coming through the door now. Surgeries are usually full.”

4.22 A regional Assembly Member pointed to some differences between regional and constituency Assembly Members:

“In terms of casework, there is a difference, I think, in style rather than a difference in quantity. I can draw from my own experience here. First of all, you tend to get engaged in bigger issues, ones which have much more significance.”

4.23 Another said:

“The complexity of the work that we do as regional Members is very interesting because we take an overview...of the whole of the patch...”

4.24 The experience of New Zealand offers a much clearer definition of roles for electorate Members of Parliament (the equivalent of Wales’ constituency Assembly Members) and for List Members of Parliament (the equivalent of regional Assembly Members). These have emerged over time. Mixed Member Proportional (or MMP as it is known there) was introduced in New Zealand in 1996, just three years before Wales but, given there are three-year fixed parliamentary terms in New Zealand, there have been *five* elections using MMP in New Zealand, compared with Wales’ *three*. The Panel received supplementary evidence from former House of Representatives Speaker (and List Member of Parliament), Margaret Wilson, who told us that party list Members of Parliament usually represented a sectoral or regional ‘constituency’ which meant that, in the former case, wider issues relating to that group (trade unions, women, an ethnic minority group, for example) generated considerable work for the Member of Parliament and, in the case of the latter, there was often a strong

territorial dimension to workload that might span wider boundaries than the 'official' constituencies of electorate Members of Parliament. Another former New Zealand Member of Parliament, Marian Hobbs, told us that, despite the use of a national list for New Zealand, geographical or territorial coverage was controlled via workload management by the party whips⁴. If there were regional policy issues, for example, a specific environmental matter, then the Whips would ensure list Members of Parliament drove this for the party.

4.25 In Wales, one member of the public commented:

“Regional Assembly Members have contributed greatly to Assembly work, to the institution’s profile, and to taking up causes that are important without translating into ‘party votes’. Regional representation is also the norm in Europe.”

4.26 This chimes with evidence from some regional Assembly Members themselves that they were better equipped to lead on wider, pan constituency issues. One said:

“...closures of schools, closures of post offices would tend to be things we get deeply engaged in and take a regional perspective. The other aspect, of course, is the health service. I find both in health and further education, the two areas where I can range quite free over the same pitch, if you like... because they go beyond constituency boundaries and that's sometimes helpful as well.”

Roles and responsibilities

4.27 Politics is a distinctive sphere and politicians cannot easily be compared with those in other professions. Ultimately, their performance is measured by voters and politicians are answerable to the electorate at regular intervals. Clearly then, generic job descriptions cannot simply be transported from other professions or sectors. Assembly Members, in common with Members of the UK and Scottish Parliaments, do not have a job description. This has a number of consequences; one being that Members are broadly free to determine their own priorities between work in the Senedd and that in their constituency or region. The absence of a job description also makes it difficult to monitor and measure performance.

4.28 Some of the activities undertaken by Assembly Members are listed below:

⁴ Interviews and supplementary evidence from Margaret Wilson and Marian Hobbs

- development of legislation
- policy development
- scrutiny of draft legislation
- scrutiny of expenditure and policy
- constituency/regional duties
- attend and speak at Plenary and committees
- media work
- receive lobbying groups
- attend educational and public visits
- represent the Assembly on international and other external bodies
- party work

4.29 We consider that these activities are a fair reflection of the parliamentary duties of an Assembly Member. In order to undertake them, Assembly Members will need practical support to maximize both their own capacity and effectiveness and that of the Assembly overall.

4.30 To discharge their duties, Assembly Members need to display a wide range of skills, including communication, ICT, research, problem solving, and office and staff management (further details are set out in **Chapter 9**).

4.31 As one Assembly Member told the Panel:

“We spend hours and hours here making rules and regulations about other people's professions and anyone can walk into this building and do this job regardless of their qualifications. Maybe it would help public confidence to know that Assembly Members had a certain level of skill and competence.”

4.32 The Panel felt that some formal identification of the ‘shape’ or parameters of the political job might be of benefit to Assembly Members themselves. The Panel discussed the merits of developing

job profiles as happens in some other legislatures – both general (for all Assembly Members) and specific, for constituency and regional Assembly Members. This might offer an opportunity to demonstrate how broad a range of skills are needed to perform the key roles of an elected politician, as well as assisting the parties with their candidate selections. For example, the development of job profiles might help parties to determine which skills they expect from candidates, as well as the overall profile of their team of candidates across Wales (see **Chapter 9**).

- 4.33 The recent debates around the expenses claims of Members of Parliament have stimulated considerable discussion at Westminster as to the work patterns, roles and duties of politicians.
- 4.34 The Senior Salaries Review Body at Westminster produced a ‘job description’ for Members of Parliament which identified a Member of Parliament’s work:

“...under three broad headings. The first is his or her participation in activities designed to assist in the passage of legislation and hold the Executive to account. This is traditionally seen as the 'core' role of the parliamentarian. The second area is work in and for the constituency. This is in part representational; in part promoting or defending the interests of the constituency as a whole; and in part it is designed to help individual constituents in difficulty. The third part of the job is work in support of the party to which the Member belongs, and for which he/she was elected.”⁵

- 4.35 To help the party groups identify where additional capacity is needed and assist in structuring training and development opportunities for Assembly Members (see 4.49 below and **Chapter 9**), the Panel suggests below possible areas where training and development should be concentrated.

- policy
- legislation
- scrutiny
- research and analysis

⁵ Senior Salaries Review Body, Cm 4997-II, 200, quoted in ‘Assembly Members’ Salaries – Assessing the Size of the Job’, paper for First Panel on Financial Support for Assembly Members

- public finance and audit
- parliamentary processes
- communications and advocacy
- civic engagement/social inclusion
- resource management

4.36 A different emphasis and balance between these key skills will be required under most subject areas, reflecting the National Assembly's legislative and policy competences. Clearly, there will be a different combination of skills and varying emphases depending on the subject matter and the government's policy programme. Each political group represented in the Assembly will need to demonstrate that it is able to cover all of the competencies across this range in order to deliver on the core political tasks and to ensure that the Assembly's impact is effective and consistent across the portfolios.

Management of working time in and outside Assembly sittings

4.37 **Recess and sitting schedules.** The Panel considered the organisation of the Assembly's sessions with regard to formal sitting times, the structure of the working week (including evidence from the shadowing of some Assembly Members' work by Panel members), and how annual leave arrangements were managed and recorded. The Panel felt it important that the nature of an elected representative's work was properly understood and publicised. Clearly, Assembly Members have a significant workload during the recess as well as when the Assembly is sitting. As one constituency Assembly Member stressed:

“There is a huge amount of out of hours work that you need to do as an Assembly Member.”

4.38 Nevertheless, in the light of some public misunderstandings about recess and annual leave or holidays, it would appear to be in everyone's interests to draw clearer distinctions between working and non-working times for Assembly Members.

4.39 The Panel investigated the recess arrangements in the House of Commons and the other devolved institutions.

Table 4.5: Length of Recess in UK Legislatures

Legislature	Recess Weeks
Wales	19
Scotland	16
Northern Ireland	16
Westminster	19

Source: the published timetables by UK legislatures for the 2008-09 and 2009-10 sessions.

Note: Recesses at Westminster are subject to the progress of Parliamentary business: see [http://www.politics.co.uk/briefings-guides/political-guides/recesses-\\$450860.htm](http://www.politics.co.uk/briefings-guides/political-guides/recesses-$450860.htm)

4.40 Despite some extensions in sitting time in the third Assembly, there is still less time available for Plenary and committees than in either the Scottish Parliament or the Northern Ireland Assembly. The National Assembly currently sits for 33 weeks in total and is in recess for 19 weeks. In 2004, after some detailed analysis of the role, structure and operation of the first two assemblies, the Richard Commission recommended an increase in sitting time (see chapter four, Richard Commission report). The Assembly's sitting time should provide adequate time for the full examination and efficient passage of legislation. At times, when the legislative programmes may be heavy, this could mean sitting for longer. At the end of each term, the Business Committee should review the future recess dates it has set in the light of the Government's and Members' legislative programme.

4.41 The Panel feels that, to increase the capacity of the Assembly to perform specific political functions, particularly the increasing workload associated with legislative scrutiny, it should sit formally for 36 weeks with 16 weeks recess (in line with the Scottish Parliament and the Northern Ireland Assembly).

Recommendation 5: The Business Committee should increase sitting time up to a maximum of 36 weeks per year, in order to ensure that there is sufficient time to scrutinise the legislative programme.

4.42 The extra three weeks would generate valuable extra business time. It is the responsibility of the Business Committee under existing Standing Orders to consider these issues. However, the Panel does not believe this change contravenes the important commitment to 'family friendly' working if interpreted flexibly, as not all recess weeks currently coincide with school holidays.

4.43 Although Assembly Members are expected to attend in Cardiff Bay for some 33 weeks per year, this does not mean that they are on holiday

for the remainder of the time. The Panel also noted that attendance for Plenary sessions would appear to be much higher in the Senedd than at the Palace of Westminster. Evidence submitted to us suggested that Assembly Members work around 55-60 hours a week during that part of the year when the Assembly is in session and 40-50 hours a week at other times of the year. We believe that Members are hard-working and are keen to meet with their constituents to promote and widen engagement in devolution. Typically they take about four weeks annual holiday: a week at Christmas and Easter, and a fortnight during the summer. We consider that, consistent with other public sector arrangements, Members should take 25 days holiday per year and that party groups should put measures in place to ensure that this leave is taken and recorded. As well as reflecting general good practice, the formal confirmation and recording of holiday taken by Assembly Members by the party groups within the Assembly will be of assistance to constituents and others needing to contact Assembly Members, and therefore, of direct benefit to Assembly Members themselves.

Recommendation 6: That party groups should record Assembly Members' holidays.

4.44 The Panel was impressed with the use of web resources by some Assembly Members and felt that interactive blogs, as well as the publicising of weekly diaries online or via local papers or newsletters offered useful, additional information to constituents about the typical work programme of an elected politician. This is common practice in New Zealand where we were told many Members of Parliament logged their weekly activities, often indicating why they had chosen to attend a particular event and were unable to attend another in a busy working schedule. It was felt that this had improved public understanding of the competing demands on politicians' time⁶.

4.45 **Committees.** In the third Assembly, there are 18 Committees: five permanent legislation committees, one dealing with secondary legislation and the other 12 covering audit, policy and scrutiny functions. There is also informal committee activity that places a further demand on Assembly Members' time. There are six members on each Legislation Committee (including a non-voting chair). This is unusually low for such committees, especially when compared with those at Westminster. The other committees have between four and ten Members each. The numbers needed to properly 'service' these committees underlines some of the issues of political capacity that

⁶ Interview with Marian Hobbs, April 2009

exercised the Panel. The Government of Wales Act 2006 was less prescriptive about the number and type of committee although clearly scrutiny demands necessitate a core number. Multiple committee membership affects attendance at meetings and the ability of party groups to provide substitute members when members find that they cannot attend, as well as the overall quality of committee members' performance.

4.46 **Availability of expertise.** Scarcely any modern parliaments function without drawing in support and assistance from external organisations and individuals with bespoke expertise or experience. There are many ways in which political institutions seek to develop their capacity without extending their size. The Panel examined mechanisms used in other parliaments and organisations worldwide to help augment expertise. We focused upon ones that were either cost neutral or cost minimal, and identified a menu of possible options, including:

- more structured and strategic use of expert advisors or specialists, mainly for additional committee support and advice
- improved and additional use of secondments and co-opted members from the public, private and voluntary sectors
- extended use of formal consultees who feed into discussions around new legislative proposals and policy-making
- development of policy councils for committee chairs to test out new policy ideas or initiatives (as used at Ministerial level in New Zealand)

4.47 The Panel accepts that there are some systemic difficulties around each of these options. These include:

- balancing open, equitable and transparent appointment procedures for adding capacity with proactive, speedy and light touch ones
- whether these should be unpaid or paid and the impact of this on the attractiveness of the role to potential (and suitable) applicants
- sustainability and continuity of contributions, relating to the development of the Assembly's organisational memory
- managing relations with Assembly Members and Assembly staff

- seeking not to distort the overall party political balance based on election results

4.48 There is no single model of effective use of external expertise. Nevertheless, the panel felt the exploration of international best practice (from New Zealand and Queensland, Australia, for example) could help address some of the systemic capacity constraints that the Assembly faces.

Recommendation 7*: The Assembly Commission should give immediate attention as to how best to increase the strategic capacity of the Assembly by drawing in additional expertise from the menu of options set out in paragraph 4.46.

Training and development

4.49 Another crucial mechanism for enhancing strategic capacity is the further expansion of training or continuous professional development (CPD) opportunities for members and their staff. The term 'CPD' is used broadly to refer to a wide range of learning activities to support career and professional development that includes personal reading, high quality management skills training, seminar attendance and, where appropriate, credit or award-bearing programmes. More information on the approach recommended by the Panel is set out in **Chapter 9**.

Chapter 5: Pay, Pensions and Arrangements on Leaving Office

Preamble

- 5.1 All Assembly Members receive the same basic salary, regardless of whether elected as a constituency or regional Member. Ministers and other designated office holders receive an additional supplement to their salary to reflect their additional responsibilities. The rules are set out in the Salaries and Allowances Determination 2009 in **Appendix 1**.
- 5.2 The Senior Salaries Review Body (SSRB) made recommendations on a structure for pay, allowances and pensions for Assembly Members in April 1998. The SSRB evaluated the roles and responsibilities of Assembly Members vis-à-vis Members of Parliament and comparators in the public and private sectors. The SSRB then assessed the starting pay of Assembly Members with reference to that evaluation.
- 5.3 The SSRB subsequently reviewed Assembly Members' pay in 2001 and 2004. These reports are available on their website.
- 5.4 Their 2004 report included a comparison of the jobs of an Assembly Member and a Member of Parliament under the following headings:
- job complexity
 - intellectual demand
 - interpersonal communications
 - skills
 - knowledge
 - nature of responsibility
- 5.5 For intellectual demand, interpersonal communications and skills, the two jobs were given the same weight. But for the other criteria the Member of Parliament outweighed the Assembly Member. Overall the Member of Parliament came out on top with a score of 307, compared to a score of 277 for the Assembly Member. The SSRB concluded that the pay differential between the two jobs should narrow slightly.

5.6 The report found that:

“The increased workload of Assembly Members does not itself justify a salary increase. However, we accept that the depth of knowledge required of Assembly Members and the complexity of their jobs has modestly increased, and thus the job weight differential with Westminster MPs has become somewhat smaller. We therefore conclude that there is a case for a modest increase in the pay of Assembly Members to £44,000, a 3 per cent increase on the baseline salary of £42,711. This would narrow the differential with the pay of Westminster MPs by 2.2 percentage points to 76.5 per cent.”

5.7 In January 2008, the SSRB published its report on the pay, pensions and allowances of Members of Parliament. It was debated in the House of Commons on 24 January. This resulted in the salaries of Members of Parliament increasing by 1 per cent from £60,277 to £61,181 with effect from 1 April 2007, and a further increase to £61,820 with effect from 1 November 2007.

5.8 Regarding pensions, the House endorsed in principle the recommendations of the SSRB to share the cost of the accrual of benefits of the Parliamentary Contributory Pension Fund between the Treasury and Members, that there should be a ceiling of 20 per cent of the underlying Exchequer Contribution, and that if that limit looked likely to be broken there should be a major review of the fund.

First Review Panel on Assembly Members' Remuneration

5.9 The Assembly Commission had decided in July 2007 that the differential between Assembly Members and Members of Parliament should be maintained at 76.5 per cent, as recommended by the SSRB. In autumn 2007, the Assembly Commission decided to seek recommendations on the salaries, pensions and allowances available to Assembly Members from a panel of four independent people, chaired by Sir Michael Wheeler-Booth, a former Clerk of the Parliaments, and one (non-voting) Assembly Commissioner, William Graham AM.

5.10 The review panel had a wide remit, including an assessment of how the role of an Assembly Member was changing as a result of the implementation of the Government of Wales Act 2006.

5.11 The panel took oral evidence from Members representing each of the four main political groups and received written evidence from six Assembly Members and two other witnesses.

5.12 Their report was published in March 2008 and can be viewed on the Assembly's website. The report focused on the issue of Members' salaries, explaining that:

"We are conscious that the Panel has not, at this stage, discharged the entire brief given to us, but we felt it was necessary to approach the matter in two phases. This report deals with issues which, on the weight of evidence and background information presented to us, appeared to be urgent. It also makes a recommendation that the Commission puts in place a fundamental review of the pay and system of financial support for Assembly Members, which has the objective of recommending something more tailored to the National Assembly for Wales, rather than the current structure, which is based on that of Westminster."

5.13 Their main conclusion was that, although the new powers and duties given to Assembly Members in May 2007 resulted in an expansion of their roles, these were not yet fully developed.

5.14 The panel recommended that:

- the basic salary of an Assembly Member should increase to a level of 82 per cent of that of a Member of Parliament; to be backdated to May 2007, the date of the Assembly election
- leaders of opposition parties, other than the main opposition party, should be paid a salary equivalent to that received by those committee chairs who received additional remuneration
- the supplementary remuneration for all committee chairs or party whips should not be extended as they did not consider that there was sufficient evidence to justify this; although some changes to these salary levels were subsequently made by the Assembly Commission
- there should be a fundamental examination of the pay and system of financial support for Members under the developing devolution settlement

Pay

5.15 The combined effect of increasing the proportion of an Assembly Member's pay compared to that of a Member of Parliament from 76.5 per cent to 82 per cent – and the increase awarded to Members of

Parliament as a result of the 2008 SSRB report previously described, resulted in a pay rise of 8.3 per cent for Assembly Members in 2008. Although the first review panel dealt with the rationale for this increase, it produced adverse media coverage and a negative response from the general public. A number of Assembly Members chose not to accept the increase in full.

5.16 The basic salary of an Assembly Member (from April 2009) is £53,108. This compares with £56,671 for a Member of the Scottish Parliament and £64,766 for a Member of the UK Parliament.

5.17 In addition to the basic salary, 41 Members are eligible for payment of an additional sum for undertaking extra responsibilities. These supplements range from £6,039 for some committee chairs to £41,370 for Welsh Ministers and £79,753 for the First Minister. So salaries of Assembly Members range from £53,108 for 'backbench' Members to £132,861 for the First Minister. The total cost of these additional supplements in 2008-09 was some £830,000.

5.18 Similar provisions apply in the UK and Scottish Parliaments. Posts attracting these supplementary salaries and their amounts for Wales, Westminster, Scotland and Northern Ireland, at April 2009 base, are set out in **Appendix 8**.

5.19 The fact that two-thirds of Assembly Members receive an extra responsibility supplement is one consequence of the relatively low number of Assembly Members in the National Assembly. We were not presented with much evidence on these office holders' salaries, which indicated to us that it was not regarded as an important concern by Assembly Members or the general public. Nonetheless, our terms of reference require us to consider this matter and we do so later in this chapter.

5.20 A 1996 review of UK parliamentary salaries set out principles for determining pay. The Panel are of the view that these remain a good basis on which to make a judgment. They are:

- pay should not be so low as to deter suitable candidates, or so high as to make pay the primary attraction of the job
- pay should reflect levels of responsibility rather than workload
- whereas those with outside interests should not be deterred from entering Parliament, those who choose to make

parliament a full-time career should be adequately rewarded to reflect their responsibilities

- pay should not be augmented in an attempt to compensate Members of Parliament for job insecurity, which is not unique to Members of Parliament
- the basic parliamentary salary should continue to be the same for all Members of Parliament
- there should be no pay progression linked to length of service
- a clear distinction must be made between salary and reimbursement of expenses

5.21 Those responding to our consultation felt that on the whole Assembly Members were paid a fair rate for the job. Typical comments included:

“Comparisons with MPs’ salaries are not valid.”

“Remuneration should be of sufficient level to negate the need for additional employment and they should be prohibited from accepting directorships and similar appointments.”

“Members are already adequately paid.”

“Members should not decide on their own rates of pay and allowances.”

“That Assembly Members be rewarded commensurately for the work they do; that their performance and effectiveness is measured.”

“Pretty good value; they work more for their money than Westminster equivalents.”

“There should be sufficient remuneration in order to attract the best people to the Assembly.”

“Assembly Members should receive adequate reward for proper performance of their role, especially in view of the fact that most do not have second incomes.”

“Pay is often compared with top public sector pay although the latter, unlike Assembly Members, are appraised and their pay linked to performance.”

5.22 Although there were some who felt that Assembly Members were overpaid, receiving “*obscene salary and expenses*”, opinion was broadly of the view that the current basic salary was about right. Those who gave us their views in person were also supportive of the status quo. There was no widespread support for an increase in basic pay.

Determination of Salary Levels

5.23 At present, the salaries of Members of the National Assembly for Wales, Northern Ireland Assembly and the Scottish Parliament are all linked directly to the pay of Members of Parliament. We understand that this was a convenient way of settling pay levels when these institutions were established but see no reason why this should continue indefinitely. On the contrary, as part of continuing devolution process, we consider that the direct link should be broken.

5.24 When asked what they felt about the current direct link between the pay of an Assembly Member and that of a Member of Parliament, some of the Assembly Members who addressed us felt that it was a reasonable and simple means of determining their pay. They supported the current arrangements mainly on grounds of expediency.

5.25 Other witnesses, and some who responded to our call for evidence, expressed a contrary view. Their argument was twofold; they felt that the link promoted the idea that Assembly Members were second-rate Members of Parliament and also that the direct link was a hostage to fortune, because Members of Parliament could at some time in the future be awarded a large pay rise, for reasons completely unrelated to activities in the National Assembly, but Assembly Members would automatically qualify for the same increase. We were persuaded by this latter argument.

5.26 There are currently two forces at work that are already putting the link under strain.

5.27 Firstly, the fact that the Assembly is gaining experience in exercising its new law-making powers and seeking to extend the scope of such powers.

5.28 Secondly, because of recent public and political concerns over the system of allowances in Westminster, the Prime Minister has asked the Committee on Standards in Public Life to undertake a review as a matter of urgency. The Committee is expected to report by the end of the year. One outcome might be a significant curtailment of the

entitlement of Members of Parliament to claim expenses. Some senior Members of Parliament have already expressed the view that in such circumstances, Members of Parliament should be given a large increase in salary as compensation. This acknowledges the fact that historically Members of Parliament have regarded their allowances as a legitimate means of topping up their salaries. If this were to happen, Assembly Members would automatically receive a similar increase. The public and media outcry is predictable and would undermine the reputation of the Assembly and its Members through no fault of theirs.

- 5.29 For these reasons, we consider that the pay of Assembly Members should be uncoupled from that of Members of Parliament. This is also in accordance with our guiding principles set out in **Chapter 3**.

Recommendation 8*: The salaries of Assembly Members should no longer be automatically directly linked with those of Members of Parliament.

- 5.30 It is important to recognise that the implication of our view that henceforth the determination of Assembly Members' salaries will be taken out of the hands of Westminster, will require the establishment of an open and transparent process to instil public confidence.
- 5.31 Having broken the direct link with Westminster, it is necessary to provide an alternative means of setting pay levels, including extra responsibility payments for designated office holders referred to previously.
- 5.32 The controversial issue of devising an appropriate mechanism to set the salary for elected representatives is one that has been extensively studied. The Panel considered much evidence related to this subject.
- 5.33 The setting of the salaries of Members of Parliament has been a controversial subject ever since they were introduced nearly a century ago. Payment was introduced to allow working class Members of Parliament to compete with the 'well off'. Salaries for Members of Parliament were introduced in 1911 and were initially set at £400. They remained at that level until 1937 although interestingly they were temporarily reduced between 1931 and 1935 due to the economic crisis. In the 1970s and 80s, salaries were reviewed regularly by the Top Salaries Review Board (TSRB), and in the 80s the link to Civil Service pay scales was developed. More recently, the subject of the salaries and expenses of Members of Parliament has become a major topic of public debate, particularly because Members of Parliament are

under pressure to practice what they preach in relation to pay restraint. There has been a growing view that it is untenable for Members of Parliament to vote on their own pay increases. There is also a concern among some Members of Parliament that restricted pay awards year-on-year have left them falling behind in relation to other top jobs. These factors have led to a number of fundamental reviews being undertaken, including the Senior Salaries Review Body report on Parliamentary Pay, Pensions and Allowances 2007, and the subsequent Review of Parliamentary Pay and Pensions by Sir John Baker in June 2008. This whole issue has received considerable media interest in recent months as it is argued by some that there is a link between pay and the misuse of the expenses and allowances system.

- 5.34 In evidence to the Panel, some witnesses suggested that Assembly Members' pay should be on a par with senior police officers, head teachers of medium-sized secondary schools, teachers with specialist skills, nurses, consultants and senior officers in the armed services.
- 5.35 It was pointed out that general medical practitioners typically earn an annual salary of about £100,000 and some members of the legal profession earn considerably more. Witnesses did not propose that Members should receive these levels of remuneration. They were making the point that several Assembly Members have accepted a significant reduction in salary to pursue their career in politics.
- 5.36 The Panel notes these concerns and whilst supporting the findings of the previous panel to increase pay in proportion to increases elsewhere, we consider that another significant increase in pay in the current economic climate would be unacceptable to the public and is not being sought by the Members themselves.
- 5.37 The Panel has observed Assembly Members at work in their constituencies and regions and also in committees and Plenary sessions in the Senedd. We have seen that they work hard and that they take their responsibilities seriously.
- 5.38 The Panel accepts that both the quantity and quality of work carried out by Assembly Members has increased significantly over the past two years. However, we have reviewed the evidence and feel that the current pay levels are appropriate. We feel they are sufficient to attract a wide range of able and well-motivated candidates to become Assembly Members. Following de-coupling from the pay of Westminster Members of Parliament, we consider that Assembly Members' pay should be uprated in line with inflation up to April 2010. Thereafter, there needs to be a mechanism to establish Assembly

Members' pay that is transparent and appropriate. Again this is an issue that has been well considered by the Panel.

Recommendation 9*: The current basic salary of £53,108 for Assembly Members is appropriate, and should be updated in April 2010, in line with inflation.

Approaches to setting salary levels elsewhere

5.39 In the 2008 review, Sir John Baker was asked to identify an independent mechanism for determining the salaries of Members of Parliament. Sir John argued in the latest report that:

“if MPs are prepared to relinquish control over their salaries, then the government also has to forgo any possibility of directly seeking to intervene in the process (although it can obviously still provide views or evidence). A system in which the Government retained the means to override the independent recommendations would not deserve the trust of MPs or the public.”

5.40 He then went on to identify three main elements necessary for an “*independent mechanism for determining pay*”.

5.41 These are:

- fix the pay level for Members of Parliament as at a base level for the uprating mechanism to take effect
- an uprating mechanism that will adjust pay automatically (either annually or at some other interval)
- an Independent Body which can review whether the pay of Members of Parliament remains adequate for the job and appropriate in the light of any changes to the roles and responsibilities. The Independent Body would also monitor the working of the uprating mechanism

5.42 The Panel agreed with this approach.

5.43 Recently, there have been a number of relevant reviews of the pay of elected representatives, particularly in devolved assemblies. The Northern Ireland Assembly commissioned a report on salaries and pensions from the Hay Group⁷ They concluded that:

⁷ Northern Ireland Assembly: Review of Pay, Pension Scheme and Allowances 2008

“In our view, there are in reality only two mechanisms which provide the potential to establish stable salary arrangements. These are:

- a newly established link to a specified and trackable market or groups...
- a continued link to Westminster...”

- 5.44 As part of this report, there was a job evaluation process undertaken for the Members of the Northern Ireland Legislative Assembly. This concluded that there had been a reduction in job size compared with a previous study. However, it should be noted that a job evaluation exercise is of little assistance in setting salary – it is a comparative process which enables the ranking of jobs in relation to each other or changes of responsibility over a period of time. The report gave serious consideration to linking Members of the Legislative Assembly to civil service pay, but eventually decided to maintain the link with the salaries of UK Members of Parliament.
- 5.45 The ‘comparator’ that they considered was the Northern Ireland civil service, and although this had the advantage of public transparency they concluded that as it was negotiated, there was a risk of the Members being seen to have an interest in pay increases for this specific group of public sector employees. Sir John Baker, in his review, also felt that the link to the civil service would no longer be a ‘sound, independent mechanism’ for the same reason – if a linkage was maintained the Government would effectively determine Members’ salary increases. In addition, the way civil service pay is structured means it no longer lends itself to be an appropriate linking mechanism.
- 5.46 In Scotland they have taken the pay of Members of Parliament and office holders in Westminster as the most appropriate comparator to use in setting the pay of Members of the Scottish Parliament. In 2001 there was a disagreement between the Scottish National Party and the Liberal Democrats, who supported the link, and the Scottish Socialist Party who believed that the pay proposed was too high. In debate it was argued that Members of the Scottish Parliament were uncomfortable about setting their own salaries. Since 2002 their pay has tracked Westminster, although it was recognised that circumstances may change in the future and the link to Westminster may no longer be appropriate.

- 5.47 In his 2008 report on Parliamentary pay and pensions, Sir John Baker included a table of international comparisons, see **Appendix 9**. It sets out how the pay of elected Members is determined in several countries. It is interesting to note how they have overcome what is a common problem. An independent remuneration panel is used in five of these countries; Australia, New Zealand, Norway, Spain and Sweden. Members play no role in determining their pay in seven of the countries; Canada, France, Ireland, New Zealand, Singapore, Spain and Sweden.
- 5.48 In France, the pay of Members of Parliament has been directly linked to the pay of senior civil servants since 1958. French Members of Parliament do not vote on their own or the civil servants' pay. In Ireland, pay of the Irish Members of Parliament is linked to the civil service and fundamental reviews are conducted every four years. In Italy, the salaries of Members of Parliament are linked to magistrates in the Supreme Court, but the magistrates' salaries are set by the Government. In New Zealand, the salaries and allowances of Members of Parliament are set by an independent statutory body called the Remuneration Authority; they use public and private comparators. There is widespread international use of comparators and the setting of pay independently.

Conclusions on Future Salary Levels

- 5.49 As outlined above, Sir John Baker recommends three steps in identifying an independent mechanism for determining pay; fixing of pay at a base level, an uprating mechanism and an Independent Review Body. The Panel has agreed, for the reasons discussed earlier in this chapter, that the base level salary used for any subsequent updating will be the salary as at 1 June 2009.

Recommendation 10: The base level pay used for subsequent uprating should be the salary as at 1 June 2009.

- 5.50 The next issue to consider is the uprating mechanism. Much of the work necessary has been covered by Sir John Baker and the Panel agreed with his approach. This is covered in paragraphs 32-36 of the Baker report. In essence, it is stated that the uprating mechanism should be:

- easy to understand, independent and authoritative, transparent and not capable of manipulation

- sustainable over a number of Assemblies
- based on pay comparators not price comparators
- reflecting movements in earnings and not settlements
- be linked in some form to the public sector

- 5.51 The issue of reflecting earnings rather than settlements is an important one that is not always understood. It has been a long term pattern in the UK that earnings increase on average 1-2 per cent more than settlement levels each year. Members of Parliament do not get increments, overtime, performance related pay or bonuses and no progression. Therefore, if the pay of Members of Parliament is not adjusted to take account of the actual increase in earnings that other people receive, over a period of time, their pay would slip behind.
- 5.52 After considering the link to the civil service or the use of a basket of comparators, the Baker report concluded that the best comparator which met all the above criteria would be indexation. The one chosen by Sir John was the Public Sector Average Earnings Index (PSAEI). This recommendation was rejected by the House of Commons because it involved an increase in pay to catch up, at a time when the Government was pressing for pay restraint. However, the Panel takes the view that Sir John Baker was right and that this use of a robust indexation approach is the best way forward.
- 5.53 The Panel considers that the Independent Review Body (see below) should set the pay of Assembly Members by taking the base level pay (see recommendation 10) and adjusting it by the percentage change in the 75th percentile of average earnings for Wales. This will be the basis on which the basic salary is set for the next Assembly in 2011; namely, the base salary of £53,108 multiplied by the percentage change in the 75th percentile of average earnings for Wales in 2009-10, which is due to be published in November 2010.
- 5.54 The Panel recommends a 4-year pay deal which will be set prior to the next Assembly elections. This will have the advantage of allowing prospective candidates to know what they will receive for their term. The 4-year package will be set by calculating the index-linked uplift recommended above, to the base level salary of 1 June 2009. In addition, an allowance for forecast inflation will be added to the salary.

5.55 During the term of an Assembly there should be provision for adjustment in exceptional circumstances; for example, if the National Assembly gains significant additional powers.

Recommendation 11*: Assembly Members' salaries should be fixed for the 4-year term of the Assembly.

- **The base level of this salary should be set by reference to the percentage change in the index of average earnings for Wales.**
- **Account should be taken of inflation and a notional increase applied to the base level salary.**
- **This salary should remain fixed for the duration of the Assembly unless there are exceptional circumstances; for example a significant change in the powers of the National Assembly.**
- **An Independent Review Body should meet at least six months prior to the next Assembly to decide these matters. (see recommendation 12)**

5.56 Consideration should be given to the legislative aspects of these proposals. As outlined in **Chapter 2**, the payment of remuneration is governed by the Government of Wales Act 2006. This function has been conferred on the Assembly Commission; they will need to consider the steps that need to be taken to give effect to the recommendations, including the need for legislation.

5.57 The last of the three items recommended for the 'independent mechanism for determining pay' is the Independent Review Body.

5.58 According to Sir John Baker, the role of such a body should be to:

- take account of changing circumstances in the work of Assembly Members – for example role or number of Assembly Members or new legislation
- review the effectiveness and impact of the uprating process
- deal with any ad hoc issues as they arise, such as the creation of new office holder posts
- monitor in conjunction with the parties, the quality of those putting themselves forward as candidates
- take an overview of the total remuneration package and the expenses and allowances regime. This particular aspect of the role is referred to in more detail in **Chapter 12**

- 5.59 In this context, the Panel is also aware that the All-Wales Convention is currently seeking the views of the public on the timing of a referendum on giving full law-making powers to the National Assembly for Wales. If such powers were to be granted, then clearly there would be a need to review salaries of Assembly Members. This would require a job evaluation exercise to ascertain the changes in the job.
- 5.60 The Independent Review Body should be appointed on a statutory basis and operate independently, and would require support and resources to carry out its functions. Its role would be to make decisions on all aspects of financial support for Assembly Members. Those decisions would be final and would not be subject to ratification or approval by the Assembly Commission or the Assembly.

Recommendation 12*: The Assembly Commission should prepare and bring forward an Assembly Measure as soon as practicable, to establish a statutory Independent Review Body to make decisions in respect of the matters listed below. The role of this body is to:

- i) make decisions on all aspects of financial support for Assembly Members**
- ii) take account of changing responsibilities in the work of Assembly Members**
- iii) review the effectiveness and impact of the uprating process**
- iv) deal with any 'ad hoc' issues**

It should be noted that the members of this Body should be independent of the Assembly and should have relevant expertise. Selection by the Chief Executive and Clerk of the Assembly (as Principal Accounting Officer), the Auditor General and a Commission Independent Adviser would be an appropriate approach.

Additional Office Holders

- 5.61 At present, the salaries of additional office holders in the National Assembly are linked to specific posts in Westminster. For example, the First Minister's salary is linked with that of a Secretary of State, and the salaries of Welsh Ministers and the Presiding Officer are equated with those of Ministers of State. The Panel feels it would be inconsistent to maintain the current arrangements for additional office holders, after severing the link between the basic salary of Assembly Members and that of Members of Parliament.

5.62 The Panel notes that there is currently a 2-tier hierarchy for committee chairs, based on the frequency of meetings and the nature of the committee; with some receiving a supplement of about 22 per cent of their basic salary and others about 11 per cent. The Panel is not convinced that this is a fair reflection of the extra responsibilities carried by the various committee chairs.

5.63 The Panel reviewed evidence on how frequently the committees had met in the last year, and the range of responsibilities that fell upon the committee chairs. We concluded that the differential between the payments to the various committee chairs should be less, but that the overall payments should be increased to reflect their leadership role within the National Assembly.

5.64 The table below sets out the current gross salary for additional office holders and compares this with the basic salary. This information is included, along with comparative salaries elsewhere, in **Appendix 8**.

Table 5.1 Office holder salaries

Office Holder	Gross Salary (April 2009)	Gross Salary / Basic Salary
First Minister	£132,861	2.50
Deputy First Minister	£94,478	1.78
Presiding Officer	£94,478	1.78
Welsh Ministers	£94,478	1.78
Counsel General / Leader of the House	£94,478	1.78
Leader of the Opposition	£94,478	1.78
Leader of other opposition parties	£64,650	1.22
Deputy Presiding Officer	£79,129	1.49
Deputy Ministers	£79,129	1.49
Government Chief Whip	£79,129	1.49
Opposition Chief Whip	£64,650	1.22
Assembly Commissioners	£64,650	1.22
Committee Chairs (Scrutiny, Legislation, Finance and Audit)	£64,650	1.22
Committee Chairs (Other)	£59,147	1.11

5.65 The Panel considers that the chairs of key committees should receive a supplement of £12,000 per year and chairs of other committees (other than those that meet very infrequently) should receive a supplement of £8,000 per year. It is a matter for the Assembly Commission to determine which supplement should apply to each committee chair.

5.66 To be consistent, the Panel considers that those additional office holders currently receiving the same level of supplementary salary as the committee chairs should maintain parity. So Assembly Commissioners, leaders of other opposition parties (other than Leader of the Opposition) and the Opposition Chief Whip would receive a supplement of £12,000.

5.67 The Panel considers that these modest increases should take effect as soon as possible and be paid for the remainder of the current Assembly term.

Recommendation 13: Committee chairs should receive an office holder supplement of either £12,000 per year or £8,000 per year. The Assembly Commission should determine which supplement applies to each committee chair, to apply for the remainder of the Assembly term. Additional office holders currently entitled to the same supplement as committee chairs should maintain parity.

5.68 Once the independent body has confirmed the new basic salary to take effect after the next Assembly election, the additional office holders should receive supplementary salaries expressed as a percentage of this amount. It is anticipated that the proportions will be similar to those in the above table, amended to take account of the adjustment to the supplement for committee chairs. These proportions will be subject to review by the Independent Review Body from time to time.

Recommendation 14: Following the next Assembly election, additional office holders should receive supplements in the same proportion to the basic salary as will apply following the adjustments described in recommendation 13. These proportions will be subject to review by the Independent Review Body from time to time.

Other Employment

5.69 The Panel considered the issue of Members having other employment, and noted that Members are already required to record this information in the Register of Interests. The Panel feels that, in the interests of greater transparency and public confidence, further information should be supplied; in particular, the time involved in pursuing any other employment.

Recommendation 15: In addition to recording information on other employment on the Register of Interests, Assembly Members should also be required to detail the time involved in this additional employment.

Pensions

- 5.70 All Assembly Members are entitled to join the National Assembly for Wales Members' Pension Scheme. All Assembly Members are assumed to be a member of the scheme from the date of the election. The scheme is not mandatory and Members may opt out, although to date none has done so.
- 5.71 An abstract from the Members' Pension Handbook is at **Appendix 10**.

Key Issues

- 5.72 The pension scheme for Assembly Members is based on the Westminster model. In his review of Parliamentary Pay and Pensions in 2008, Sir John Baker referred to the 2007 SSRB report regarding pensions; specifically the following two recommendations:
- "That the Exchequer contribution to the cost of accrual of benefits for MPs in service in the Parliamentary Contributory Pension Fund (PCPF) (excluding payments to amortise the accumulated deficit identified in the 2005 valuation of the Fund) should in principle be limited to 20 per cent of the payroll of Scheme Members; and
 - that if it becomes likely that, unless action is taken, the Exchequer contribution to the cost of accrual of benefits for MPs in service in the PCPF (excluding payments to amortise the accumulated deficit identified in the 2005 valuation of the Fund) would rise above 20 per cent of payroll, then there should be a major review of the Fund."
- 5.73 Sir John Baker commented:

"It is difficult to envisage an automatic up rating mechanism on how determinations on pensions could be made under the current system given the legal responsibilities of the Trustees and the funding role of the Government. I therefore believe that the best solution would be for the Independent Body to continue to consider MPs' pension arrangements bearing in mind the unusual career pattern of MPs and the evolution of pensions in the public sector and wider economy. The Independent Body will need to examine whether features of the PCPF are necessary and justified for recruitment and retention and whether the scheme's costs and benefits are reasonable in comparison to pensions elsewhere in the public sector. It should then make recommendations to the Fund Trustees and Government. Although those recommendations could not be applied automatically, they should be regarded as compelling in principle. It would be for

the Government and Trustees jointly to consider and act on them as they saw fit, with the consent of the House. However, in any event, the Independent Body must continue to take account of the value of MPs' pensions as part of the total reward."

- 5.74 The Panel endorses Sir John's comments, and they apply equally to the National Assembly for Wales Members' Pension Scheme. The Scheme is a 'final salary' scheme and it is currently based on one fortieth for each year of service, for which members contribute 10 per cent of their salary. Some members of the scheme have a lower level of benefit – fiftieths for each year of service, for which a lower contribution is made.
- 5.75 A report on the Assembly Members' pension scheme was published recently by the Government Actuary's Department. This was the actuarial valuation as at 1 April 2008, which is prepared every three years in accordance with the Pensions Act 2004. This report found that the current scheme was 99.7 per cent funded, which resulted in a deficit of some £40,000. The actuary assessed the contributions required for the period up to the next review in April 2011 and recommended that the standard contribution rate (to ensure the scheme was 100 per cent funded) should be amended to 33.8 per cent. The Members contribute 10 per cent, leaving the Commission to fund the balance of 23.8 per cent.
- 5.76 The Prime Minister has recently commissioned a review of the Westminster pension scheme because the 20 per cent of payroll contribution by the Exchequer has been exceeded. This is likely to be linked with the broader review of the pay and allowances of Members of Parliament commissioned by the Prime Minister to be carried out by the Committee on Standards in Public Life. We do not feel it is necessary to await the outcome of deliberations in Westminster before reaching our own conclusions.
- 5.77 Final salary pension schemes are common in the public sector, with about 90 per cent of public sector employees covered by such arrangements. However, they are quite rare in the private sector, with only about 12 per cent of employees covered – and they are becoming rarer still, as businesses seek to reduce their operating costs.
- 5.78 Taking a view similar to Westminster, and following trends in the private sector the Panel were concerned about the increase in the cost to the Assembly, of continuing to provide the pension scheme with its current range of benefits. The Panel were of the view that this should not be an open ended budget.

5.79 We did not receive much comment on pensions in our call for evidence. Neither were Assembly Members particularly exercised by the matter. We feel this is a general reflection of the widespread public apathy on this issue.

5.80 The Assembly Members Pension scheme should be appropriate to Assembly Members needs and provide value for money for them and for the taxpayer. To this end the Panel recommend that the Assembly Commission and the Fund Trustees limit future Commission-funded contribution levels to a maximum of 23.8 per cent. The current contribution level made by the Assembly Commission. This is considered to be a generous level of support which should be commensurate with a reasonable provision of benefits.

Recommendation 16*: The Assembly Commission and the Fund Trustees should take legal and actuarial advice with a view to containing the standard Commission-funded contribution rate to be no higher than its current level of 23.8 per cent, and that this should be reviewed periodically to take account of what happens in pension schemes elsewhere.

5.81 The overall objective should be to bring the scheme more in line with what happens elsewhere, to provide value for money and to be appropriate for the needs of Assembly Members. With a view to reducing costs the Panel have some ideas where change could be considered, these are listed below.⁸

- The Panel feels feel that the basis for the calculating benefits should be based on sixtieths of the terminal salary, not fortieths as at present. Members' contributions could then be reduced appropriately to a level based on actuarial advice. It would, of course, be open for the Member to make additional contributions and to receive a higher pension in consequence. Benefits for existing members of the scheme could be preserved.
- The Assembly scheme is small and does not bear the full cost of its administration. We feel consideration could be given to examining the option of merging with a larger scheme, subject of course to full legal and actuarial advice.

⁸ In the context of this discussion, Dafydd Wigley declared an interest as a Trustee of the Members' Pension Fund and as a recipient of a pension as a former Assembly Member and refrained from discussions on this issue.

- Another feature of the Scheme which the Panel considers to be expensive is the ‘death in service’ lump sum gratuity equal to four times salary. This was the maximum permitted under HMRC rules that applied prior to 2006 and at the time was in line with some funded final salary schemes in the private sector. Nevertheless, this is both expensive and generous compared to other public and private sector schemes, particularly in current circumstances. The Panel considers that this should be based on twice the annual salary, instead of four times the annual salary under current arrangements.
- Currently, if a Member has to retire through ill health, any pension due is enhanced as if the Member worked until they were 65 years old. The Panel feels that the number of years of enhancement should be cut by half. The ill health pension should be calculated on the basis of the actual years of reckonable service plus half the difference between the Member’s age at ill health retirement and the nominal retirement age of 65.
- In addition, the Panel considers that the ill health retirement pension should be terminated or reduced if the recipient subsequently obtains another job, although the normal pension entitlement would of course come into play at the eventual point of normal retirement. We understand that the Pension Trustees have been considering these issues and might introduce a two tier health provision based on the Civil Service Pension Scheme and we trust that they will take account of our views.

5.82 The issue of pensions is complicated. For good reasons the Trustees have specific legal obligations, while the scheme is funded by both its members and the public purse. Therefore none of the suggestions listed above can be applied automatically. However, it will be for the Fund Trustees and the Assembly Commission to act on them as they see fit with the consent where appropriate of Assembly Members.

5.83 The Independent Review Body should continue to consider the value of the Assembly Members’ pension scheme as part of the total remuneration package for Assembly Members.

Arrangements on leaving office

5.84 Arrangements for winding up a Member’s affairs when he or she ceases to be an Assembly Member are set out in Sections 14 and 15 of the Salaries and Allowances Determination 2009.

- 5.85 There are two main components; a Winding-up Allowance and a Resettlement Grant. The Winding-up Allowance is to allow for the costs associated with closing the constituency or regional office. The Resettlement Grant is effectively a redundancy payment, and is a proportion of the Member's annual salary related to his or her age and number of years of service at the time of retirement. The proportion applied varies between 50 per cent and 100 per cent of annual salary, and is tabulated at paragraph 15.1.4 of the Salaries and Allowances Determination 2009 at **Appendix 1**.
- 5.86 Following the Assembly election in May 2007, a total of 13 Members either retired or failed to be re-elected. They received a total of some £340,000 in Resettlement Grant and a further £319,000 was spent to help them wind up their affairs, including staff redundancy and office costs.

Winding-up Allowance

- 5.87 Under current arrangements, the amount a Member can claim from the Winding up allowance is made up of three elements as outlined below.
1. up to one third of the total sum of the annual Office Costs Allowance (currently this is £15,135, therefore the relevant Winding up allowance would be £5,045).
 2. up to one third of the annual Other Staff Costs Allowance (this is currently set at £5,801 so the Winding up allowance would be £1,933).
 3. up to one third of the actual annual payment of salaries made to the staff of the former Assembly Member. This allowance funds the redundancy payments made to staff.
- 5.88 The amounts paid in the Winding-up Allowance as described above are reduced by the amount of any overspend in the relevant allowance.
- 5.89 With regard to item 2 above the Panel has stated in **Chapter 8** that the Other Staff Costs Allowance is for travel and overtime only and has consequently recommended a reduced annual allowance of £2,000.
- 5.90 In relation to redundancy and notice payments for Assembly Members' staff (item 3 above) the budget for this should be held centrally and expenditure allocated against the departing Assembly Member in the

same way as National Insurance payments. The Panel's recommendations regarding the level of redundancy payments to Assembly Members' staff are in **Chapter 8**.

- 5.91 The payment of up to one third of the annual Office Cost Allowance is currently made on the basis that this would allow up to four months expenditure in relation to the costs of closing down an office. The Panel came to the view that matters could be brought to a close in a much shorter period of time. With respect to the lease of a constituency office this would normally be programmed to finish at the end of an Assembly Term, and therefore there should be few costs incurred beyond the date on which an Assembly Member leaves. The Panel consider the Winding-up process should be completed within three months and that the maximum Winding-up Allowance can therefore be reduced from one third of the Other Staff Costs Allowance and one third of the Office Costs Allowance to, one quarter of these allowances. This will take effect following the next Assembly election.

Recommendation 17*: Following the next Assembly election, the Winding- up Allowance should be reduced to a maximum of one quarter of the Other Staff Costs Allowance and the Office Costs Allowance and should not include redundancy payments for support staff, which will be provided for in a separate budget.

Resettlement Grant

- 5.92 The Panel considers that the current arrangements whereby Members are entitled to receive both a Resettlement Grant and a pension are unduly generous.
- 5.93 The Panel considers that the purpose of the Resettlement Grant should be to allow a Member who fails to be re-elected to receive an income whilst they seek new employment. The grant fulfils a similar function to a redundancy payment. These payments are not usually made to employees who resign or retire. The Panel therefore feels that for Members newly elected in 2011 and thereafter, there should be no entitlement to a Resettlement Grant for those who resign or retire. This would also apply in relation to the ill health retirement grant; which the Panel consider is not appropriate because the Assembly Member would be in receipt of a pension and relevant lump sum provision under the terms of the pension scheme.
- 5.94 The Panel considered various options in relation to the amount of Resettlement Grant to which existing members should be entitled.

The current arrangements are contrary to the spirit of age discrimination legislation. Those who receive the most would be aged between 55 and 65 and have more than 15 years service.

- 5.95 The Panel considers that the present arrangements should remain in place in relation to this Assembly and the consequences of the next Assembly election. In future, however, starting with the next Assembly, the Resettlement Grant should be linked to years of service only and take no account of age. It should be calculated on the basis of one month for each complete year of service up to a maximum of six months pay.
- 5.96 An exception would be for current Members, who should be allowed to choose whether or not to opt into the new system. The Panel did not wish to dictate that current members should have their entitlement changed after the next Assembly election, even though legally this would be an acceptable option. However, it was considered important that the rules for the Resettlement Grant were changed to bring them more in line with the spirit of legislation on age discrimination. By allowing the current scheme to run its course with existing Members, the Panel acknowledges that there will be in effect a 2-tier system. But considers that it may be nevertheless unfair to deprive current Members of what they may perceive to be accrued benefits.
- 5.97 The Panel is of the view that there is nothing to prevent current Assembly Members electing to be covered by the new rules, either on an individual or group basis.
- 5.98 Assembly Members who have at any time held Office are entitled to receive an additional payment of three months of the extra remuneration paid to them for this additional responsibility. The Panel was of the view that acknowledgement of this extra responsibility was appropriate and therefore current arrangements for an extra Resettlement Grant for Assembly Members who have held Office should continue.

Recommendation 18*: Existing Assembly Members should continue, as long as they maintain continuous service, to be entitled to a Resettlement Grant when they resign or retire. Any new Assembly Members elected in 2011, or thereafter, should only be eligible to receive a Resettlement Grant on failing to be re-elected at an Assembly election in which they stand.

Recommendation 19: The Resettlement Grant for new Assembly Members should be based only on the length of the Assembly Member's service. The grant should be calculated on the basis of one month for each complete year of service up to six months pay. Current Assembly Members if they so wish may continue to be covered by the rules which are detailed in the Salaries and Allowances Determination 2009, as long as they maintain continuous service. However, any current Assembly Member may elect to be covered by the new rules.

Chapter 6: Residential Accommodation

Preamble

- 6.1 The current provisions of the Additional Costs Allowance (ACA) are set out in Section 3 of the Salaries and Allowances Determination 2009 at **Appendix 1**. The purpose of the ACA is to enable a wide range of individuals to stand as Assembly Members by reimbursing Members for expenses necessarily incurred in staying overnight away from their main home when undertaking their Assembly duties.
- 6.2 There are two levels of ACA; known as the lower and higher levels.
- 6.3 The lower level applies to Members living within the following nine constituencies; Caerphilly, Cardiff Central, Cardiff North, Cardiff South and Penarth, Cardiff West, Newport East, Newport West, Pontypridd and the Vale of Glamorgan. Members living within these constituencies may claim an amount not exceeding £4,135 per annum. The lower level is payable in respect of the costs of any overnight stay away from home.
- 6.4 The other 51 Members are entitled to claim the higher level of ACA, which is an amount not exceeding £13,115. This compares to the £24,000 to which Members of Parliament are currently entitled.
- 6.5 The higher level of ACA is payable in respect of the costs of any overnight stay away from home. It is also payable in respect of costs to the Member of providing a second home in Cardiff and for items such as furniture, mortgage interest and rent. The allowance also covers additional costs, which the Assembly Member would not incur were he or she not having to work and live in two places, such as, additional television licence, broadband connection, local taxation, water and sewerage rates, insurance, and a duplicate set of day-to-day equipment and furnishings.
- 6.6 The purchase of individual items of furniture, costing more than £2,000 requires the prior approval of the Members' Business Support Team. The allowance was introduced at Westminster to ensure that Members of Parliament were not restricted in their ability to undertake their work, in comparison with Members of Parliament who had private means.

- 6.7 Members who claim reimbursement of mortgage interest on a second home must submit a statement of interest paid at least once every year. This allows Assembly officials to take account of any adjustments in interest rates during this period.
- 6.8 In addition, Members may claim a flat rate of £30.65 for expenses necessarily incurred in any overnight stay away from their main home for the purpose of performing their parliamentary duties. This is basically a flat-rate allowance for food and drink. This sum may be claimed without the need to submit receipts. All other claims must be accompanied by a valid receipt.
- 6.9 A Member's main home will normally be in or near his or her constituency or region. Unlike in Westminster, Members cannot choose to designate which of their properties is the 'main' home and which is the 'second' home, in order to maximise their entitlement to allowances or to avoid capital gains tax. Their second home must be within five miles of the Assembly. The Panel were of the view that the Assembly should be commended for its rigour in this area. This approach is pivotal in maintaining probity and transparency, as is the publication by the Assembly of expenses claimed under the Additional Costs Allowance.
- 6.10 The Panel is of the view that every effort should be made to ensure an understandable and transparent system is in place. This is a prerequisite for public confidence in these arrangements and a key element of our guiding principles outlined in **Chapter 3**.

Facts and Figures

- 6.11 In the financial year 2008-09, some £430,000 was paid to Members in respect of claims for the Additional Costs Allowance. The budget allocation for this allowance was some £464,000 – so about 92 per cent of the budget was claimed.

Comments Received

- 6.12 The issue of second homes has attracted strong public criticism and widespread negative media coverage, both in Cardiff Bay and Westminster. It is not for the Panel to comment on the situation in Westminster, as this is clearly outside our remit. We would merely note that the actions of some Members of Parliament regarding their expenses claims have reflected badly on politicians in general, and

inevitably Assembly Members have been tarred with the same brush in the eyes of the public.

- 6.13 We hope that the recommendations in this report, in addressing these genuine concerns, will convince the people of Wales that the Assembly has already put its house in order and that the Assembly Members and the institution they serve are worthy of public trust.
- 6.14 Given that the purpose of this allowance is to enable Assembly Members to perform their work effectively and provide value for money, the Panel felt that Members should not be criticised for using it to facilitate their work.
- 6.15 In general, Members felt that the current arrangements were reasonable but conceded that some adjustments may be necessary to eliminate any possibility of abuse and to meet public concerns. In their submission, the Welsh Conservative group noted that the Additional Costs Allowance:

“Parallels similar provisions in Westminster” and recommended that “This should be renamed Personal Accommodation Expenditure in order to disabuse the perception that this is allocated regardless of expenditure.”

“In relation to the distance element, we believe the principle should be the distance from the National Assembly by the most appropriate road (this would generally be the shortest) to the main home. The issue of what distance is fair is clearly a debatable one and that calculation must also consider the hours that are worked in the evening by Members attending political and lobby briefings, cross-party groups and sponsoring events.”

- 6.16 Typical comments from Members included:

“The role of the job requires people to effectively have two homes; it’s unique in that regard, unless you want a situation where only wealthy people could become an AM”.

“I believe that every new Member, as soon as they choose to rent a home, you should just give them a flat and a one-off relocation allowance, so that they can go and buy furniture and everything else that they need. Then every year you say, we will pay your rent, rates, utility bills, TV license and your telephone bill – and that is probably about it.”

“I think the block of flats option, is frankly a non-starter and you would have violent protests from my group if anyone ever considered that; not just from a personal safety point of view but lots of people have arrangements now that have been in place for nine years - to try and disengage, disentangle those is a job we could do without!”

“At the end of the day, if the Assembly is prepared to pay £800 per month on rent, why not pay £800 per month on mortgage interest? And the reason why is because of the green-eyed monster.”

“We went for rental – if you allowed people to buy, then I guess what they could do is say – well actually, it would suit my family to have this type of property. So I’m going to buy this and take the Assembly bit to offset some of that; - because it’s all about trying to enable people to take on this job whilst maintaining family-friendly hours, something I know the Assembly is very keen on doing.”

“We are broadly in favour of retaining the system as it is, but Members should be able to use part of the allowance for caring. We are happy to have as many strict guidelines as you could want to put in place to make sure it (the allowance) is used appropriately.”

“My view is that we’ve got to be more straightforward with the public about this. I think we’ve got to be realistic and say that Members are going to have to live somewhere and you can’t expect them to live in hotels.”

“The other thing frequently missed in the media is that the additional costs allowance is also used when you are outside of your base. It is all rounded up together. There may be a case for saying this is for accommodation in Cardiff and this is for travel and expenses”

“I think a “per diem” (overnight allowance) actually says go and live in a caravan, or stay in a caravan that night and pocket the money; which is not good value for the taxpayer.”

I am in north Wales, it’s essential to have an accommodation allowance. I’ve chosen to rent rather than pay interest on a mortgage. If I’d arrived in 1999, I might have done what most Members did and bought; even with current house prices, a nice capital gain. Whether or not it should be taxable is a matter for the chancellor. It’s hugely unpopular but the cost to the State is the same either way, paying rent or paying interest on a mortgage.”

“If somebody can commute easily to their home after work, then they should not be provided with means to rent a permanent flat or buy a permanent property. However, there are many occasions with late

working, or working perhaps elsewhere in your constituency or region, where you've got to stay overnight; and as long as that is genuine and evidenced with receipts and so on, then obviously an allowance needs to be maintained."

6.17 In its response on this matter, the Plaid Cymru group stated:

"The most important thing is that any changes to the present arrangements should not penalise Members who live outside the Cardiff area and have no option but to stay overnight in Cardiff for at least part of the week. For this reason it is felt that the present system as long as expenses reflect actual costs within reasonable limits, is fair and simple to operate."

6.18 The Plaid Cymru group also raised concerns about family life and security:

"There has been a suggestion that perhaps the Assembly should provide an accommodation bloc for Members with constituencies outside the Cardiff area. Any arrangements that are made about Members' Accommodation should bear in mind that Members' privacy needs to be respected, and that some Members have families who are in Cardiff with them. Failure to do this will make it very difficult for people with family commitments to be Assembly Members, and that will of course impact most on young women. There are also safety issues to be considered."

6.19 Whereas Assembly Members and party groups were reasonably content about the current arrangements, the same could not be said for the general public. Typical comments included:

"What they must have is a base, not a home from home."

"I think furnishing of Assembly Members' accommodation on the taxpayers should be stopped."

"I do think that they should be provided with somewhere to stay in Cardiff and not an asset. This has to be the only job in the world where you get to keep the company flat at the end of it. I don't think we should be paying other people's mortgages."

"Anyone within a fast train ride probably shouldn't get a housing allowance: an hour to an hour and a half's commute is reasonable."

"If you don't pay your own rent or mortgage, you're not subject to the vagaries of the housing market. If you don't pay your own rent,

council tax etc, you can't understand whether people are getting value for money."

"Travel and accommodation expenses are absolutely valid; furnishing homes and groceries are not."

"I feel very strongly that Assembly Members should actually live in their constituencies, so they can listen to grass-roots problems at first-hand."

"Why can't the National Assembly provide the accommodation themselves, perhaps on a "B&B" basis? The buildings to be purchased by the Assembly, hence the people of Wales, and that building will be there in perpetuity to enable Assembly Members to be more productive and utilise their time to better advantage when they're in Cardiff, without having to bother about all the allowances and looking after the building."

"Members buying a second house with our tax money are ridiculous; especially if you consider the fact that a lot of people are having their house repossessed at the moment".

"If overnight stays are required, this should be booked through the Assembly offices, who should negotiate favourable rates."

"Future arrangements should be made on the basis of a full comparison between mortgage, rent and hotel costs; and if the present Assembly Members are forced to sell properties, they should be given sufficient time to do so - say two years."

"The practice of the purchase of living accommodation is difficult to justify, and the provision of rented accommodation owned by the Assembly could meet the needs of Members."

"Members privacy needs to be respected and safety issues considered."

"Assembly financed lodgings, rather like judges' lodgings, may bear investigation as a cheaper alternative to the present system, which allows Members to walk away with capital gains."

"It would be cheaper for the Assembly to acquire a small number of flats, to be allocated to Members according to need."

"Allowances are too generous and should be reduced."

Key Issues

- 6.20 Applying our guiding principle that ‘form follows function’, we reviewed the type of activities Assembly Members would be expected to undertake in the course of their parliamentary duties. These are outlined in **Chapters 4 and 9** of this report. We also took account of the valid concerns for security and privacy expressed by Assembly Members and others during the course of our inquiry. The Panel were mindful of the need to provide value for money, and also that our recommendations should be seen as fair and reasonable both by Assembly Members and by the general public.
- 6.21 The Panel considers that every Assembly Member should ideally have his or her main home within their constituency or region, or within five miles of the border. Engaging with the electorate, addressing public meetings, getting involved in local issues, holding surgeries and dealing with casework are of vital importance to a politician. To undertake this role effectively, we feel it is essential that Members should be based in their constituency or region. It follows that the system of financial support should enable Assembly Members to be based in their local area but also allow them to undertake their Assembly role in Cardiff Bay.
- 6.22 The Panel then turned their attention to the boundary between the inner and outer areas, which determines which Members are eligible to claim the lower or higher allowance under the current rules. We feel the current system is too generous as it allows some Members living within reasonable commuting distance of Cardiff Bay to claim assistance for purchasing or renting a second home.
- 6.23 The Panel listened to the views of the public and Members and concluded that a commuting time of about an hour in each direction is reasonable. Many people working in and around Cardiff make journeys of this duration every day.
- 6.24 We consider that the boundary between the inner and outer areas should be moved, such that the inner area encompasses the former counties of Glamorgan and Gwent and the outer area is the rest of Wales. This means that the following constituencies and regions now lie in the inner area: Gower, Swansea West, Swansea East, Neath, Aberavon, Ogmore, Bridgend, South Wales West, Rhondda, Cynon Valley, Pontypridd, Vale of Glamorgan, Cardiff West, Cardiff North, Cardiff Central, Cardiff South and Penarth, South Wales Central,

Merthyr Tydfil and Rhymney, Blaenau Gwent, Torfaen, Monmouth, Caerphilly, Islwyn, Newport West, Newport East and South Wales East.

6.25 The outer area should comprise the rest of Wales.

Recommendation 20*: The existing Additional Cost Allowance, including eligibility to claim mortgage interest on second homes, should be abolished with effect from the end of this Assembly in May 2011. There should be provision for the costs incurred in staying away from home. This should comprise different provision for Assembly Members living in the inner and outer areas, as described in paragraphs 6.24 and 6.25 and shown at Appendix 11.

6.26 Members living within the inner area would be expected to commute to and from Cardiff Bay on a daily basis. However, it is acknowledged that they will occasionally need to attend evening functions and meetings associated with their Assembly duties when it is impractical to return home that night. On these occasions, the Panel considers it is reasonable that Members should be able to claim reimbursement for an overnight stay plus an evening meal, excluding alcoholic beverages. These claims should be subject to submitting receipts for hotel and restaurant bills with the claim form. We consider that an average of one such claim a fortnight during term time and occasionally during recess is not unreasonable, so we propose a limit of 20 overnight stays per year. When submitting a claim, in addition to relevant receipts, the Member should be required to provide a brief note explaining why the overnight stay was necessary.

6.27 We looked at current rates for overnight accommodation outside London. We noted that the Crown Prosecution Service quotes discounted and undiscounted hotel rates for London and elsewhere as follows:

Table 6.1 Rates for overnight accommodation

Discounted rates	London	£65.15
	Elsewhere	£62.40
Undiscounted rates	London and elsewhere	£86.20
Non-hotel rate	Overnight stay in house of friend or relative	£25.00

6.28 The Panel felt that offering a small contribution to staying elsewhere, as offered by the CPS would save money and offer flexibility. If claimed, this would constitute one of those overnight stays allowed in the overall limit of 20 claims a year.

- 6.29 Members of the Scottish Parliament can claim up to a maximum of £128.60 per night outside London, including an evening meal, and up to a maximum of £150.20 in London.
- 6.30 We feel that for Cardiff an overnight rate for bed and breakfast of £95.00 per night including car parking is reasonable, plus £20.00 for an evening meal.

Recommendation 21*: Assembly Members living within the inner area defined in paragraph 6.24 should be eligible to claim up to 20 overnight stays in Cardiff per year. They may claim up to £95.00 per night for hotel accommodation, including car parking, and up to £20.00 for an evening meal. Claims should be accompanied by relevant receipts and a brief explanatory note. For the 'non-hotel' rate of £25 for staying with a friend or relative, only a brief explanatory note is required.

- 6.31 The Panel considers that the Assembly Commission should use its purchasing power to obtain negotiated rates for Assembly Members when staying in nominated hotels. Members should be required to use only hotels designated by the Members' Business Support Service, offering discounted rates, unless there are exceptional circumstances.

Recommendation 22: The Assembly Commission should negotiate discounted hotel rates for Assembly Members and officials. Members and officials should be required to use only those hotels offering discounted rates, unless there are exceptional circumstances.

- 6.32 As previously mentioned, under the Additional Costs Allowance Members may claim a flat rate of £30.65 for overnight expense in addition to their claim for rent, hotel accommodation or mortgage interest. There is no requirement to submit a receipt and all Members can claim when they stay away from their main home, irrespective of whether they are from the inner or outer area. This is effectively an allowance for food and drink. Given that Members have access to subsidised catering facilities when they are in the Senedd, we find this element of the Additional Costs Allowance is difficult to justify and recommend that it should be abolished as soon as practicable. Members will need to eat and drink whether they are in Cardiff Bay or elsewhere, and we feel it is reasonable that they should pay for this themselves.

Recommendation 23*: The flat rate of £30.65 claimed by Assembly Members when away from their main home should be abolished as soon as possible.

- 6.33 For Members living in the outer area there has been persistent criticism of the fact that they can claim reimbursement of mortgage interest payments to assist with the purchase of a second home in Cardiff Bay. There is a perception that former Members who have retired or lost their seat and who were given assistance to buy a second home, have made a profit at public expense. Similarly current Members who have purchased second homes have the potential to make a profit.
- 6.34 In 2007-08, the average annual rental cost was £10,897 per Member making such claims; and the average annual mortgage interest payment claimed was £11,515 per Member claiming.
- 6.35 According to the Scottish Report on Parliamentary Allowances, in Scotland in 2006-07, the average annual leasing cost was £6,960 per Member making such claims and the average annual mortgage interest payments claimed was £5,783 per Member claiming.
- 6.36 To put the above figures in context, we looked at average rental costs for one and two bedroom flats in Cardiff Bay. The average rental cost of a one bedroom flat was about £650 per month, and for a two bedroom flat about £750 per month.
- 6.37 We acknowledge that, depending how much deposit a Member was prepared to put down initially, allowing mortgage interest to be claimed could be cheaper than renting a flat. We also acknowledge that in the current economic climate, there is a risk that Members who choose to purchase a second home may make a loss when the property is eventually sold.
- 6.38 In coming to a view on this matter, our aims have been to devise a system that provides Members with a reasonable base in Cardiff, and also restores public confidence that such a system is fair and reasonable. To maintain an arrangement whereby Members can make a substantial profit at the expense of the public purse is likely to further erode public confidence.
- 6.39 Accordingly, we have come to a view that mortgage interest payments should no longer be reimbursed for new or existing Assembly Members, following the next Assembly election in May 2011.

- 6.40 The Panel gave serious consideration to the option of a ‘per diem’ or overnight allowance with no provision of receipts. This approach is used in a number of other parliaments in Continental Europe and elsewhere. However, the Panel concluded that such a ‘per diem’ allowance would be even more unpopular with the public than the current system, as it would allow the payment with no check on how it was being spent and would therefore enable Assembly Members to make profit. It would also be contrary to our principles as outlined in **Chapter 3**.
- 6.41 Such an arrangement was recently mooted by the Prime Minister and was widely criticised. While most legislatures elsewhere use either an allowance, similar to the current arrangements in Wales, or a per diem payment, some do provide accommodation for their Members. Members of the Norwegian Stortinget have a flat provided, while in New Zealand and New South Wales accommodation is provided but only to members of the government.
- 6.42 The Panel also looked at the cost of providing serviced apartments which were in the region of £600 to £700 per week. This option was rejected on the grounds of cost.
- 6.43 In addition to researching the cost of renting flats in Cardiff Bay, we also looked into typical costs for purchasing one or two bedroom flats. The median costs were about £140,000 to £180,000 respectively.
- 6.44 The Panel considered the option suggested by many who responded to our call for evidence, that the Assembly should purchase a variety of appropriate flats in Cardiff for use by Assembly Members. If all accommodation was provided on this basis the Assembly Commission would need to purchase about 25 properties, giving a total outlay of about £4 million, depending on the type of property purchased. In addition, there would be ongoing maintenance, furnishing and management costs.
- 6.45 This would be a large capital outlay for the Assembly, particularly in the current economic climate. There would also be a problem with this option of meeting the various needs of Assembly Members, a possible lack of flexibility or choice. However some provision of accommodation in this way might be a cost effective solution. This would require further research and cost benefit analysis.

- 6.46 The Panel wanted to identify a solution that would meet the needs of Members for a secure and comfortable base, but also address public concern about excessive expenditure on furniture and fittings, and the potential to make a personal gain.
- 6.47 The Panel recommend that for those eligible, the Assembly should provide a furnished flat. This would be either owned or rented by the Assembly. These properties would be within a five mile radius of the Senedd. If the property was owned by the Assembly they could be managed on their behalf by a property management company. If rented they would be obtained via a contract with a letting agency or a number of letting agencies. The terms of this contract would specify that the owner/agency would be responsible for furnishing the flats with all modern amenities; including beds, carpets, sofa, cupboards, TV, cooker, vacuum cleaner, iron, fridge/freezer and kitchen equipment etc. (a comprehensive list would be compiled). The Member would be responsible for providing everything else. This would avoid any repetition of recent adverse media coverage of 'luxury' items purchased by Members to furnish their second home.
- 6.48 Members would be given the freedom to choose the location of their flat, subject to the five mile limit, but they would be restricted to using one or two property agencies nominated by the Assembly; and these companies should be chosen every four years, by competitive tender. Future members could have a variety of personal circumstances, and this solution will allow some flexibility in catering for these. The annual cost of this option, calculated on the basis of a one bedroom flat, would be in the region of £210,000 (plus utility and other bills).
- 6.49 The terms of the tenancy agreement shall specify that no sub-letting will be permitted.
- 6.50 The Panel considers that Assembly Members who are partners in a relationship with another Assembly Member, and who are eligible for a second home in Cardiff, will be considered to be a single household for the purposes of providing residential accommodation.
- 6.51 Members choosing to purchase a second home or to rent one from a non-approved agent would not be eligible to claim any accommodation allowance. They would however be entitled to claim their utility bills and council tax.

Recommendation 24*: The Assembly Commission should provide suitable accommodation for eligible Members, furnished to modern standards and within a five mile radius of the Senedd. The Commission should consider the most cost effective method for the provision of this accommodation.

Recommendation 25: Assembly Members who are partners in a relationship with another Assembly Member, and who are eligible for a second home in Cardiff, should be considered to be a single household for the purposes of providing residential accommodation.

6.52 While in most cases the property provided would be a suitable one bedroom flat, an Assembly Member might have domestic circumstances which would warrant a different provision. In such cases it would be for the Members' Business Support Team to decide what is reasonable. Nevertheless, the Panel is of the view that the Assembly Commission would want to cap the amount of rental it pays.

Recommendation 26: The Assembly Commission may want to consider capping the cost of renting a property for eligible Assembly Members.

Recommendation 27*: Assembly Members should no longer claim for furniture and fittings for their second home.

Recommendation 28: Assembly Members choosing to purchase a second home or to rent from a non-approved agent should not be eligible to claim accommodation allowance.

6.53 We note that Members of the Scottish Parliament were never able to claim for furnishing their second home. However, we feel it is reasonable that Assembly Members should be able to claim reimbursement for utility bills, council tax and a television licence. If a letting management agency is used, it would carry out routine maintenance which would be paid for by the Assembly, as would ground rent and service charges.

Recommendation 29*: Eligible Assembly Members should be able to claim, where appropriate, reimbursement for utility bills, council tax, broadband, insurance and a television licence for the second home provided by the Assembly.

Recommendation 30: Those Assembly Members who choose to rent or purchase a property independently should be entitled to claim for reimbursement of utility bills, television licence, insurance, council tax and broadband connection.

- 6.54 The Panel considers that claiming for furnishings and fitments should cease as soon as possible.
- 6.55 It will be necessary to have transitional arrangements for existing Assembly Members. This is a matter for the Assembly Commission.

Chapter 7: Office Accommodation

Preamble

- 7.1 The basic provision is set out in Section 9 of the Salaries and Allowances Determination 2009.
- 7.2 The Office Costs Allowance (OCA) entitles Assembly Members to claim an allowance of up to £15,135 per annum to cover the costs to them of furnishing and maintaining a constituency office. Members may also claim an additional amount of OCA in respect of any expenditure of more than £2,000 in any financial year in respect of safety or security precautions and improved access for their offices. Constituency and regional Members are entitled to the same level of office costs.
- 7.3 The costs of repaying a mortgage, including mortgage interest, cannot be claimed under this allowance. Invoices for office rent must contain the address of the property being rented and the name of the person or organisation from whom the office is rented.
- 7.4 A Member may choose to transfer (or vice) up to 25 per cent from their OCA to their Additional Staff Salaries Allowance (see **Chapter 8**) or vice-versa, provided that they give prior written notification to the Members' Business Support Team.

Facts and Figures

- 7.5 In the financial year 2008-09, Members spent some £780,000 out of a budget of £874,000 for their Office Costs Allowance, so some 89 per cent of the budget was spent. Nearly every Member claimed something towards the cost of setting up and running an office in their constituency or region. It is understood that each of these offices is open to the general public, though no central information is kept on the opening hours, nor guidance given to Assembly Members on best practice – which we find somewhat surprising. Thirty nine Members claimed more than three quarters of the maximum allowance, including 13 Members who decided that the allowance was insufficient for their needs and vired money from their Additional Staff Salaries Allowance.

Evidence

- 7.6 Assembly employees from the Members' Business Support Team or from the Information and Communications Technology (ICT) Service visit Members' constituency and regional offices. They told us that there was a wide variation in the quality of these offices, in terms of accessibility, security and comfort. This was confirmed by those Members who gave evidence.
- 7.7 The Assembly Commission arranges public liability insurance for all constituency and regional offices. This ensures that the public and Members' staff are covered for any injury resulting in accidents occurring in these offices. However, we were told that no checks were carried out to ensure that the offices complied with health and safety or disability best practice, though Members can use some of their Office Costs Allowance to gain advice in this area. It is important that when an office is chosen by an Assembly Member, disabled access should be high on the list of priorities.
- 7.8 Immediately following an election, new Members are faced with initial start-up costs for setting up their office such as: the purchase of furniture and equipment; payment of a deposit and finder's fee to estate agents; reasonable legal fees; taking out contents insurance and possibly arranging decoration and minor remedial works to the premises. This was confirmed by officials responsible for administering the current system, but we were told that after an initial peak these costs levelled out in the second and subsequent years.
- 7.9 We consider that Assembly Members should follow good practice when setting up their offices and make sure the rents they pay are reasonable, taking account of the 'going rate' in that locality.
- 7.10 Typical comments from Members include:
- "Democracy costs and I think the cost of the overall institution is a cost that is obviously a lot of money, but I think that in order to have a system that is much more democratic than the old one was, then we have to be prepared to pay for that."
- "With the movements within the property market in recent times and the lack of availability of retail space, particularly throughout the region, I've been constrained in my ability to have an office."
- 7.11 On being asked about the difficulty for a regional Member in adequately covering such a large area, one Member told us;

“You have to have regular surgeries at the same point in the same venue every month for them to be effective and for people to know that you’re there. If a constituent needed to have a meeting with me, then I would be available in the Cardiff Bay office, or conduct a home visit if necessary on Mondays and Fridays.”

7.12 On describing his office, the Member stated:

“It’s not the greatest but it’s what I can afford as an Assembly Member and it’s disabled- friendly and you can just walk in off the street... but you need that flexibility really, rather than somebody deciding...(where) you should have an office.”

7.13 The Panel was provided with information on the annual rent paid by Members for their office accommodation. Two key facts stood out; firstly, there was a significant range, from £1,800 to £8,400 per year; secondly, about half of all Members rent their offices from political parties or trade unions.

7.14 On being asked to comment about the practice of renting from political parties, one Member stated:

“As long as there is transparency in terms of the rent paid, I don’t think that’s a difficulty.”

7.15 On being asked about accessibility to the office by a disabled constituent, the same Member said:

“It can’t be done; we have to go and see them. We have looked at the installation of a chair lift but the minimum of three quotations was £10,000.”

7.16 A constituency Member, on being asked to give an indication of how busy his office was during a typical surgery, replied:

“My two hour surgery on a Saturday usually takes about three and a half hours. This is mainly due to the fact that Assembly Members are there and the fact that the more surgeries you hold, the more people tend to come along, so it’s busier.”

7.17 The same Member told us:

“The office costs allowance is spent entirely on the office. It’s spent on the telephone, the gas, the electricity, the rent and so forth; everything to do with the office and the office is a resource that’s

available to all constituents, regardless of their politics. If there is no staff salaries allowance, no office costs allowance, there is no office and people have no way of getting in touch with their Assembly Member.”

7.18 A regional Member, on being asked the same question, replied:

“On Monday morning, there will be about a dozen booked in and another six (will walk in) off the street. Then in the afternoon, I go out to do a couple of surgeries in the library, a community centre, whatever, having leafleted the previous week a thousand leaflets in the environment, and about half a dozen turn up to each. Two surgeries a week on a Monday and I do a street surgery on a Friday morning. So we tap up about a hundred houses, usually in an hour and a half. On top of that, there are letters and emails which as I say, are collated; it’s about half a dozen of each day in terms of casework.”

7.19 The same Member added:

“A job of work has to be done with the media, to explain that when my office costs allowance is published, to the effect of say £64,000 or whatever; it’s how I employ three members of staff and I don’t see the money at all.”

7.20 A constituency Member was asked to give an opinion on the value of a constituency office to their constituents, and replied:

“One hundred per cent. I have a surgery there every single Monday afternoon from 1.00 o’clock until 5.00 o’ clock, or until the last person finally leaves. I open it up every three or four Saturdays for a constituency surgery plus, on top of that, I do surgeries travelling around my constituency on Saturdays. I think that the cost is one of those costs that you need to have democracy. I put my constituency office right slap bang in the middle of the constituency. The previous Assembly Members had it down at one end.”

7.21 Another Member expressed concern that these various allowances for residential accommodation, office accommodation and staff salaries were often lumped together in the eyes of the media and the public and regarded as a ‘perk’ in addition to the basic salary.

7.22 One issue that was referred to frequently was the respective roles of constituency and regional Members. The details of the current electoral arrangements are set out in **Chapter 4**.

7.23 A constituency Member told us:

“I don't underestimate the difficulties of the regional Members' role. It's quite unique in British politics, so they have to start from scratch really. They've got nobody to follow. I would admit that it can be incredibly frustrating as a constituency Assembly Member to see regional Members dip in and dip out of your constituency, picking up cases where they think they can make political capital and are not dealing with the day-to-day calls on constituency Members' time. As a constituency Member, you certainly are much more in the public awareness.”

7.24 Whilst acknowledging that both types of Assembly Members have equal status, as enshrined in their Government of Wales Act 2006 and included in standing orders, we have learnt that they tend to work differently. This is based on comments of Members who presented evidence in person and also from the work shadowing members of the Panel undertook with Assembly Members and Members of Parliament.

7.25 In general, we found that constituency Members have more casework than do regional Members. This reflects the fact that constituency Members tend to have a higher profile in their locality than regional Members, although we accept that this is not always so. Indeed we were told that, in the past, some regional Members had deliberately set out to raise their profile in a particular part of their region, with the aim of winning the constituency seat at the next election.

7.26 Regional Members told us that they were more likely to be involved with issues that crossed constituency boundaries such as new railway lines, location of hospitals and schools.

7.27 We learnt that some regional Members share their support staff with Members from the same political group and within the same region. We were told of constituency Members who share staff but not offices, but understand that this is rare. It is more common for constituency Members to share an office with the local Member of Parliament if he or she is from the same political party. This can have advantages in terms of staffing and maintaining continuity of cover, and also sharing some of the overheads.

7.28 Members of Parliament receive a more generous allowance for providing and maintaining an office than do Assembly Members; as at April 2009, the Administrative and Office Expenditure Allowance for Members of Parliament was £22,393. This causes some resentment and can sometimes lead to the office sharing arrangements breaking

down if the Member of Parliament wishes to move to a better placed or more comfortable office than the Assembly Member can afford. On the other hand, if the Assembly Member and Member of Parliament have a good working relationship, a mutually acceptable rental arrangement can be agreed.

7.29 An individual responding to our call for evidence, stated:

“In my experience, regional Assembly Members have contributed greatly to Assembly work, to the Institution’s profile, and to taking up causes that are important. Regional representation is also the norm in Europe.”

7.30 Another stated that:

“Constituency offices should be physically accessible to all and easily reached by public transport.”

7.31 A map showing the location of regional and constituency offices is at **Appendix 11**.

7.32 In discussion with Members, we posited the idea of promoting more sharing of offices, particularly for regional Members. We also asked their views on making more use of existing public buildings, such as council offices. We also asked whether they would prefer that the National Assembly provided them with an office in their constituency or region, as they already do in Cardiff Bay. In response, all those Members who spoke to us said that they would prefer to make their own office arrangements, and would not be in favour of using council offices. In support of their view, they referred to security issues, accessibility (many council offices do not open on a Saturday, for example); and also to the fact that if they were based in the local council office, this could lead to confusion in the mind of the general public between the respective roles of the National Assembly and the local council.

7.33 However, most Members accepted the need to make the best use of existing facilities, including possibly sharing offices where appropriate to provide value for money and a better service for their constituents.

Shadowing

7.34 As mentioned in **Chapter 2**, members of the Panel shadowed six Assembly Members. The three constituency Members shadowed each share an office with their local Member of Parliament and two of those

Members of Parliament kindly agreed to be interviewed by a member of the Panel.

7.35 The main points gained from the shadowing exercise were:

- the IT connection to National Assembly information was slow when compared with access to the equivalent Westminster system
- not all constituency offices currently use caseworker management systems
- there was not always wheelchair access, and other disabled facilities were limited
- in general, office space was tight and there was limited privacy for sensitive interviews
- in some cases it was possible for the Member to walk to meetings in the immediate locality but in general, a car was essential in order to attend appointments; public transport was not a realistic option
- for historical reasons, one Member had two offices but this is not the norm
- all Members, both regional and constituency, felt it was very important to have a presence in their constituency or region, to be seen as a representative of the electorate and to be aware of matters of concern to local people
- it was apparent that Members were well respected by the constituents and local organisations they met; typical daily activities included attending public meetings, meetings with individual constituents, voluntary sector groups, local businesses, local authority elected representatives and officials, school visits and giving interviews to the local media

7.36 Where the Panel interviewed the Members of Parliament who shared an office with Assembly Members, the two participants felt that the current arrangements worked well and fostered a more collaborative approach to their constituents' concerns. It also enabled each of them to have a clearer understanding of the other's role and method of working – and also how their respective institutions functioned. They tried to help each other and their constituents by referring cases

clearly concerning non-devolved matters (for example, police and social security) to the Member of Parliament. This contrasted with our discussions with Assembly Members who did not have such close contact with their Member of Parliament, who told us that they did not generally refer casework to the Member of Parliament, even if it was clearly non-devolved, nor did the Member of Parliament refer devolved matters to them.

Casework

7.37 Regarding casework, one Member had dealt with about seven hundred cases during the calendar year 2008; the breakdown by subject area was as follows:

Enterprise and innovation	31 per cent
Environment, housing and planning	27 per cent
Education	11 per cent
Health and social services	10 per cent
Culture	7 per cent
Finance and local government	3 per cent
Others	<u>11 per cent</u>
	100 per cent

7.38 Another Member dealt with a similar number of cases between May 2007 and January 2009. About a quarter of these cases were still open. Taking all the cases together, the breakdown by subject area was as follows:

Local government	27 per cent
Health	24 per cent
Housing	22 per cent
Education	14 per cent
Police, Transport and Others	<u>13 per cent</u>
	100 per cent

Office Costs Allowance

7.39 The Panel examined a sample of Members' claims for Office Costs Allowance for 2007-08. We were surprised by both the amount and the nature of some of these claims; for example, several thousand pounds to lease photocopiers, purchase of multiple mobile phones and Blackberries, (presumably for support staff), contents insurance, business cards, provision of media and accountancy services, expenditure on IT equipment and wide variation in the cost of advertising surgeries.

- 7.40 The Panel does not wish to comment on specific claims but consider that the guidance should be strengthened to indicate the type of expenditure that is deemed to be acceptable, including specific items of office equipment, and the type that is not acceptable. We suggest the following items fall into the former category: desks, tables, chairs, filing cabinet/safe, television etc. We are mindful that mobile telephones and Blackberries are separately provided for Assembly Members by the Assembly. Particular attention should be paid to the control of photocopier costs to ensure that these do not include party political usage.
- 7.41 In addition to providing public liability insurance for all regional and constituency offices, the Panel considers that the Assembly should also explore arranging contents insurance to ensure consistency of provision and to obtain more favourable rates. Business cards should be provided centrally to secure good value for money and to ensure a consistent high quality of branding for the National Assembly. We see a clear advantage in central procurement of these items.
- 7.42 The Panel believes there should be some flexibility to reflect local circumstances. We consider that the current level of the allowance is about right but feel that there is scope to make savings by greater use of central purchasing or leasing for some items (for example, photocopiers) and significantly reducing expenditure on others (for example, mobile phones).

Recommendation 31: The Office Cost Allowance for Assembly Members should continue at the present level for local office costs and surgery advertising.

Recommendation 32*: The local office costs provision should enable Assembly Members to be reimbursed for all reasonable costs, subject to recommendation 31, relating to the running of a local office and engaging with constituents. Receipts or proof of expenditure should be submitted with all claims and the new monthly arrangements for publishing information on Members' expenses should be maintained.

Key issues

- 7.43 The Panel considers there should be firmer guidance regarding the use of the Office Costs Allowance. We feel it is important that constituency and regional Members should maintain an office in their constituency and that this should comply with disability guidelines, be reasonably

accessible during the working day, central and convenient for their constituents. Each constituency office should ideally have a room where Assembly Members can discuss confidential matters with constituents in private.

- 7.44 The Assembly should give consideration to providing, in a suitable public building in the main centre of each constituency, a permanent 'Assembly Members' Office' with the necessary equipment; and that this office shall be taken over by whoever is the incumbent Assembly Member with a two week 'wind-down period' immediately following the Assembly election. Publicly owned buildings which are provided as Assembly Members' offices should not double up as party political offices.
- 7.45 The Assembly might wish to consider negotiating for regional Members to have an appropriate office provided for them within a suitable public building or Welsh Assembly Government offices within their region (eg Llandudno Junction, Aberystwyth, Merthyr Tydfil); a decision on providing such office space for regional Members should be considered independently of any decision to house constituency Members in permanent publicly owned offices.
- 7.46 We are content that, in the absence of any publicly provided Assembly Members' Office, Members should continue to have the final decision in where to locate their office but feel that the Assembly Commission should do more to help in identifying suitable office accommodation, either in the private sector or by negotiating the lease of offices from local councils or other public bodies. Also, we consider that there should be a financial incentive for Members to share offices with each other or with the local Member of Parliament.
- 7.47 The Panel acknowledges that setting up a new office is more expensive than maintaining an existing one. A grant of £5,000 should be available whenever a new office is set up, but only once during the career of that Assembly Member; that grant should be reduced to £2,000 if a Member occupies equipped constituency offices provided by the Assembly.

Recommendation 33: A grant of £5,000 should be available towards one-off items needed to equip a constituency or regional office in the first twelve months of a new Assembly Member's term of office. This figure should reduce to £2,000 if the office is provided by way of a publicly-owned building.

- 7.48 When no publicly provided offices exist, and the Assembly Member rents the office privately, the rent payable for that office should be reviewed by an independent valuer appointed by the National Assembly and the amount of rent reimbursed should not exceed the valuation. These reviews should be repeated at least once every four years.
- 7.49 Whilst we expect all Members to open a local office, we accept that some may prefer to use their Assembly office in Cardiff Bay. These Members will not incur any costs related to leases, utilities or rates and so should not have access to the same level of financial support as Members with local offices, as is currently the situation in Scotland. The Panel feels that in such circumstances, the office cost provision should be abated by 75 per cent, as is the current practice in the Scottish Parliament.

Recommendation 34: Where an Assembly Member decides not to rent a local office, but chooses to undertake constituency or regional duties from the National Assembly office complex in Cardiff Bay, then the office cost provision should be abated by 75 per cent.

- 7.50 Constituency or regional offices should be appropriately signposted outside for the benefit of the general public, including the designated hours of opening. The constituency offices of Members should be staffed to enable them to be open to the public for at least five hours a day and physical access into those offices should be adequate to facilitate their use by disabled people. At present, Members may claim the amount in excess of £2,000 in any financial year, spent in their local offices on safety, security and disability access; and this excess will be reimbursed over and above the basic Office Costs Allowance. We are content that this provision should be retained.
- 7.51 Our observations showed considerable variation in the standard of regional and constituency offices. We would like to see work undertaken to consider how to improve standards.
- 7.52 One of our key principles is that of integrity. Applying this principle means that local offices should only be used for Assembly business, in providing a service to constituents. All Members should ensure that arrangements for office accommodation comply with this principle.

Recommendation 35: With the approval of the Members' Business Support Team, Assembly Members should be able to claim an additional Office Costs Allowance provision in respect of the amount in excess of £2,000 in any financial year, spent in their local offices on safety, security and disability access; and this excess should be reimbursed over and above the basic Office Costs Allowance.

- 7.53 Leasing accommodation from a political party is acceptable, provided necessary safeguards are in place. Where Assembly Members rent rooms from their political party to serve as offices, ground rules should be laid down for the total segregation of the Assembly Member's public duties from any party political activity; procedures so established should be open to audit; and the entitlement of the Assembly Member to receive reimbursement of the rent (or to have the rent paid directly on his or her behalf to the landlord) should be subject to the rigorous adherence by the Member to such a protocol.
- 7.54 If an Assembly Member employs within a constituency office, a person on a part-time basis who is also paid for working part-time for the political party from within that office, there should be a strict time segregation in relation to his or her duties and the arrangement should be open to audit. Offices shared by an Assembly Member and his or her political party should have separate telephone lines for the Member's constituency work and for the party political work. No equipment provided by, or paid for by, the National Assembly for Assembly Members' use in a constituency office, shall be used for party political purposes.
- 7.55 It is a matter for each Member to determine how best to provide office accommodation which meets the needs of constituents. Suitable offices should not be rejected simply because the landlord is of a political party or trade union. However, in the interests of integrity and probity we feel it is essential that in such circumstances the Member should be required to obtain an independent valuation from an assessor chosen by the Assembly, to demonstrate that the rent agreed with the political party or trade union represents a reasonable rent for that area and for the proportion of office space that they occupy. If the Member cannot fulfil this requirement, then the lease should not be entered into.
- 7.56 The same principle should apply if a Member decides to sub-let part of his or her office to a political party. The office space occupied by the Member must not be used for party political purposes, which includes electioneering.

7.57 Where an Assembly Member proposes to lease an office from a party political organisation or a trade union, or sub-let part of his or her office accommodation to a party political organisation, trade union or any other organisation or business, then the Member must obtain an independent valuation by an assessor chosen by the Assembly, to certify that the rental proposed does not exceed a fair market rent for the property concerned. This independent valuation should be lodged with the relevant National Assembly officials prior to the completion of any contractual arrangements and periodic checks should be carried out to ensure that rentals remain reasonable.

Recommendation 36*: An Assembly Member who proposes to lease an office from a party political organisation or a trade union, or proposes to sub-let part of their office accommodation to a party political organisation, trade union or any other organisation or business, should obtain an independent valuation by an assessor, chosen by the Assembly. The valuation should be lodged with the Assembly Commission, prior to the completion of any contractual arrangements. Periodic checks should be carried out to ensure that rentals remain reasonable.

Recommendation 37: Assembly Members may sub-let part of their office accommodation to party political organisations, trade union or any other organisation or business, but only where such arrangements are transparent. The Assembly Commission should lay down clear rules on how to deal with income generated under such arrangements. The office space occupied by the Member must under no circumstances be used for party political activity, including electioneering.

7.58 Some Members lease offices from commercial organisations and others prefer to share an office with their local Member of Parliament or Member of the European Parliament. We are quite content with such arrangements, provided they are transparent. However, we have concerns if leasing arrangements involve family members or business associates.

Recommendation 38: Office accommodation should not be leased from an Assembly Member's partner, family members, business associates, or any organisation, including a trust in which the Member, a partner, family member or business associate has a pecuniary interest; with exceptions to cover very small holdings in listed companies and beneficiaries of major pension funds.

Recommendation 39: Where an Assembly Member shares an office with a Member of Parliament or a Member of the European Parliament, a formal agreement should be established setting out how the costs will be separated and this should be approved by the Members' Business Support Team and lodged with the Assembly Commission.

7.59 We have considered whether or not a Member can use their own home as an office, and also whether support staff can use their own house as a working place. There would be tax implications for such arrangements and also some health and safety issues. We do not consider it appropriate that a Member should be entitled to claim for office costs in these circumstances and we are not aware of any Member in this situation.

Recommendation 40: Assembly Members should not be entitled to claim from the office costs allowance for using their home as a constituency or regional office.

7.60 We are less clear about the position of support staff working from home. We can see that this may provide benefits both for the Member and the staff concerned. The Assembly Commission facilitates home working by some of its own staff and we see no reason in principle why this should not be extended to Members' support staff. Such an arrangement, however, must not prevent or restrict the constituency office from being open to the public at designated times.

7.61 Assembly Members may themselves choose to work from home from time to time, but again they should not be entitled to claim for doing this.

Communications

7.62 Members of Parliament can spend up to £10,400 per year communicating with their electorate. We heard evidence that Assembly Members resent this, as it allows Members of Parliament to promote their own activities and raise their profile in their constituencies. This is seen as unfair, undemocratic, and a potential abuse of public funds. We note that Westminster is currently considering abolishing this allowance as part of the current review of parliamentary allowances and the Panel would applaud this course of action.

7.63 The Panel has noted that Assembly Members use the Office Cost Allowance to issue newsletters, circulars and annual reports.

Assembly Members can use their Office Costs Allowance to publicise surgeries and publish newsletters, provided they are not political in nature. We know that concerns have been expressed about the content of such newsletters and accept that there can sometimes be a fine line between factual information and political propaganda. The latter should not be funded from the public purse. We feel that the Assembly Commission should review the guidance issued to Members in respect of these communications, and possibly include examples of what is and is not considered to be acceptable.

- 7.64 The Panel has noted that there is currently a wide variation in the expenditure by Assembly Members on advertising their surgeries and other activities; including the production of newsletters, posters, leaflets and other advertising. The Panel considers that some of these represent questionable value for money. The Panel recommends that a separate allocation is made for this purpose, taken from the office costs provision. There is similar provision in the Scottish Parliament, capped at £1,500. The Panel considers that this is about the right level and recommends a similar provision is made for Assembly Members.

Recommendation 41: Assembly Members' costs for surgery advertising should be reimbursed up to a maximum limit of £1,500 in any year, to be met from the office costs provision.

Office Equipment

- 7.65 In order to perform their Assembly duties, all Members require office equipment and furniture. Furniture and equipment in the Assembly offices in Cardiff Bay are provided centrally. Members are responsible for purchasing or leasing furniture and fittings for their local offices.
- 7.66 Information technology equipment is provided centrally for both Cardiff Bay and local offices, and this is considered in **Chapter 10**.
- 7.67 We consider that it is appropriate for fixtures and fittings, whether located in Cardiff Bay or in local offices, to be recorded and monitored. The Panel feels that forthwith all furniture and items of office equipment costing £50 or more within constituency or regional offices, which have been provided by public funds, should be recorded in an inventory, subject to occasional random audit checks. When an Assembly Member steps down from office, those assets should be returned to the Assembly Commission or officially taken over by the new Assembly Member for that constituency or region.

Recommendation 42: Forthwith, all individual items of office equipment costing £50 or more should be recorded on an inventory. All items on the inventory should be returned to the Assembly Commission when the Assembly Member relinquishes the seat; unless an agreement is made whereby the Member offers to buy the items at an agreed price; or to transfer them to the custodianship of the in-coming Member, who should sign for taking them over.

7.68 Under the current arrangements, individual items costing more than £2,000 must be referred to the Members' Business Support Team for approval before procurement. The Panel notes, however, that during their recent audit of Members' allowances, the independent auditors suggested that consideration should be given to reducing this limit to prevent unnecessarily high value items from being purchased, and suggested a figure of £750. The Panel recommends that this should be a requirement and included in any new guidance, together with examples of what is considered to be acceptable and unacceptable expenditure.

Recommendation 43: Individual items of office furniture or other individual items costing more than £750 should be referred to the Members' Business Support Team for approval, before the cost is incurred.

7.69 The Panel considers that more use should be made of central purchasing by the National Assembly to achieve value for money and also some measure of consistency of provision. For example, the purchase or lease of photocopiers and similar equipment should be arranged by central purchasing or from approved suppliers. Any centrally provided equipment service should be sufficiently flexible to allow Members a degree of choice about the equipment appropriate to their needs. For equipment not purchased centrally, and we accept that this will not always be appropriate, the Panel recommends that the National Assembly produces a list of approved suppliers of office equipment, prepared to offer a discount in different areas of Wales.

Recommendation 44: Where appropriate, provision should be made centrally to provide Assembly Members with equipment, furniture and office supplies. The Assembly Commission should also provide Members with names of approved suppliers of office equipment who are prepared to offer discounts in different parts of Wales, regardless of where they are based.

7.70 Taking account of the geographical spread of offices and the cost variations in different parts of Wales, the Panel considers it appropriate that the Assembly Commission should request that the Independent Review Body (described in **Chapter 5**) should review the office cost provision from time to time. The timing of these reviews will be a matter for the Commission. The Panel is of the view that Assembly Members should have sufficient resources to establish an office in their constituency or region. Setting up any additional offices is a matter for individual Members, at their own expense.

7.71 Matters relating to telephones and information technology equipment are dealt with in **Chapter 10**.

Recommendation 45: The Independent Review Body should have powers to review and approve changes to the office cost provision.

Chapter 8: Assembly Members' Employees

Preamble

- 8.1 The basic provision is set out in Section 10 of the Salaries and Allowances Determination 2009 at **Appendix 1**.
- 8.2 Under current arrangements, Assembly Members employ their own staff.
- 8.3 A Member is entitled to claim a Staff Salaries Allowance to cover the costs to them of persons employed by them in an administrative, clerical or secretarial capacity or to undertake research where those costs are wholly, exclusively and necessarily incurred in connection with their duties as a Member of the Assembly.
- 8.4 Since 1 April 2007 an Assembly Member has been able to claim an allowance to cover the salary and related employer's national insurance contributions for up to three full-time equivalent staff. No more than one full-time equivalent staff may come from Band 1 as defined below. No more than one full-time equivalent staff may come from Band 2 and the remainder from Band 3.

Table 8.1 Assembly Members' Support Staff bands

Band	Post
1	Office Manager
2	Senior Secretary Senior Caseworker Research Assistant Press Officer
3	Caseworker Junior Secretary

- 8.5 Under certain circumstances an Assembly Member may claim an additional amount of Staff Salaries Allowance not exceeding £5,801 in the year commencing 1 April 2009 to cover the costs of overtime, training, travel, bonuses etc (including additional employer's national insurance contributions relating to any such payments). This sum is increased each year in line with the increase in the average earnings index for the preceding December.
- 8.6 Members are required to provide each of their employees with a written statement of the terms and conditions of employment and to

furnish the Members' Human Resources & Allowances Team with a copy within one month of the commencement of employment.

- 8.7 Assembly Members usually use a standard form of contract for their staff, provided by the National Assembly's Human Resources (HR) Service. The Members' Business Support Team is situated within this department, and provides advice to Members on HR issues related to their staff. The HR department also deals with all payroll issues concerning Members' support staff, including electronic payment of salaries, National Insurance contributions and PAYE. However, the main point is that staff are employed by the Assembly Member, not by the Assembly or the Assembly Commission.
- 8.8 A Member may vire up to 25 per cent from their Additional Staff Salaries Allowances to their Office Costs Allowance (or vice-versa) provided prior written notification is given to the Members' Business Support Team.
- 8.9 In addition to the staff employed directly by Assembly Members, political groups of three or more Members are entitled to an allowance to assist them in the discharge of their work in the Assembly. This is equivalent to the 'Short Money' in the House of Commons.
- 8.10 'Short Money' - that is funding to support opposition parties in the House of Commons - was introduced in 1975. It was named after the Rt. Hon. Ted Short MP, then Leader of the House of Commons. The current scheme is administered under a Resolution of the House of Commons of 26 May 1999. It is made available to all opposition parties in the House of Commons that secured either two seats, (or one seat and more than 150,000 votes), at the previous General Election. The scheme has three components:
- funding to assist an opposition party in carrying out its Parliamentary business
 - funding for the opposition party's travel and associated expenses
 - funding for the running costs of the Leader of the Opposition's office
- 8.11 In the Scottish Parliament, there is a similar system to that in the National Assembly for Wales. The fundamental difference between the Welsh and Scottish systems and the system operating in Westminster is that in Westminster the 'Short Money' is distributed only amongst

the various opposition parties, but in Wales and Scotland it is allocated to all political groups; although the opposition groups receive the lion's share. It is effectively a way of ensuring that all parties have sufficient resources to help them prepare for debates, committee meetings and other official duties.

8.12 Section 24 of the Government of Wales Act 2006 requires the Assembly Commission, subject to approval by the Assembly, to make payments to political groups, in order to assist Assembly Members belonging to those groups to perform their functions as Assembly Members.

8.13 Under the 2006 Determination of Members' Allowances, groups of three or more Members are entitled to an allowance to assist them in the discharge of their work in the Assembly. This allowance is usually known as the 'Party Leaders' Allowance'. The allowance is payable only in respect of costs which are incurred by them wholly, exclusively and necessarily for the purpose of discharging their responsibilities. The relevant section of the 2006 Determination can be found at **Appendix 1**. It states:

"It is not possible to produce an exhaustive list of admissible items, but the following examples may assist in deciding whether or not a claim may be made:

- employing staff in an administrative, clerical or secretarial capacity.
- employing staff to undertake research.
- acquiring office equipment.

Purchases of individual items of furniture or other individual items costing more than £2,000 shall be referred to the Fees Office for approval prior to incurring expenditure.

The costs of repaying a mortgage, including interest thereon, cannot be claimed under this allowance."

8.14 With regards to this allocation for party groups, the 2006 Determination has not been superseded by the 2009 Determination. The reason for this anomaly is that Section 24 of the Government of Wales Act 2006 gives the Commission the power:

"to make such payments as the Assembly from time to time determines for the purpose of assisting Assembly Members who belong to those political groups to perform their functions as Assembly Members."

8.15 The determination of these payments is a matter for the National Assembly itself, and section 24(3) of the Act means that there must be a two-thirds majority in favour of any such determination. Nevertheless, we feel this anomaly should be rectified promptly. Rules on all matters pertaining to financial support for Assembly Members should be combined in one document.

Recommendation 46: Rules on all matters pertaining to financial support for Assembly Members should be combined in one document.

8.16 Party groups may elect to have the allowance calculated by one of two alternative options set out in Section 18 of the 2006 Determination. Currently all party groups opt for option 2.

8.17 Paradoxically, whereas the three bands described in the table at the start of this chapter have Band 3 as the lowest paid and Band 1 as the highest, this new Band 4 (senior researcher) is higher than Band 1. This is confusing and this anomaly should be rectified when the guidance is next updated.

8.18 The full time equivalent salary scales for posts referred to in relation to Option 2 of the 2009 Determination Summary are as follows:

Table 8.2 Full time equivalent salary scales for support staff

Existing Band	Point 1	Point 2	Point 3	Point 4	Point 5
4	£25,808	£27,154	£28,571	£30,060	£31,629
1	£21,250	£23,204	£25,337	£27,667	£30,212
2	£18,072	£19,931	£21,982	£24,244	£26,739
3	£16,314	£17,618	£19,025	£20,544	£22,185

Recommendation 47: When guidance on staff pay bands is next revised, the numbering of bands should be placed in a logical order.

Facts and Figures

8.19 In 2008-09, expenditure on the salaries of Members' employees was £5,606,000.

8.20 Some £628,600 was spent on employing staff in the central support units of each party group. The breakdown of this expenditure is given in the table below.

Table 8.3 Expenditure on Central Support Staff

Political Group	Expenditure on Central Support Staff 2008-09
Welsh Conservatives	£193,100
Welsh Liberal Democrats	£164,600
Plaid Cymru	£169,100
Welsh Labour	£101,800
Total	£628,600

Source: National Assembly for Wales, Members' Allowances 2008-09

8.21 Some 270 people are employed as support staff. This is equivalent to about 200 full-time staff. Each Assembly Member employs three people, accounting for 180 full-time equivalents, and the remainder are employed by the party groups.

8.22 The distribution of support staff by pay band is shown in Table 8.4 (this includes full-time and part-time staff).

Table 8.4 Distribution of Support Staff by Pay Band

Pay Band	Employed by Assembly Members	Employed by Party Groups
Band 4	0	2
Band 1	76	6
Band 2	78	12
Band 3	92	4
Total	246	24

Table 8.5 Distribution of Support Staff by Job Description

Staff Category	Employed by Assembly Members	Employed by Party Groups	Total
Senior Researchers	1	1	2
Office Managers	34	0	34
Senior Secretaries	1	0	1
Senior Caseworkers	3	0	3
Research Assistants	37	0	37
Press Officers	14	1	15

Staff Category	Employed by Assembly Members	Employed by Party Groups	Total
Caseworkers	25	0	25
Junior Secretaries	2	0	2
Administrator	25	5	30
Communications	6	3	9
Personal Assistants	34	0	34
Researchers	29	6	35
Political Officer	2	4	6
Community Liaison Officer	7	1	8
Campaign Officer	2	0	2
Other	0	3	3
Total	222	24	246

Evidence

- 8.23 A summary review of the current roles of staff working for Assembly Members showed a wide range of job titles for apparently similar posts. It is, therefore, difficult to identify how staff are currently allocated between strategic and operational support. As part of the identification of strategic support, it will be necessary to rationalise these job titles and roles. This is a matter for the Assembly Commission.
- 8.24 The Panel received written submissions on behalf of support staff working for each of the four main political groups. Representatives of each of these groups appeared before us to discuss their papers. In addition, two support staff, one based in Cardiff Bay and the other based in a constituency office, appeared on their own behalf. During the 'shadowing' exercises mentioned in the previous chapter, members of the Panel had an opportunity to speak with support staff based in constituency and regional offices.
- 8.25 A number of Assembly Members and their support staff raised the issue of the inflexibility of the system of staff grading. One Assembly Member complained about having to "*fight to promote staff*" with Human Resources. Most agreed that they did not want to return to the

days when there was the freedom to employ numerous staff at very low levels of pay but felt that greater flexibility should be permitted than currently is the case.

- 8.26 The Panel heard some evidence that the current pay scales for staff did not support long term development and there was a tendency for Assembly Members' support staff to be lost to better paid public affairs posts with external bodies. Some Assembly Members' support staff also made the point that although Assembly Members' salaries had been increased in order to reflect the new powers of the Assembly, they had received no parallel increase. The turnover for support staff is about 25 per cent per year, which is higher than the public sector turnover rate for the UK of 13.5 per cent⁹.
- 8.27 The Panel heard various experiences of the recruitment of Assembly Members' support staff. Where posts were advertised externally, proper recruitment practice tended to be followed. However, there were examples of Assembly Members' support staff being 'inherited' from outgoing Members, part-time staff being made full time or electoral agents taking over the constituency office after the election. Assembly Members emphasised the importance of trust in their relationships with their support staff and the political nature of the job. The TaxPayers' Alliance told the Panel that the employment of family members should be "*aggressively discouraged*".
- 8.28 The Panel heard about the different kinds of support staff. A significant number of Members who appeared before the Panel employed press officers but surprisingly few employed researchers. There seemed to be a gap between the experiences of constituency staff and staff based in Cardiff Bay. There was a feeling amongst some constituency staff that they were treated less favourably than their colleagues in Cardiff Bay. The Panel also heard various examples of the HR skills of Assembly Members as employers.
- 8.29 The written submissions are available on the National Assembly's website, so there is no need to reproduce them in this report. A few selected quotes are given below to illustrate the range of concerns.

"The issue of staff retention should be a key focus of this review. Currently, staff move up one point on their pay band each year unless the Fees Office is otherwise instructed by the individual AM. However on reaching the top of the band staff cannot be rewarded for good

⁹ Chartered Institute for Personnel Development Survey 2008.

performance or loyalty of service other than through the yearly cost of living increase.”

“We believe Assembly Members should be given greater flexibility to place more than one member of their staff in any one band...This would help attract more experienced and qualified candidates to work in their offices.”

“The unsatisfactory nature of the current system is evidenced by Assembly Members having to give bonus ‘top-ups’ to experienced staff to encourage them to stay on beyond more than a couple of years by use of the virement system. The very fact that such a practice takes place clearly shows that Assembly Members feel that their staff are not rewarded enough for their good work.”

“Because the annual increment is given automatically there is no incentive for proper performance management or for staff to engage in any professional development.”

“We employ staff at graduate level, as we believe the demands of that job are such that we require that level of ability and maturity. The salary should be commensurate with the responsibility of the role.”

“There are four main issues we would like to see addressed:

- The overall salary levels
- The unfairness of the banding system
- The question of bonus payments
- The five year ceiling on increments.”

“We believe a separate training budget should be set up and ring fenced from other budgets that may put pressure on it. This would be of fundamental value to staff working for AMs and fully in line with the Welsh Assembly Government policy on work based training and lifelong learning. It would also help in achieving the stated aim of greater staff retention and we recommend this recommendation is explored carefully.”

“Despite training being considered a valuable means for career progression for longer-serving members of staff, awareness of how to access it is very low among members of Assembly Members support staff. New members of Assembly Members support staff are also offered little in the way of induction training for their role.”

8.30 The Panel was also advised that Assembly Commissioners do not receive additional support to fulfil their specific roles.

Key Issues

Responsibility for Employment

- 8.31 We know that the option of Members' support staff being directly employed by the Parliamentary authorities is being actively considered by the House of Commons. However, we have considered and rejected this option. We have listened to the Members, who almost unanimously told us that they would not accept such a system because it would undermine their trust in their support staff, and constrain their freedom to serve their constituents in the way they see fit. The Panel considered that a move to make the support staff direct employees of the Assembly Commission would probably result in increased costs and reduced flexibility, without providing any tangible benefits.
- 8.32 We consider that the current arrangements whereby staff are employed by Members but paid by the Assembly is the best arrangement in current circumstances, and should not be changed. We do, however, consider there are significant issues regarding the management and training and development of these support staff. These matters are considered later in this chapter and also in **Chapter 9**.

Recommendation 48: Assembly Members should continue to employ their own staff.

Recommendation 49: All staff salary costs should continue to be administered through the payroll services provided by the National Assembly and identified against each individual Member as appropriate.

Staff support required by an Assembly Member to fulfil their functions

- 8.33 The increase made in 2007 in the level of staff support for Assembly Members, from 2.5 full-time equivalent employees (FTEs) to 3.0 FTEs, was justified by the perceived increase in the responsibilities of the National Assembly as a direct consequence of the Government of Wales Act 2006.
- 8.34 The Panel has itself identified the Assembly's capacity to handle its responsibilities as a central consideration in our deliberations. This is explored further in **Chapter 4**.
- 8.35 The changes brought in by the 2006 Act impacted on the strategic capacity issue in two ways. Firstly, it divided the executive away from

the legislature, fundamentally altering the operation of the Assembly and making Assembly Members far more reliant on their own and Commission staff.

- 8.36 Secondly, it gave the Assembly primary law-making powers. This meant that for the first time Assembly Members were required to work in depth on the process of converting policy initiatives into a legislative framework and the testing of draft legislation for its clarity and robustness; that legislation is 'fit-for-purpose' and is drafted in a manner that can be interpreted by the courts. The additional responsibility associated with this legislative function is considerable and the Panel believes that the full implications have yet to be experienced by the Assembly.
- 8.37 To cope with these new responsibilities, Assembly Members would benefit from ongoing professional training in matters related to the law and the legislative process. Recommendations to support an increase in resources for training and development are contained in **Chapter 9**. Personal development is a key tool in increasing the Assembly's professionalism and capacity.
- 8.38 In 2007, Assembly Members were also deemed to need the resource of appropriately skilled support staff. It was this assessment which justified the increase to three full-time equivalent staff members to be implemented from the 2007 election, when the 2006 Act came into force.
- 8.39 The rationale of the enhanced staff numbers implies that the additional staff capacity should be focused on the strategic support needed by Assembly Members to deal with legislation, not as a general increase in operational administrative and clerical staff. However, this expected increase in research capacity geared to the legislative process does not appear to have taken place. The Panel reviewed the evidence on the balance of strategic and operational staff shown in Table 8.5.
- 8.40 The profile of the staff employed by Assembly Members individually, and centrally by the party groups, is revealing. The Panel is concerned the current balance does not maximise the strategic capacity of the Assembly to cope with its workload. It is not convinced that the employment of research assistants by individual Members is the best way of ensuring this, for the following reasons:

- researchers have expertise in specific topics - which may only be relevant to a limited part of the Assembly Member's area of interest or activity – and those areas may change, say if the Assembly Member transfers from one committee to another
- if Assembly Members individually recruit research staff, there may be a duplication of expertise – and areas with a research capacity vacuum – within the Assembly Member's party group
- specific generic skills – such as a knowledge of law-formulation – may not be provided by any of the researchers appointed by individual Assembly Members

- 8.41 To some extent, the technical research needs of Assembly Members are answered by the highly-valued Members Research Service. By definition, however, this facility cannot undertake the party-orientated work needed by Assembly Members in developing policy, formulating legislation; and in testing Government draft legislation from a party viewpoint.
- 8.42 Taking all these factors into consideration, it is the Panel's belief that research support for Assembly Members who are not government Ministers is best achieved by organising it through the party groups.
- 8.43 The Panel noted that some groups already recognise this reality in practice, by pooling some of the Staff Allowance of their Members to fund the employment of researchers on a group basis. The Panel believes that this is a sensible way of maximising the benefit that can be obtained from the Staff Allowance and that the system itself should be adjusted to allow the transfer of resources available for the employment of researchers from individual Members to the party groups.
- 8.44 This does not mean that individual Members should not be able to 'buy in' specific research support to answer a particular need – for example for an Assembly Member promoting a Private Member's Measure needing technical expertise. In his oral evidence to us, one former Assembly Member stressed the value of being able to commission research work by outside experts. The use of part of the Staff Allowance and/or Office Costs Allowance for this purpose should be allowed by the system.
- 8.45 The Panel is not persuaded that the Staff Allowance should be used by Assembly Members to employ their own dedicated personal press

officers. The Panel recognises the need for information to be made available to the press, media and public relating to the work of Assembly Members. However, the Panel felt that there is a significant danger that such roles are essentially of a party-political nature – and as such, it is difficult to justify their extensive employment from public funds. The Panel noted that press officers were not originally designated in the list of functions for which Assembly Members could pay from their Staff Allowance.

- 8.46 The use of funds in this way seems to have grown in parallel with the introduction of a £10,400 per year communication allowance for Members of Parliament at Westminster – a development which the Panel believes to be unfortunate. The Panel considers that local press releases should entail a relatively small workload, which can be undertaken by constituency or regional office staff such as caseworkers or personal assistants, or by the Assembly Member.
- 8.47 The Panel feels that the communication of the work of the Assembly Members collectively in the Assembly to the press and media, and the interpretation of their activities in Plenary and committee sessions, is a function which can best be carried out at group level.
- 8.48 Taking together the research function and that of communication, in both instances the Panel feels that the interests of the Assembly as a whole would be best served by a shift of resources from individual Assembly Members to the party groups. The Panel suggests the following staff structure:
- one group manager
 - one head of policy and research
 - four researchers
 - three press officers (two for groups of ten or fewer Assembly Members)
 - two clerical staff (including a trainee)

Head of Policy and Research

- 8.49 The Panel believes that the profile of the Head of Policy and Research should be along the following lines:

Role

- lead direct and develop policy for a National Assembly for Wales political group
- guide development of sustainable policy across economic, environmental, community and other sectors
- build relationships and determine strategy
- develop a wide spread of partnerships
- collate research evidence and intelligence to support policy platforms

Accountability

- manage a team of policy research, committee and communications staff
- manage development of team with budgetary responsibility
- ensure performance management of team

Person Specification

- gravitas to inform and influence at senior executive levels
- politically aware
- analytical, creative and innovative
- work to tight deadlines
- meet political requirements such as Ministerial briefings
- graduate calibre
- experience of policy development in public and/or private sector

8.50 This pattern should be available to party groups whose party is in government as much as to opposition parties, since the individual Assembly Members of those groups have no more access to civil

servants than do those in opposition. Parties with fewer than three Assembly Members should be allowed one extra support staff member.

- 8.51 The party group support structure recommended above could make a significant contribution to increasing the Assembly's strategic capacity by ensuring a more effective and coherent approach to research and policy functions. The four researchers should shadow the main policy committees of the Assembly, thereby ensuring that every Assembly Member (including those of the governing party or parties) have access to research expertise.
- 8.52 The above structure implies an increase from the present level of some 24 FTEs being funded out of the Party Leaders' Allowance, to 44 FTE staff working for the groups. The additional 20 FTE staff should be funded from a corresponding reduction in the staff available to individual Assembly Members.
- 8.53 It is suggested that from 2011, at the latest, all party groups should consider a redeployment of operational support staff posts established since 2007 to increase the posts needed to support the strategic capacity of the Assembly. One option would be to revert to having a pattern of 2.5 full-time equivalent staff support for Assembly Members, which would free up the equivalent funds of employing 30 full-time equivalent staff. This would save about £840,000 per year. This saving would be sufficient to cover the costs of the proposed enhanced group staff structure (about £640,000 per year); and also to contribute about £200,000 per year towards the cost of enhanced levels of training, which are identified in **Chapter 9**.
- 8.54 In addition to this central support, we feel that the Commission should seek to promote awareness of and interest in the National Assembly by providing resources to employ a pool of apprentices to bolster the central support units of each party group. It is envisaged that this pool would vary in size depending on the demand, and that the apprentices would not necessarily be employed full-time. The cost would be about £50,000 which could be met within existing budgets.

Recommendation 50: The National Assembly should establish a pool of apprentices to bolster the central support units of each party group.

- 8.55 The Panel believes that the higher level of casework which has to be handled by constituency Assembly Members compared to regional

Assembly Members has a bearing on the staff levels needed by each of these two categories of Members.

- 8.56 Access to Assembly Members by members of the general public is essential. This implies that both constituency and regional Members need an office in their area, open to the public during normal office hours where there is employed one identified person through whom the public can get access to the Assembly Member. Likewise, there needs to be available in the Assembly an identifiable person to deal with telephone enquiries, emails, letters and visitors as well as keeping the Assembly Member's diary and associated administrative matters. In the Assembly one staff member can probably cover two (or more) Members.
- 8.57 This analysis implies that both constituency and regional Members could operate, with 1.5 support staff for administrative purposes. If both research and press functions are handled on a group level, then the remaining staff support needed by individual Members is for operational caseworkers – a function which the Panel recognises as being of essential value in following up constituency casework.
- 8.58 The Panel is persuaded that the volume of casework undertaken by constituency Assembly Members is enough to warrant each being able to employ one FTE caseworker. The Panel does not believe, however, that regional Members require more than a 0.5 FTE caseworker.
- 8.59 The lesser volume of casework handled by regional Assembly Members might enable them to take a slightly greater share of the committee workload in the Assembly and thereby help address the central question of increasing the Assembly's capacity in this critical area. The capacity constraint on an Assembly Member undertaking more committee work is not necessarily the hours spent on committee, but rather in undertaking the preparatory reading and consultation work required if the Assembly Member is to play a fully effective role in the committee's work. If regional Assembly Members were to undertake a greater proportion of this, they might be accorded the availability of an extra half member of staff each, by way of a newly designated post of 'Committee Support Worker'.
- 8.60 There is no reason why constituency Members should not also choose to use their 0.5 FTE Assembly-based staff as a committee support worker, provided that they can arrange a pooling mechanism to give them the administrative and 'contact' support outlined above, to ensure their availability to members of the general public.

8.61 This gives the Commission several options. The decision with regard to which option Assembly Members choose is essentially a political one for the Assembly. The Panel is however convinced that action has to be taken to free up the support needed to better resource the strategic capacity of the Assembly to deal with the Assembly's increasing legislative responsibilities.

Recommendation 51: In order to better resource the strategic capacity of the Assembly, the Assembly Commission should engage with party leaders to reach agreement on an acceptable level of support. The Commission should also review the party group provision to allow for a central support unit of one group manager, one head of policy and research, four researchers, two press officers and two clerical staff for party groups of between three and ten Members; and for party groups with eleven or more Members, there should be accorded one extra press officer.

Recommendation 52: The Assembly Commission should consider the introduction of a staff post of committee support worker available to Assembly Members from within their Staff Salaries Allowance.

General matters

8.62 Members have a duty to ensure the efficient use of public funds and staff should be appointed to the appropriate pay scale. We know that the National Assembly's HR service is currently producing guidance to assist Members in deciding where to appoint new staff on the pay scales and to give them more flexibility. We welcome this development.

8.63 Given the maximum provision that we are recommending, the Panel sees no need in future for Members to pay bonuses to their staff. We consider that in the past, such payments have been divisive and counter-productive; and have been used by some as a means to ensure that the staff salaries allowance was fully spent.

Recommendation 53: All Assembly Members' Employees should be employed under the terms of a standard contract of employment to ensure consistency.

Recommendation 54: The Assembly Commission should produce guidance for Assembly Members to take account of the pay scales outlined in this report. Starting salaries should reflect the roles, responsibilities and experience of staff and should be agreed with the Assembly's Human Resources service prior to an offer of employment being made.

Recommendation 55: Assembly Members should not be permitted to pay bonus payments to their employees from their Assembly funded allowances.

8.64 The Panel considered the current arrangements for cost of living pay increases and for incremental progression up the salary band. These appear to operate without problems and therefore we recommend that these arrangements continue. However were there to be significant increases in responsibility, or other changes that impacted on the role of Assembly Members' employees, it would be for the Independent Review Body to commission a job evaluation or job specification review. This could be at either the request of the Assembly Commission or at its own behest.

Recommendation 56: Staff salaries should continue to be enhanced appropriately each year in line with current rules regarding increments and 'cost of living' awards, but with provision that if significant changes take place, a review may be undertaken by the Independent Review Body, or at the request of the Assembly Commission.

8.65 The Panel has taken note of the concerns of Members' support staff concerning their pay, particularly in the light of the extra responsibilities conferred on the Assembly as a result of the Government of Wales Act 2006. The Panel also took account of the current problems in retaining experienced staff once they reach the top of their pay band.

8.66 Accordingly, the Panel recommends that when the pay bands are next reviewed in April 2010, the Commission should consider either adding an extra spine point at the top of each band, or increasing the current maximum spine point on each band.

Recommendation 57: When the support staff pay bands are next reviewed in April 2010, the Commission should consider either adding an extra spine point on the top of each band, or increasing the current maximum spine point on each band.

Employer Contribution Costs

8.67 In addition to the basic salary costs, there are additional employer costs to cover statutory National Insurance contributions and employer's pension contributions. These costs have to be factored into any scheme and we agree that these should continue to be met centrally by the Assembly Commission and identified against individual Members.

Recommendation 58: Employer contributions for National Insurance should continue to be paid by the Assembly Commission out of Assembly Members' staff salary allowance and identified against them.

8.68 The Panel consider that the costs of employers' contributions to pensions should continue to be met from public funds and limited to a maximum of 10 per cent of actual annual salary. It should be noted that this pension scheme is a stakeholder scheme to which a contribution is made on behalf of the employee. Neither the Assembly Member nor the Assembly Commission has any responsibility for this scheme beyond the provision of an initial 10 per cent contribution.

Recommendation 59: Employer pension contributions should continue to be subject to a maximum of 10 per cent of actual annual salary.

Staff Pooling

8.69 Some Assembly Members currently pool their allowances with another Member or Members to employ staff who are shared between or amongst them provided that there is a named employer. Legal framework agreements have been devised and provided to those Members in pooling arrangements to formalise these arrangements. We consider this to have been a necessary and helpful approach. We understand the need for the pooling arrangement and the benefits to the Members concerned.

Recommendation 60: Pooling arrangements for the employment of Assembly Members' support staff should continue to be permitted. These arrangements should be set within a legal framework appropriate to each pool.

Temporary Staff

8.70 We are conscious that on occasions there will be a need to meet costs incurred by an Assembly Member in obtaining support while an

employee is absent from work, for example through illness (for a continuous period that exceeds two weeks), through maternity or paternity absence or through jury service.

- 8.71 Such a provision should only be payable when cover is provided for a substantive member of staff. No payment should be made to cover temporary or casual staff. A claim would have to be supported by medical certificates or other documentation confirming the reasons for the absence. As the financial implications of this will be demand driven we do not consider it possible to put a financial ceiling on this and suggest that a Member who is in the position of requiring temporary staff cover should make an application to the Members' Business Support Team and the Assembly Commission will meet the costs from a central fund.

Recommendation 61: It should be permissible for costs associated with temporary staff employed to cover legitimate absences to be met from a central fund. Payments should only be made on condition that the cover is required for a substantive post. Cover for casual or temporary staff should not be permitted.

Other Staff Costs

- 8.72 At present, Assembly Members may claim an additional amount not exceeding £5,801 to cover the costs of training, overtime, travel and bonuses. We have already recommended that staff bonuses be abolished.
- 8.73 Training is considered in **Chapter 9**, where we recommend there should be an enhanced centrally-held budget covering all aspects of training for Members and their staff.
- 8.74 Travel is considered in **Chapter 11** in greater detail.
- 8.75 Given that expenditure on bonuses and training will no longer be reimbursed from this budget, we recommend it should be reduced to £2,000 to cover the cost of staff overtime and travelling. In cases where there have been high levels of expenditure on travel necessarily incurred by support staff in undertaking Assembly duties, an Assembly Member may make a case for an increase in this allowance by making an application to the Members' Business Support Team.

Recommendation 62: An Assembly Member should be able to claim an additional amount not exceeding £2,000 to cover the cost of travel and staff overtime payments, including the additional employer's national insurance contributions relating to any such payments. In cases where there have been high levels of expenditure on travel necessarily incurred by support staff in undertaking Assembly duties, an Assembly Member may make a case for an increase in this allowance by making an application to the Members' Business Support Team.

Good Employment Practice

- 8.76 One way of ensuring professional and consistent recruitment and employment of Assembly Members' support staff would be for them to be employed directly by the Assembly Commission rather than by Assembly Members. This would be consistent with our approach in the area of providing accommodation for Assembly Members. This solution was given very careful consideration. However, on balance there were felt to be more problems associated with this approach. The commitment of Assembly Members to their staff was considered an important factor which provides overall benefits for both. This was verified by the evidence we received.
- 8.77 To have large numbers of staff physically distant from those responsible for them would not operate well. Neither would it benefit the Assembly Members' staff. In addition the Assembly Member will know best what he or she requires to fulfil the requirements of the role. It was felt that if the Assembly Members' support staff became Assembly Commission staff, there would be less flexibility and increased costs. The Panel decided the best way forward was to keep the relationship of employer and employee but to introduce guidelines in a number of areas which were causing concern.
- 8.78 The following headings indicate the subject areas the Panel believe should be considered. The implementation of these policies should take place as soon as possible but some may not be appropriate until after the next Assembly elections. There should also be some involvement of existing Assembly Members' support staff and Assembly Members in this process.

Employee Handbook, Code of Conduct and Recruitment Policy

8.79 These are needed to:

- ensure consistency across Assembly Members in the management of their staff. This issue arose frequently in the evidence collecting process
- obtain good value for money for the Assembly Members and therefore for the citizens of Wales
- build on good HR practice and treat employees fairly and with respect
- comply with Nolan principles, and legislation such as Equal Opportunities and Health and Safety
- promote a professional public image for the Assembly and its Members, and thereby improve confidence in the democratic process in Wales

8.80 The Panel are of the view that Members' support staff fulfil a very important and useful function. They provide administrative and policy expertise to help Members carry out their various roles. They act as an interface between Members and the Assembly Commission staff, and most importantly between Members and their constituents.

8.81 In many parts of Wales the support staff are the public face of the National Assembly. They are a valuable resource but we learnt that they do not always feel fully valued.

8.82 They should receive appropriate support from the Members employing them, the party groups they support and also from the National Assembly. We know that they are a loyal workforce but we were told that this loyalty is sometimes exploited.

8.83 They should receive first-rate training and development. This is explored further in **Chapter 9**.

8.84 We feel it is essential that all new support staff are given an employee handbook as soon as they start work. This should make them feel welcome, give them a firm grasp of the workings and key objectives of the National Assembly and how they can play a part in achieving these objectives. It should also include basic information such as salary, pay

scales, working hours, leave arrangements, sickness procedures, probationary periods and disciplinary and grievance procedures.

- 8.85 The Panel has prepared a proposed framework for an employee handbook setting out the type of information we feel it should contain. This framework is at **Appendix 12**.

Recommendation 63: On first starting employment, all Assembly Members' employees should be given an employee handbook. This handbook should be prepared by the Assembly Commission and based on the proposed format at Appendix 12 of this report. The handbook should be reviewed regularly and be available electronically and in hard copy.

Recruitment Policy

- 8.86 The principle of selection on merit should be upheld in all aspects of public life. This is a key feature in maintaining the good reputation of the Assembly and achieving value for money. It is also essential to comply with equality legislation and Nolan principles.

Recommendation 64: A Recruitment Policy should be produced for the selection of Assembly Members' support staff. This should cover the following points:

- i) reasons why it is important to follow good practice, an overview of the legislative framework- on race, sex and disability**
- ii) the specific obligations of public bodies in relation to the most recent legislation – to actively promote equality in all that they do**
- iii) produce a person specification prior to advertising**
- iv) advertise openly on web site and local press**
- v) the requirement to belong to specific political party must not be a prerequisite**
- vi) rules restricting the employment of family members**
- vii) use a common application form with Equal Opportunities monitoring information**
- viii) selection for interview should be undertaken by Assembly Members and the Assembly's Human Resources Service**
- ix) reasons for rejection at short listing stage and after interview to be recorded (feedback given if requested)**
- x) professional interview will be with the Assembly Member following guidelines prepared by Human Resources. To include discussion of Nolan principles and the Code of Conduct for Staff**

Employment of Family Members

- 8.87 Section 36(7)(a) of the Government of Wales Act 2006 makes it an offence, liable to a fine, if a Member takes part in any Assembly proceedings without having complied with, or in contravention of, the Act and the standing orders on registration and declaration of interests, voting and lobbying for reward or consideration.
- 8.88 In guidance for Members on the Register of Interests, approved by the Assembly in 2006, the majority of the interests specified include a reference to interests independently possessed by or given to the partner or any dependant child of the Member, and these must also be registered if such interests are known to the Member.
- 8.89 A partner is defined as:
- "a spouse or one of a couple whether of the same sex or of the opposite sex who although not married to each other are living together and treat each other as if they are spouses"
- 8.90 At present, 16 Members have declared that they employ a spouse or dependent children; representing about a quarter of all Members. The Committee on Standards of Conduct considered a change to standing orders to address these concerns. A copy of the draft standing order is at **Appendix 13**. The Panel is content that the proposed changes will tighten the existing rules and recommend that the Commission should make the necessary amendment to standing orders as soon as possible. We do however, object in principle to the employment of family members and believe this should be avoided.
- 8.91 The Panel acknowledges that the current arrangements may work well on occasion but, as a general principle, the Panel considers this practice should cease over time, in the interest of public confidence and best use of public funds.
- 8.92 We recognise, however, that family members who currently work for Assembly Members will have existing employment rights which should be protected.

Recommendation 65*: Assembly Members who employ family members, as defined under the draft standing order at Appendix 13, should be allowed to continue to do so. However we believe that Members should not henceforward make any new appointment of family members.

Recommendation 66: Any new recruitment of support staff should be subject to transparent recruitment procedures in line with the new policy and with Nolan principles.

Updating the Contract of Employment

8.93 An updated Contract of Employment for Assembly Members' support staff should be produced with the amendments below. It should be noted that these are not generally fundamental changes but just adjustments to ensure that the contract is consistent with changes made elsewhere in this report and good practice:

- the contract should refer to an obligation to follow the Code of Conduct – this would include Nolan principles and detail what these mean in practice in a similar format to the Civil Service Code and would also include confidentiality and data protection rules
- Information Technology Code of Practice – again there should be a contractual requirement to abide by these rules
- the reference to maternity leave should include the latest rules and outline the availability of the childcare salary sacrifice scheme
- the contract of employment should refer to the right to be included by the rules and guidelines contained in the Assembly Commission's 'public interest disclosure' policy
- In the grievance and disciplinary process – the right to be accompanied by a colleague or friend rather than “member of same political party or trade union official” should be offered. The choice should be up to the employee, particularly in the case of a grievance, the employee might have a grievance against their political party and if they don't belong to a trade union the current rule does not provide appropriate support for them

Recommendation 67: The Commission should draw up an updated Contract of Employment for existing Assembly Members' support staff, taking account of the amendments suggested in paragraph 8.93.

8.94 A new contract of employment should be produced for all new Assembly Member support staff appointments. This contract should contain the changes listed below:

- sick pay scheme – limitations on entitlement when there is an unacceptable pattern or high level of sickness absence. Assembly Members should be reminded of their obligation to manage sickness absence, to prevent abuse of the scheme and keep costs down
- notice period – 12 weeks rather than 13 weeks
- probationary period of 6 months for all new recruits, confirmation of employment should be following satisfactory performance for the first 6 months of service

Recommendation 68: The Commission should draw up a new contract of employment for all new appointments of Assembly Members' support staff.

Child Care Arrangements

- 8.95 The Panel as part of its deliberations looked at the issue of family friendly employment policies.
- 8.96 The Panel considered the proposal to provide crèche facilities at Cardiff Bay. This had been suggested as a possibility when the Assembly was first established. However, for a number of reasons, most compelling being the cost and likely usage of the facility, the Panel rejected proposing any further work on this option.
- 8.97 The Assembly Commission offers a child care salary sacrifice scheme for all their employees. The scheme is also available to Assembly Members and their staff. However, few of those eligible make use of this scheme; currently no Assembly Members, four Members' employees and 16 National Assembly staff. Some of those who gave evidence were not aware of its existence. The child care voucher scheme allows staff to sacrifice part of their salary in exchange for vouchers which are used to pay for registered child care. The advantage of the scheme is that the amount which is sacrificed is exempt from National Insurance and Income Tax up to a monthly limit. Further details are available on the Assembly Commission website. The Panel feels that this scheme is cost efficient to the Assembly and helpful to working parents, and that the scheme should be more widely publicised.

Redundancy payments

- 8.98 Under the current arrangements, when a Member ceases to be an Assembly Member for whatever reason, he or she is entitled to claim the cost of redundancy payments to qualifying staff. To qualify, employees must have worked for at least two years for the Member and not be self-employed. Redundancy payments are calculated on the basis of current employment legislation. The maximum amount that can be claimed is the amount payable under the rules of statutory redundancy.
- 8.99 The Panel received evidence of an inconsistent approach to the payment of redundancies. Having regard to current practice in the public and private sectors, the Panel concluded that a 50 per cent enhancement would be appropriate.
- 8.100 The Panel considers that the redundancy payments for Members' support staff should be calculated on the basis of the statutory scheme, plus half as much again. So for an employee aged 30 with 8 years service, they would receive 8 weeks (of their weekly pay on which a cap is applied) plus another 4 weeks enhancement making a total of 12 weeks redundancy pay. This improves the redundancy provision for Assembly Members' support staff who currently receive just the statutory minimum.

Recommendation 69: Redundancy payments for Assembly Members' support staff should be calculated according to the statutory redundancy payment scheme plus a 50 per cent enhancement.

- 8.101 Assembly Members must follow guidance given by the Assembly Human Resources Service regarding redundancy and abide by that to ensure correct employment practice is followed.
- 8.102 The Assembly Commission will have to satisfy itself that the payment of redundancy costs is reasonable.

Recommendation 70: The Assembly Commission should be satisfied that an application for the payment of such redundancy costs is reasonable given the individual circumstances. The Commission must be satisfied that the redundancy in question is justified and correct procedures have been followed, in order to ensure proper use of public money.

- 8.103 A number of Assembly Members also employ staff in a pooling arrangement and, as a result of one or more Members vacating office,

a pool may disband, leading to staff being made redundant. In this event, the former pool Members should have equal liability for redundancy costs. Assembly Members continuing in office will be required to retain responsibility for the remaining staff.

8.104 Given that continuing Assembly Members may have no control over the dissolution of the pool where others vacate office, we consider that application could be made to the Assembly Commission to cover all, or part of, the continuing Members' share of reasonable redundancy costs.

Recommendation 71: The Assembly Commission should have authority to meet all, or part of, reasonable redundancy costs from a central fund when a pool is dissolved as a result of one or more Assembly Member(s) vacating office.

Chapter 9: Training and Development

Preamble

- 9.1 Although the brief of the first Independent Review Panel did not include investigation of the training of Assembly Members and their employees, this Panel had a wider remit. We quickly came to the view that training and development is a vital component of the support available to Members and their capacity to do the job required of them; because of the workload they have and wider issues of capacity (discussed in **Chapter 4**), as well as a rise in the public's expectations that they should provide 'value for money'.

Current Practice – Assembly Members' Training and Development

- 9.2 A budget for Assembly Members' training and development is held within the Human Resources' training budget. In 2008-09, it amounted to £41,000 for all 60 Assembly Members. This equates to less than £700 per Member, per year, and represents less than 1 per cent of the payroll, compared to a figure of up to 5 per cent in the best of the private sector, also reflected in best practice in the public sector. Despite the modest budget, in 2008-09 only £24,000 of this was taken up – all of which was on tuition in learning the Welsh language for eleven Assembly Members. There was also very little training undertaken in previous years, aside from Welsh language training and the initial induction training which was available to all Members when they were first elected. We find this both surprising and disturbing.

Current Practice in Other Legislatures

- 9.3 There was little evidence that other countries have particularly robust and/or structured training programmes for their Members, and there was no single model to which we would aspire. The National Assembly for Wales has an opportunity to become a truly learning organisation and an exemplar for the training and development of its Members and staff.
- 9.4 The training provided to Members in the Western Australia legislature, which came to the attention of the Panel, contained some of the topics that we would wish to see provided to Assembly Members. A memorandum to the Panel from the Clerk of its Legislative Council states:

“The first day concentrates on matters such as salary and allowances, Member electorate offices and staffing. The next day deals with procedures of the House and the last day procedures of committees. We have had requests for additional training particularly on parliamentary privilege. The other common subject is codes of conduct, although our House does not have such codes, other than provided for in the Standing Orders of the House. Our committee office also arranges training seminars for Members and we expect these will be expanded this year. The last seminar held for one of our standing committees was on investigation techniques, provided by an external agency. Members found it very useful and it will be conducted again this year for all standing committees.”

9.5 In the Australian National Parliament, there is provision for 'House Briefings' which cover a variety of topics from 'Conduct of Debate' to 'Members' Interests' and 'The Budget Process', although we were told that attendance by Members was poor and they were frequently outnumbered by their staff. The Clerk Assistants also provide an advisory service for Members during sitting weeks (operated as a drop-in advisory centre).

9.6 In New Zealand, there is limited formal training on themes around select committee operation, management of Question Time, the passage of Bills etc. provided by the Parliamentary Services, outside the induction organised and conducted by the Clerk's Office. Any mentoring or summer school sessions are arranged mainly on a self-initiated and ad hoc basis by the Members themselves or via their party groups.

9.7 Successful organisations are characterised by a commitment to training and development from the top. And, as one Assembly Member to whom the Panel spoke, observed:

“There are some shining talents that have come practically straight from school here. It's only fair that they should have the training that anybody else would have commensurate to continuing professional development and that sort of stuff. It's built into all other professions; why not this one?”

9.8 The mission statements of many private sector organisations have training and development as key elements, placing an emphasis on continuous development and improvement, and on maximizing opportunities for their employees.

Evidence

- 9.9 One aspect of training where the evidence identified a significant skills gap was staff and office management training for those Assembly Members who had not had previous experience in this area. The comments below were made by Members' employees:

"Mandatory staff management training on essential areas including recruitment, staff management, and pay should be provided to new Assembly Members. Further management training should be offered should they wish to pursue it."

"I would say the majority of Assembly Members have never formally managed people and, perhaps, their deficit in understanding could be helped. One day there is going to be a disaster when somebody, perhaps unwittingly, does something they shouldn't."

"Some of them have worked in business...and know how to handle staff, but some of them have never employed staff and, really don't know where to start..."

- 9.10 The last point reflects the fact that Assembly Members come to office with very different backgrounds, experience and skills; the Panel acknowledges the value of this variety. But it does mean that, unless there is a structured training system in place which allows identified learning needs to be addressed, there will always be a lack of consistency and some skills gaps which can impact on capacity (see **Chapter 4**) and other matters.

- 9.11 Areas identified by Assembly Members themselves as requiring attention include: 'scrutiny'; 'time management'; 'induction'; 'IT'; 'European law', and 'HR training':

"There are things around scrutiny of legislation and that is a new field for us, really, and, so, I feel sometimes that we're feeling our way along...."

"I think that there are issues around training for Members in scrutiny."

"We now, this year, have possibly 13 items of legislation that we have to deal with. So, it's important that Members then realise that the legislative scrutiny now is far more important, possibly, than the policy scrutiny. That means that a new set of skills has to be developed."

“Democracy has to be upheld. That is, for me, most important, and ... some training would be extremely helpful.”

“I had no HR training at all...”

“I think some people need it [time management].”

“I certainly think the Commission could offer more of that [induction], but I think some of that ought to come through party groups and there may be ways that the Commission could support that.”

“I think you could look at IT training; you could look at doing some issues round HR; I think you could do some issues around equality issues, communications...management, standards.”

9.12 There seems little interest, outside the Assembly itself, in training and development as an aspect of support for Members and their employees. Only one response to the public consultation from a person not currently an Assembly Member or an Assembly Members’ employee commented on the issue, and this endorsed the evidence from Members themselves that a good induction programme is important:

“You get elected as an Assembly Member and, instantly, from day one, you are expected to be an expert on everything.”

9.13 Evidence from HR supported the view from Assembly Members and their employees that existing arrangements for training and development are not structured and that the extent to which it is carried out depends very much on the wishes of the individual and on the party groups.

Job Profiles

9.14 As mentioned in **Chapter 4**, Assembly Members have no job description. This makes it difficult to identify what skills would better equip Members to carry out their role effectively. We heard evidence from many Assembly Members that a job description was neither possible nor appropriate, given the unique and individual nature of their jobs. However, we believe there is a case for party managers and whips to draw up ‘job profiles’ for constituency and regional Members, recognising the different emphases.

Recommendation 72: Party groups should be encouraged to draw up job profiles for their Assembly Members and use these constructively to identify skills gaps and development needs.

Party Group Commitment

9.15 Such a job profile, aside from facilitating the identification of skills gaps and hence training needs, may prove a useful tool for party groups when selecting candidates. Another useful tool that party groups could employ when helping Members identify training needs would be for each Member to complete a self-assessment of their skills, knowledge and experience. We leave this suggestion for the groups themselves to develop, as the Panel has no desire to be over-prescriptive. However, we do consider that strong commitment from each party group to the training and development of their Members is vitally important. We therefore recommend that at the end of every year, each party publishes a brief report (two pages should be sufficient) outlining what training has been undertaken by whom during the period.

Recommendation 73: Once a year, each party group should produce a short report summarising its Members' training achievements, to be published on the Assembly's website.

9.16 To demonstrate further commitment to making the Assembly a centre of excellence, we recommend that each party group appoints a 'training champion' – a member of the group who would be responsible, not only for producing this report, but also for ensuring that the training programme evolves over time and meets the Members' needs.

Recommendation 74: Each party group should appoint a 'training champion' to offer support and encourage ongoing learning and development among Members and their employees.

Training Needs – Assembly Members

9.17 Once Members are elected, it may be advisable for party groups to use some of the allocated budget to employ a professional training needs analyst to identify where there are gaps in knowledge or skills that can be addressed through training. Even without a job profile, it is easy to identify some generic skills or knowledge that Assembly Members should have to be able to carry out their roles in the areas of:

- legislative development/policy development
- scrutiny of draft legislation
- scrutiny of expenditure/policy
- constituency/regional duties (see also **Chapter 4**)

9.18 The Panel also identified some of the basic skills and areas of knowledge that we feel Members need to develop, including:

- time management
- scrutiny/questioning
- communication/listening
- problem solving
- negotiation
- consultation
- change management
- creativity
- IT skills
- office and staff management (to include health and safety, and equal opportunities)
- research skills at the equivalent of postgraduate level
- buddying/mentoring/ coaching
- understanding the work of civil servants
- knowledge of the Government of Wales Act 2006
- case-working and follow-up
- correspondence management

- knowledge of role of Assembly Members in relation to legislation
- knowledge of code of conduct; governance; expectations regarding constituency work
- knowledge of Parliamentary privilege
- media communications
- processes (how an effective committee works)
- public scrutiny
- knowledge of local government, health authority functions and practices, work of AGSBs
- speed reading

9.19 Members, whether ‘old hands’ or newly appointed, will have different levels of skills, depending on their background and experience. However, none should be complacent. The self-assessment exercise referred to earlier will help focus minds when Members and party groups are identifying training needs.

9.20 The Panel urge the training champions and Assembly Members themselves, as some are already doing, to take advantage of the many excellent organisations and specialists who can help them enhance their skills or technical knowledge. Examples of these mentioned in evidence are the Citizens’ Advice Bureau and the Child Poverty Action Group, who we were told might offer good schemes around their areas of interest. Other providers of appropriate training might include: The Centre of Public Scrutiny; Industry and Parliamentary Trust; Legal Wales; Welsh Local Government Association; National Audit Office; Wales Council for Voluntary Action (WCVA); Institute of Employment Studies; the Improvement and Development Agency; the Institute of Welsh Affairs; Roffey Park Institute; Brooklands Management College; and the university sector. There are many others.

Assembly Members’ Commitment

9.21 We have emphasised the need for party group commitment to training but equally important is the commitment from Members themselves. Although there were notable exceptions, there were some who were

dubious about take-up of training and had concerns that participating in training and development opportunities would be used negatively by their political opponents to make a point about their capabilities. This is an attitude that the Panel feels has no place in a modern forward-looking democratic organisation:

“to compel, to send every AM on a training course: ‘On 30 November, we’re holding a training course on financial resource management, from 9 to 5. You will all be there’ – there would be a riot.”

“you don’t want to appear to penalise or disincentivise Members or candidates more than for any other Parliament or Assembly or appear to treat us in a more childlike way.”

9.22 However, most said they were more than willing to undertake training:

“There is always scope for more training. I don’t think you can over train anybody.”

9.23 But evidence shows that after the initial induction course, very few Members actually undertook regular training. When questioned, most cited a lack of time:

“I think it will be really low down on individual Assembly Members’ priorities, given the fact that they have an awful lot to do and it’s very hard for somebody in this position to admit that they’ve got gaps in their knowledge.”

9.24 Though the Panel appreciates the difficulties, we believe that, with the commitment of the party groups and the Members themselves, these are not insurmountable. We regard a commitment to such learning as crucial for transforming the Assembly into an institution that maximizes and develops the expertise of its Assembly Members. At the same time, we fully understand how busy elected politicians are and the various competing demands on their time. Training can be the easiest area to neglect in a very busy diary. Hence, provision needs to offer real added value to the capacity of individual politicians and the overall effectiveness of the Assembly, be highly profession-specific and, where appropriate, be flexible in delivery. Many universities offer their Masters programmes in smaller credit and non-credit bearing modules as CPD for those working in senior positions in government, parliaments or other public agencies. The ways in which such programmes are developed are usually designed to benefit employing organisations too, by applying advanced level learning to specific organisational priorities and problems. There is scope for

flexibility in delivery, for example, training which can be undertaken in 'bite sized' pieces and/or online or by distance learning.

9.25 The Panel identified three different types of training for Assembly Members that might be developed further:

- generic skills training around areas such as time management, communication and listening, ICT, office and staff management, customer service, general research, media communication, advocacy, counselling and speed reading (this might develop organically from the acceptance and use of a general skills matrix for party groups)
- profession-specific skills such as advanced research methods, budgetary, financial and legislative scrutiny, basic audit, the legislative and policy processes, analysis of draft legislation, new trends in public administration etc
- higher level professional development with attached awards at postgraduate certificate, diploma and masters levels

9.26 The Panel felt strongly that induction training is something about which there can be no flexibility. It should be comprehensive and consistent. We believe information regarding a Member's legal obligations as an employer and information on the Code of Conduct; governance; and topics such as expectations regarding constituency work, should form the basis of any training. Experienced Members should not shy away from participating too. Because of its importance, we recommend that an induction week should be mandatory during the first month following the Assembly election.

Recommendation 75*: Within the first month following election to office, all new Assembly Members should attend a one-week induction training course.

9.27 Induction training will only be the start of a continuous training and development cycle which will run throughout the 4-year period of office. Members will be expected to make every effort to take up these development opportunities and organise their diaries accordingly. Party groups should bear this in mind when scheduling weekly party meetings.

Recommendation 76: Party groups should agree to set aside one afternoon per month for training (for example, on a Monday or a Thursday afternoon) and ensure that each Assembly Member attends sessions on areas deemed crucial, as well as those that have been identified by training needs analysis or by the ‘training champion’ and from the self-assessment exercise.

Recommendation 77: The Commission should publish information and data on its website relating to the training and development activities that have been undertaken by individual Members, or by committees.

Current Practice - Assembly Members’ Employee Training

- 9.28 At present, the cost of employee training is met out of the staff salaries allowance. This currently amounts to £5,801 per Member but the budget also funds other items, such as overtime, bonuses and some staff travel costs. In the 2008-09 financial year, training undertaken was again mainly Welsh language training; 26 support staff participated in this training.
- 9.29 Members’ employees do, however, also receive training from the Members’ Research Service, which regularly runs seminars on the workings of the parliamentary process. The cost of this training is not charged to the Assembly Members’ budgets.
- 9.30 In 2008-09, several employees attended the British Sign Language short ‘taster’ sessions. The cost was met by the National Assembly’s corporate training budget.
- 9.31 Assembly Members and their employees have an Information Communications Technology (ICT) allocation and they receive training in its use, including visits from ICT to constituency offices. Where necessary, one-to-one training is given. ICT developments and the support and training provided are considered separately in **Chapter 10** of this report.
- 9.32 In addition to the training outlined above, the Members’ Business Support Team gives advice, when requested, on employment issues, including training. These staff also make visits to constituency offices.
- 9.33 Evidence suggests that the level of training their employees receive very much depends on who their Member is and how much he or she values the benefits of developing their team, the employee’s own initiative, and the funds available in the budget.

“I ask the staff to work with the office manager to identify what their training needs are and try to meet them as well as we can.”

“What I've asked my staff to do is identify what training they think would be appropriate for them, then I'll sit down and determine what we can afford...”

“New members of Assembly Members’ Support Staff are also offered little in the way of induction training for their role. Informal training between individual offices varies considerably, and official training is piecemeal in its coverage.”

“If I've felt that I needed training or I've wanted to undertake any training, I've been allowed to do so and I've been recompensed for it.”

Training Needs – Employees

9.34 Support staff training needs will vary depending on the roles they have. These are outlined in detail in **Chapter 8**. As support staff will all have job descriptions, it will not be difficult for each Member to identify, with the help of the training champion, the development needs of his or her staff. Some will mirror those identified for Members.

Recommendation 78: Assembly Members’ employees, in addition to any training provided by the party group or specialist training identified as necessary, should be able to access any appropriate training currently available to National Assembly employees.

Employee Handbook

9.35 The Panel consider it important that both Assembly Members and their employees know what training is available and how to access it. This information will be included in the ‘Employees’ Handbook’ (see **Appendix 12** for content) referred to in **Chapter 8**. We recommended there that all employees are given a hard copy when they join the National Assembly for Wales. We recommend that Members should also be given a copy. The handbook will also be available in electronic format.

Budget

9.36 The Panel has been made aware that, if funds are remaining at the end of a financial year in the staff budget from which employees’ training

is funded, it is common practice to use this surplus to pay staff bonuses. This can be divisive, since they are paid at the discretion of the Assembly Member, and it can also deter staff from applying for training. We therefore recommend that the budget for staff training be moved from the staff costs budget and ring-fenced for training.

Recommendation 79: Support staff training should be included within the Assembly Members' training budget and this should be held centrally.

9.37 The Panel considers that the current training budget is inadequate to provide for the high quality tailored training that is needed. We consider that a budget more in line with best practice in the private sector should be ring-fenced for the training and development of Assembly Members and their employees. The Panel recommends that the training budget for Assembly Members and their employees should be increased substantially to approximately £200,000 each year but front loaded to £350,000 for the first year of the next Assembly (which is when the highest costs are likely to be incurred). Though this represents a five-fold increase, in reality, it still only equates to just over £1,000 per person per year and we believe this can be funded from savings elsewhere.

Recommendation 80*: The training budget for Assembly Members and their employees should be significantly increased and identified for each 4-year period.

Recommendation 81: The training budget should contain more in the first year as that will be the time when new Assembly Members and their employees will need concentrated training. We recommend a total of £350,000 in year one, and £200,000 in each of the following three years.

9.38 The Panel acknowledges that party groups, having drawn up 'job profiles' referred to in **Chapter 4** and in 9.14 above, will want some input into the type of training that is provided. We recognise that some training should be provided centrally, particularly for support staff, and that other development is best provided by the party groups. However, to ensure a structured approach and to ensure that all training and development funded from this budget is high quality, we recommend that the budget is held centrally by HR and that party groups have to bid for funds if they wish to run any training or development initiatives themselves.

Recommendation 82: A system should be set up and run by the Members' Business Support Team whereby party groups bid for allocations from this training budget, to provide specific training for Assembly Members and their staff.

Conclusion

9.39 The Panel believes that investment should be made in high quality training to ensure that our elected Members are fully equipped to deliver the best possible service to the people of Wales. We believe that relevant, first-class training will help to address some of the strategic capacity issues discussed in **Chapter 4**. It will also inject energy and excellence into the business of government. Good quality training and development, as well as providing the 'value for money' the public demand, would have the added benefit of allowing recipients to develop personally and improve their own skills, portfolios and qualifications, thus contributing to the Assembly's overall effectiveness.

Chapter 10: Information and Communication Technology

Preamble

- 10.1 Information and Communications Technology (ICT) is used extensively in the National Assembly. ICT equipment is provided by the Assembly Commission to Assembly Members and their support staff in their office in Cardiff Bay, their constituency or regional office and their home. The equipment provided is listed later in this chapter.
- 10.2 ICT equipment is also installed in the Senedd Siambr (Chamber) and is used by Members during Plenary debates to access information, emails and the internet; and also communicate with their staff, Assembly officials and each other. Members are allowed to use laptop computers during committee meetings, with the permission of the Chair. Wireless access has been installed in the Senedd to facilitate this.
- 10.3 The Panel applauds the widespread use of ICT throughout the Assembly to facilitate access to information, effective use of time and sustainable working practices. For example, all Plenary and committee papers are distributed electronically.
- 10.4 Since May 2004, the Merlin Alliance (a private ICT consortium) has worked in partnership with the Assembly to provide and support the ICT operation.
- 10.5 The Assembly Commission is responsible for ensuring that the ICT facilities meet Assembly Members' requirements and for monitoring their use. The Commission is supported and advised in this role by its ICT team and the specialists within Merlin. The ICT team also provides information and guidance. A comprehensive user guide is provided to all Members, as part of their induction pack.
- 10.6 ICT is provided for Assembly Members and their support staff to assist them in their work. In common with all other Assembly services, Members have a duty to ensure that they and their staff use the ICT facilities appropriately. Members are responsible for the use of all ICT hardware and software by their staff and are currently advised to include a statement on acceptable use of computer systems in their staff contracts.

10.7 In order to protect the integrity of the computer network and other ICT services, Members have responsibility for ensuring that they and their staff adhere to the Code for the Use of Assembly ICT Facilities.

10.8 The Panel considered that it should be mandatory that Members and their employees should sign this Code before being given access to ICT equipment. Ideally, this should be part of the induction process.

Recommendation 83: It should be mandatory that Assembly Members and their employees sign the ICT Code before being given access to ICT equipment.

10.9 The Panel was concerned that volunteers working in constituency or regional offices might have access to Assembly computer systems. Again the Assembly Members are responsible for ensuring that the appropriate ICT and confidentiality codes are signed and followed.

Monitoring

10.10 All communications and stored information sent, received, created or contained within the Assembly's systems are considered private but may be checked in accordance with the law or for the reasons stated below:

- to help maintain compliance with regulatory or self-regulatory practices
- to establish facts and protect the interests of the Assembly and individuals
- to prevent unauthorised use of the Assembly's telecommunication system and corporate ICT system
- to prevent inappropriate/offensive media and viruses from entering the workplace
- to forward emails to correct destinations
- to assist with the investigation of a crime
- to comply with the Assembly's access to information and confidentiality obligations under the Data Protection Act 1998 and the Freedom of Information Act 2000

Facts and Figures

10.11 Members and party groups are allocated ICT equipment on request, as described below. Each Assembly Member is entitled to:

- broadband connectivity from their constituency office
- broadband connectivity from their home
- one laptop
- five personal computers to be allocated to Assembly offices and/or constituency offices
- one personal computer in the Senedd (Siambur)
- one laser printer in the Assembly offices and one in the constituency office
- one multi-functional printer/scanner/fax in the Assembly office and one in the constituency office
- one mobile communication device (currently a Blackberry)

10.12 A party group of three or more Assembly Members which is not represented by a Member in the Assembly Cabinet is entitled to the following number of personal computers according to party group size:

Table 10.1 Personal computer allocations by group size

Group Size	3-10 Members	11-15 Members	16-20 Members	21-25 Members	26-30 Members	31+ Members
Personal computers	6	7	8	9	10	11

10.13 A party group of more than two Assembly Members, which is represented by a Member in the Assembly Cabinet is entitled to six personal computers.

10.14 Each party group is also entitled to:

- one black and white high-volume A3 printer in the Assembly office

- one laser printer in the Assembly office
- one multi-functional printer/scanner/fax in the Assembly office

10.15 Maximum annual costs per Member are given below based on staffing levels as at June 2009. It should be noted that not every Member takes up their full allocation. The costs include an amount for service provision in addition to the cost of the equipment. Also, the broadband costs include an element of support and management from third-party suppliers and the ICT contract.

Table 10.2 Maximum annual ICT costs per Assembly Member

Equipment	Costs
Two broadband connections (usually Member's home plus constituency office, but flexibility allowed)	£5,540
One laptop (either the standard or the lightweight model)	£810
Five personal computers, to be allocated to Assembly offices and/or constituency offices	£2,800
One personal computer in the Senedd (Siambr)	£550
One laser printer in the Assembly office	£270
One laser printer in the constituency office	£270
One multi-functional printer/scanner/fax in the Assembly office	£130
One multi-functional printer/scanner/fax in the constituency office	£130
One mobile communication device, currently a Blackberry	£600
Total	£11,100

10.16 So the maximum annual allocation of the ICT equipment provided is £11,100 per Member, giving a total annual cost of £666,000 – assuming all Members take up their full allocation.

10.17 The £600 for the Blackberry is made up of a £50 per month allocation, which includes some £40 for technical support from the service provider and £10 to cover any excess data download or business calls. If the monthly bill exceeds £50, the additional charge is passed to the Members' Business Support Team for processing, and this is charged against the Office Costs Allowance.

10.18 Members may also charge the cost of the purchase of a mobile phone and the associated call charges to the Office Cost Allowance. We found that it was not uncommon for Members to purchase several mobile phones in this way and give them to their support staff. Members are trusted to claim only for business calls. The Panel noted

that several Members had submitted claims for mobile phone bills in excess of £2,000 per year.

10.19 The Panel is content with the ICT equipment provided but considers that current arrangements for the purchase and use of mobile phones are too lax. The Panel is not persuaded of the need to provide mobile phones for support staff. In addition to the computers and other ICT equipment provided in the Cardiff Bay and constituency offices, each Member should continue to be given one Blackberry, one mobile phone, one laptop computer, one landline and broadband access.

10.20 The Panel considers the provision of ICT equipment to be appropriate and does not consider the purchase of additional ICT equipment from the office costs allowance should be necessary.

Recommendation 84: In addition to the computers and other ICT equipment provided in the Cardiff Bay and constituency offices, each Assembly Member should continue to receive one Blackberry (or similar), one mobile phone, one laptop computer, one landline and broadband access.

10.21 In order to facilitate the process of claiming reimbursement for the cost of mobile phone calls, the Panel considers that Members should be allowed to choose one of two options; the first option would be to submit the bill with private calls deleted; the second option would be to contribute at a flat rate of 50 per cent to the total bill in respect of personal calls. Whilst difficult to predict, the Panel believes this approach to be fair a fair reflection of the balance between personal and business use. Members would be expected to choose one of these options at the start of each Assembly.

Recommendation 85: Assembly Members should be eligible to claim reimbursement for the cost of business calls made on their mobile phones. They should have the option of either submitting an itemised bill or of contributing at a flat rate of 50 per cent to the total bill. Members will be expected to choose one of these options at the start of each Assembly.

10.22 The Panel understands that all ICT equipment issued to Members is already recorded on an asset register and commends this policy. This equipment belongs to the National Assembly and should be returned when a Member ceases to be an Assembly Member.

Recommendation 86: All ICT equipment issued to Assembly Members should continue to be recorded on an asset register and should be returned to the Assembly Commission when a Member leaves.

Training

10.23 The Panel was impressed by ICT team's commitment to training. High quality training and support responsive to the needs of Members, their support staff and Assembly officials is available at short notice. The Panel considers that the training provided by the ICT department is a model that should be adopted in relation to training for Members and their staff on other matters. Training and development issues are considered in **Chapter 9**.

10.24 An example of the type of training provided is given below.

10.25 An IT Skills Academy (ITSA) trainer is available in the Cardiff Bay (Tŷ Hywel) office every Thursday and can provide training in either the IT Training Suite (Room A1/01) or in the Member's office. Training can be provided on a one to one basis or in a group of up to five other staff members.

10.26 A trainer is available every Thursday; with the first Thursday primarily being reserved for Assembly Member and Assembly Member Support Staff Induction Training. This covers the basics like logging onto to correct domain, setting up passwords, managing files etc. This is highly recommended for new starters as it gives an insight into how to use the Assembly IT systems.

10.27 The first Tuesday of every month is reserved for Assembly Staff induction training which covers the same areas but for a different domain.

10.28 This training is currently only provided in the Cardiff Bay office. However, training in constituency or regional offices or other suitable locations can be arranged.

10.29 Training is provided on specific software, such as:

- **Microsoft Excel – Time Saver**
Suitable for those wishing to learn how to use techniques that will speed up repetitive operations

- **Microsoft Excel – Sorting and Filtering Data**
Suitable for those with large amounts of information within their spreadsheets from which they need to obtain statistics
- **Microsoft Access – Database Design**
This is suitable for those who are familiar with Access and databases but wish to learn about the theories, guidelines and principles involved
- **Microsoft Project – Overview**
Suitable for those who are likely to be using Microsoft Project as a tool in project management

The ‘i-Change’ Project

- 10.30 The Panel was told of plans to improve the way that the Assembly Commission delivers its services for Members, staff and, most importantly, for the general public. ‘i-Change’ was a consultation process, involving Assembly Members, the public and other stakeholders, on proposed improvements to the Assembly’s ICT hardware and software. It led to the Change Programme which will enable the Assembly to communicate more effectively with the public, both to disseminate information and to listen to what people expect the National Assembly to do for them and how this will be achieved.
- 10.31 The scope of the Change Programme is to provide management oversight for all projects that satisfy one or more of the following criteria:
- projects that have a significant cost
 - projects where the impact is across multiple directorates
 - projects where there is Assembly Member or public involvement
 - projects that have defined business benefits
- 10.32 The Change Programme will establish, and initially manage, a common framework for the scheduling, delivery and reporting of significant changes in the way the Assembly works.
- 10.33 The Panel was told of two specific ICT projects currently being assessed within the Change Programme. The first project will provide improved software to Members and their staff, particularly in the

constituency and regional offices, to improve the management and administration of casework. This will have the advantage of providing a consistent system for all Members, compared with the current ad hoc arrangements adopted by the main political groups. Over time, it will have a second advantage in providing a database of casework, to facilitate research and further improvements, whilst respecting confidentiality.

10.34 The second project is a fundamental change to ICT systems such that Members, support staff and Assembly officials will all be on the same communication network. At present, all networks are administered under the Siemens contract, managed by the Welsh Assembly Government.

10.35 Both these projects will demand investment (the exact costs are yet to be determined) but the Panel welcomes these forthcoming improvements and provided that they can be shown to be cost effective, hopes that the necessary resources can be found.

Chapter 11: Travel

Preamble

- 11.1 The guidance on Assembly Members' normal travel within Wales is set out in Section 4 of the Salaries and Allowances Determination 2009 at **Appendix 1**.
- 11.2 In addition, an Assembly Member may travel elsewhere in the United Kingdom at public expense, provided the journey is related to Assembly or constituency business. This is called extended travel and the arrangements are set out in Section 5 of the Determination 2009.
- 11.3 A Member is entitled to claim for the cost of 12 single journeys in each year for members of their family; defined as a partner or a child under the age of 18. The reimbursement of journeys by public transport or appropriate mileage rates between Cardiff and the constituency, or Cardiff and the Member's main home, may be claimed. These arrangements are described in Section 6 of the Determination 2009.
- 11.4 In addition, each Assembly Member is entitled to claim the cost of their staff making up to 18 return journeys by public transport each year between Cardiff and the Member's constituency or region. A Member may also claim the cost of car journeys made by his or her staff to and from the constituency or region but these journeys count against the total entitlement of 18 return journeys. These arrangements are set out in Section 7 of the Determination 2009.
- 11.5 Each year, a Member is entitled to make a total of three return journeys between the United Kingdom and any of the European Community institutions in Brussels. In addition, a Member is also entitled to make one return journey to any of the European Community institutions in Luxembourg or Strasbourg or to the national parliament of another European Union Member State. These arrangements are described in Section 8 of the Determination 2009.
- 11.6 Assembly Members are expected to travel by the most cost-effective means, taking into account the actual cost of the travel and the cost of any overnight stay expenses. However, the time involved in making a journey may also be taken into account. Where benefits from savings in a journey time can be demonstrated, it may be possible to claim a higher rate of reimbursement. A Member who, in the opinion of the Chief Executive and Clerk, does not travel by the most cost effective

means may have the amount of the claim abated by an appropriate amount.

Mileage Rates

11.7 Members can claim the mileage rates set as being allowable for income tax purposes by Her Majesty's Revenue and Customs (HMRC). The current rates are:

Table 11.1 Mileage rates

Motor Vehicles	40 pence per mile for the first 10,000 miles in a tax year; 25 pence per mile for each additional mile over 10,000 miles
Motor Cycles	24 pence per mile
Bicycles	20 pence per mile
Passengers	5 pence per mile

11.8 These rates, when announced by the then Inland Revenue in 2000, were intended so that individuals who have larger cars for business journeys might set a better example on environmental issues. In the guidance provided when they were introduced, it was explained that the rates were based on a proportion of routine operating costs such as depreciation, servicing, insurance and road tax, and all running costs such as fuel attributed to business miles travelled.

11.9 Tables showing vehicle operating costs for both petrol and diesel vehicles are at **Appendix 14**. These tables use the purchase cost as a proxy for the engine size and performance of vehicles. Although we accept that not all expensive cars are 'gas guzzlers', we are content that these tables give a reasonable indication that if a Member chooses to drive a modestly priced vehicle, the current mileage rates are reasonable. However, if the Member chooses to drive a more expensive vehicle, the current mileage rates will only cover between half and two-thirds the full cost of the journey.

11.10 We asked representatives of HMRC if they had any plans to revise their rates, which have been widely adopted in the public and private sectors. In particular, we enquired if they had any plans to alter their rates to encourage the use of more environmentally-friendly vehicles; for example, by linking mileage rates to carbon dioxide emissions. They replied that these issues have been considered by HMRC but it was decided not to pursue them. They pointed out that the rates were actually set by Her Majesty's Treasury and were a matter for UK government policy. They stated:

“It’s a one-size-fits-all and most employers like it ...it’s a very simple system that’s reasonably straight forward to understand and administer.”

11.11 A Treasury spokesman said that:

“The rates are set to encourage the use of smaller, more environmentally-friendly cars and aim to reduce any incentive for employees to drive excessive mileage in larger and less efficient cars.”

11.12 The Determination allows Members to pay their staff the cost of travel by car “subject to a maximum amount equal to that allowed to the Member for the same journey” –currently the HMRC rates. So in theory, each Member could choose to apply any rate up to the HMRC rate. We have no evidence that Members choose to pay lower rates but as a matter of equity, the Panel considers that support staff should receive the same reimbursement as Members.

11.13 The Panel also consider that the HMRC rates currently adopted by the National Assembly are well understood, widely used and see no reason to recommend any change. Whilst we recognise that the current system does provide some incentive to use less polluting vehicles, we feel that the Commission should take up with Her Majesty’s Treasury and Her Majesty’s Revenue and Customs the question of developing a more comprehensive scheme, based on the latest scientific evidence, with the aim of more positively encouraging the use of environmentally friendly vehicles by Assembly Members and staff.

Recommendation 87: Mileage rates should continue to be based on those set by Her Majesty’s Revenue and Customs and should apply to both Assembly Members and their staff.

Recommendation 88: The Assembly Commission should take up with Her Majesty’s Treasury and Her Majesty’s Revenue and Customs the question of developing a new system of mileage rates based on the latest scientific evidence, with the aim of more positively encouraging the use of environmentally-friendly vehicles.

Facts and Figures (2008-09)

Table 11.2 Expenditure on Assembly Members' travel 2008-09

	Budget (£)	Actual Expenditure (£)
Members' travel by own car	160,000	162,400
Members' travel by hire car	21,250	16,700
Members' travel by train/air	150,000	32,500
Members' travel to the European Union	60,000	12,000
Total	391,250	223,600

Comments Received

11.14 We received the following comments:

“Mandatory rail travel from constituency to the Assembly may seem to be a sustainable option. However, Assembly Members often travel to and from their constituency via other meetings, the rail network is not comprehensive enough in many areas vis-à-vis timings and departure points. Our hours are unsociable and our routes vary constantly according to constituency requirements. Most Assembly Members make a judgement on a weekly basis as to their best method of transport. It should be left to them to make a judgement although we are of the opinion that we must look for more sustainable but practical alternatives.”

“The ordinary worker pays his or her own travelling costs to attend their work and in rural areas this can be a significant proportion of their wage, there is therefore an argument that Assembly Members have chosen their vocation and therefore should pay their own travelling costs.”

“I would be quite comfortable with incentives for people to have lower carbon dioxide emissions. As a supporter of the current regime and vehicle licensing, I think it would be wrong not to do it for ourselves.”

Key Issues

11.15 Evidence from Assembly Members stressed the importance of distinguishing between travel from the constituency or region to Cardiff Bay and travel within the constituency or region. When the Panel probed the question of whether only the cost of the standard

public transport fare should be claimable in respect of the former, some Assembly Members were supportive, others were not. Most highlighted the impossibility of relying on public transport within their constituency or region and noted that often a trip home from the Assembly may involve a detour to another engagement.

11.16 The point was made that some Assembly Members, particularly those representing the Mid and West Wales region, incurred significantly more travel expenses in getting around the region.

11.17 The Panel also considered whether Assembly Members could be incentivised to use 'green' models of car. Some Members expressed reservations. The Welsh Conservative group said:

“Weighting for green cars seems to be a sustainable policy however newly elected Assembly Members may not have a particularly green car and may not be able to afford to replace theirs. The same runs true for AMSS. The investment required to purchase a new car may therefore disadvantage some Assembly Members. If the Assembly wishes to pursue this agenda it maybe worth considering company cars or cheap loans. You would then need to ensure that AMSS are not penalised if they use their cars on Assembly/Constituency business.”

11.18 No evidence has been submitted to the Panel suggesting that there is any widespread abuse of the reimbursement scheme for travel costs. The total cost of all travel by Members and their staff is less than £250,000 a year, so any saving is likely to be fairly limited.

Travel between the Constituency or Region and Cardiff Bay

11.19 Existing controls on travel costs in the National Assembly are considerably tighter than those at Westminster, as they require Assembly Members to specify on their claim forms every journey made in the constituency or region. Nonetheless, there is a public perception that the reimbursement of travel costs is one more example of Members benefiting from a loosely controlled system. In these circumstances, it may be in the Assembly Members' own interests that the system is seen to be tightened up – even if the amount of saving is relatively modest.

11.20 In addition, there is a question of how Members practice what they preach when it comes to the Assembly's commitment to sustainable environmental policy. There seems to be little, if any, incentive for Members to use a means of transport that is not only financially

prudent, but also has regard to the need to minimise the carbon footprint of their travel.

11.21 The options that were considered by the Panel included:

- a system that encourages Assembly Members to use public transport rather than private transport – such as reimbursement being made on the basis of the cost of train travel, rather than by private car
- a system that ensures that when public transport is being used the lowest available fares are utilised
- when private transport is used there should be, when possible, consideration given to encourage car sharing
- in recognising that within the constituency or region Assembly Members will probably have to depend on private car travel, the question needs to be asked as to whether the system of self-certification of the reasons for journeys, gives adequate safeguard

11.22 Some comments received suggested that mileage claims should not be reimbursed for travel between the Member's home and their place of work.

11.23 The argument put forward is that this is commuting and for most employees in both the private and public sector travel from home to the normal place of work is not reimbursed.

11.24 The Panel accepts the argument that employees do not normally receive reimbursement for commuting. Members, however, are not employees, but elected representatives who attend the Assembly on behalf of their constituents and attend local offices to assist constituents with any problem that is brought to the Member's attention. The Panel acknowledges that following implementation of its recommendation concerning the boundary between the inner and outer areas (see **Chapter 6**), there may be some increase in the cost of reimbursing mileage claims for those Members affected, but we believe that the current budget is adequate to contain any such increase.

11.25 We note the fact that Her Majesty's Revenue and Customs apply special taxation rules to Members specifically in relation to travel between

their home and constituency or region, and see no reason to change current arrangements.

Recommendation 89: Assembly Members should continue to be eligible to claim for travel between their home, the Assembly and local offices.

Encouraging Use of Public Transport

- 11.26 The Panel undertook a calculation on the maximum savings which could be achieved by the introduction of a train-based reimbursement system for travel between the constituency and Cardiff Bay. This was based on Assembly Members using the nearest convenient railway station and incurring one saver-return ticket each week for those living in their second home in Cardiff, and four such return tickets for those living locally. The maximum saving was some £25,000 per year at most; and to the extent that many Members already use the train regularly, the potential saving would be lower. Neither was there any way of ensuring that Members would use the train rather than the car, even if there were a lower reimbursement available. So the green dividend may be illusory.
- 11.27 The Panel was informed by HMRC that if the Assembly introduced a scheme for the reimbursement of travel costs along the lines previously described, then an Assembly Member would be entitled to claim against income tax for the difference between any journeys undertaken by car but reimbursed by the Assembly at a rate below the standard rate of 40 pence per mile.
- 11.28 It is the opinion of the Panel that however laudable would be the introduction of such an incentive towards green travel, it does not appear that such a system would be effective and that it is more realistic to look towards a change of HMRC regulations as a way of encouraging green travel by Assembly Members.
- 11.29 There was some criticism during our consultation of the use of tax payers' money to subsidise the travel of Members' close family. We noted, however, that in 2008-09 only 12 Members used this facility and they claimed for a total of only 26 such journeys in that year. The Panel is content, therefore, that there is no abuse of this scheme.
- 11.30 Furthermore, the Panel considers it is important both for the Member and his or her family that such journeys should continue to be supported as part of the family-friendly policies of the Assembly. We,

therefore, recommend that the existing arrangements for travel by Members' partners and children are maintained.

Recommendation 90: Existing arrangements for travel by Assembly Members' partners and children, as set out in the Salaries and Allowances Determination 2009 should be maintained.

11.31 The Panel was impressed by the Assembly's commitment to incorporate sustainability into all areas of its operation, including management of its travel arrangements. The National Assembly is a member of the 'Green Dragon' scheme, which promotes sustainable policies in the public and private sectors. The Assembly has recently obtained the highest accreditation. To date, the Assembly's efforts have concentrated on policies related to their staff but there is no reason why this should not be extended to include Members and their support staff.

Recommendation 91: The Salaries and Allowances Determination 2009 should be amended to encourage sustainable transport and the Green Dragon Scheme.

11.32 Members are currently allowed to use hire cars for journeys within Wales. The Panel accepts that the use of hire cars by Assembly Members is not widespread. Nevertheless, we feel that the guidance should be tightened up so that use of hire cars ceases to be an admissible expense, and should only be permitted in exceptional circumstances; to be determined by the Members' Business Support Team.

Recommendation 92*: The use of hire cars by Assembly Members or their staff should cease, save in exceptional circumstances.

11.33 Assembly Members should endeavour to purchase the cheapest available tickets for train journeys; particularly for travel by train between their constituencies and Cardiff. Members entitled to 'senior railcards' or other discretionary fares should be encouraged to use them.

11.34 Journeys by Assembly Members that are reimbursed for both constituency purposes and for travel outside the constituency should be based on standard class tickets.

11.35 The Panel acknowledges that for some Members based in north Wales, using the regular twice daily flight between Anglesey to Cardiff may be the most cost-effective means of travel.

Recommendation 93: Assembly Members should seek the cheapest available travel ticket and take account of any discounts available; including those available to Members holding a 'senior railcard' or other concessionary fares.

Car Sharing

11.36 A scheme which gives a positive incentive for Assembly Members to share cars on journeys which would be reimbursable from the Assembly should be considered by the Assembly Commission.

11.37 The amount of saving on this element is probably minimal, because of the implications of the reimbursement scheme outlined above. However, the Panel feels it is something which should be further investigated, as it sends a positive signal in support of the Assembly's sustainability policies.

Recommendation 94: The Assembly Commission should seek to promote car sharing by Assembly Members where appropriate, possibly involving a financial incentive.

Recommendation 95: The Members' Business Support Team should seek to negotiate with train operators and air-service providers a discounted charge for Assembly Members who use their services on Assembly business.

Travel within Constituencies or Regions

11.38 Assembly Members should of course be eligible for reimbursement of travel undertaken in the course of their public duties within their constituency by either train or bus. The Panel assumes, however, that such travel will, in the overwhelming of the majority of cases, be by car for practical and logistical reasons.

11.39 The National Assembly's system of requiring detailed justification for every car journey claimed is significantly more robust than the system currently operated by the House of Commons.

11.40 It is suggested that every Member, as part of their induction training, should be encouraged to keep an office diary noting all journeys

undertaken by car within the constituency (or to Government Offices serving the constituency) for which they intend to claim reimbursement. The forms submitted (which should be on a monthly basis) claiming such travel costs, should be based on those diary entries, and the diary itself should be open to random audit check.

11.41 The Panel considered placing a cap on the total mileage eligible for reimbursement each year by a Member, based on the size of their constituency or region. The House of Commons already has a system for recognising that small constituencies should give rise to smaller mileage claims than large constituencies. However, we decided not to recommend this option as there does not appear to be any abuse of the current system. The Panel recognises that it is important for Members to engage actively with their constituents and that they should be reimbursed the actual cost of these journeys.

11.42 As a general principle, Members should consider effective use of time when travelling, and also ask the question – is this journey really necessary?

Travel outside Wales

11.43 We recognise that there will be occasions when a Member is required to travel within the United Kingdom (but outside Wales) or abroad in relation to their Assembly duties. Examples of such travel include meetings with organisations whose headquarters are in England, Scotland or Northern Ireland and meetings in Brussels or Strasbourg with elected representatives of the European Parliament or European Union institutions.

11.44 We consider that such journeys within the United Kingdom, provided they are in relation to Assembly duties, are a legitimate function of an Assembly Member and accordingly the Member should be reimbursed his or her travel costs.

11.45 We take a similar view for travel for meetings with Members of the European Parliament and/or representatives of European Union institutions on Assembly business.

11.46 In respect of all other travel on Assembly duties outside the United Kingdom, we consider that such journeys should be agreed in advance with the Members' Business Support Team, to ensure proper accountability.

Recommendation 96: Journeys outside the UK (except for travel to Brussels and Strasbourg), should continue to be agreed by the Members' Business Support Team in advance.

11.47 Having a travel provision with no financial ceiling does not mean that there should be any diminution of transparency and accountability. The Panel is pleased to note that all travel expenses currently have to be certified as having been undertaken on Assembly business and are published on a regular basis so that the electorate can see what travel has been undertaken. As such, travel by individual Members is already transparent. We fully support the continuation of this arrangement.

11.48 The Panel considers that the current guidance on the permitted destinations for European travel is unduly restrictive. We have received no evidence to indicate that the current system is being abused. Indeed, only some £12,000 was spent on European travel last year from a budget of £60,000. We do not propose increasing the number of trips per Assembly Member but do not see why these should be restricted to institutions in Brussels or national parliaments. The Panel considers that Members should be entitled to make up to four return journeys per year between Wales and any other member state or region of the European Union on Assembly related business.

Recommendation 97: In any financial year, each Assembly Member should be entitled to make up to four return journeys between Wales and any other member state, or region, of the European Union on Assembly related business.

Car Parking

11.49 The Panel is aware that the Commission provides free car parking for Members, their support staff and also National Assembly staff in Cardiff Bay. We received some comments about this but as it largely falls outside our remit, the Panel proposes that the matter should be reviewed by the Assembly Commission; to ensure equity, sustainability, transparency and value for money. However, we would not expect Members or their staff to reclaim parking charges when working in their constituency or regional offices, and they could be liable to income tax on these claims, if they do so.

Recommendation 98: The Assembly Commission should review current policy for car parking arrangements in the Assembly offices in Cardiff Bay, with regard to Assembly Members, their staff and the Assembly staff – in relation to the equity of provision, sustainability and resource implications.

Chapter 12: Administration, Audit and Standards

Preamble

- 12.1 The new arrangements for Assembly Members' pay and expenses outlined in this report must be underlined by a robust framework for checking and processing claims, internal and external audit, and dealing with standards issues, which is seen by the public to be independent and transparent. In considering this framework the various roles and responsibilities need to be clearly understood.
- 12.2 The Chief Executive and Clerk of the Assembly, as Principal Accounting Officer, is responsible for ensuring that the Assembly's resources are used in a regular and proper manner, having due regard to the need to secure value for money. As part of these responsibilities, the Principal Accounting Officer is under a duty to establish a proper system of internal control (including arrangements for governance and risk management) and to ensure that it is operating effectively. Assurance may be gained from the systems (procedures and controls) in place and from the work of internal and external audit.
- 12.3 The Members' Business Support Team (the Fees Office) is responsible for operating key systems and controls in relation to Assembly Members' allowances and expenses. In this respect, one of its key roles is to receive, check and pay claims made by Members. Staff in that office are acting on behalf of the Principal Accounting Officer in ensuring that amounts paid are regular and proper and with due regard to the need to secure value for money.
- 12.4 Internal audit is:
- “an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”¹⁰
- 12.5 Internal audit is either staffed in-house or contracted-out but, either way its main role is to provide independent and objective advice, primarily to the Principal Accounting Officer. It therefore follows that internal audit must not also have an executive role as a party to the operation of the systems and controls – in particular it should not

¹⁰ Government Internal Audit Standards

usurp or dilute the role of the Members' Business Support Team by getting involved in the claims checking and payment process.

- 12.6 The Auditor General for Wales (known as the Auditor General) is the Assembly Commission's external auditor. He has a duty to report on the truth and fairness of the annual accounts and on the regularity of financial transactions. He may also report on matters of propriety and value for money. The Auditor General reports directly to the Assembly and the Principal Accounting Officer may be asked to appear before the Audit Committee to answer questions on the basis of such reports.
- 12.7 Internal and external audit may co-operate to minimise unnecessary duplication on those being audited but their respective roles, responsibilities and reporting lines must be clearly understood.
- 12.8 The Commission's Corporate Governance Committee provides assurance to the Commission and the Principal Accounting Officer on:
- the strategic processes for risk, control and governance and the Statement on Internal Control
 - the accounting policies, the accounts, and the annual report of the Commission, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the Auditor General
 - the planned activity and results of both internal and external audit
 - adequacy of management response to issues identified by audit activity, including external audit management letters from the Wales Audit Office
 - the corporate governance requirements for the Commission
 - proposals for tendering for internal audit services or for purchase of non audit services from contractors who provide audit services
 - anti-fraud policies, whistle-blowing processes and arrangements for special investigations
- 12.9 The Assembly's Audit Committee considers reports laid before the Assembly by the Auditor General taking evidence from Accounting Officers and reporting its own conclusions and recommendations to the Assembly.

- 12.10 The Assembly's Finance Committee considers detailed proposals for use of resources, budgets, income and expenditure laid before the Assembly by Welsh Ministers or the Commission and Ombudsman.
- 12.11 The Commissioner for Standards has responsibility for investigating complaints made against Members and referring appropriate matters to the Committee on Standards of Conduct.
- 12.12 The Committee on Standards of Conduct's terms of reference require the Committee to investigate, report on and, if appropriate, recommend action in respect of any complaint against a Member referred to it by the Commissioner for Standards.

Assembly Member Issues

- 12.13 The aim of the Panel is to establish a system of expenses which operates in an open and transparent way. Assembly Members are accountable through the ballot box to their electorate, but the Panel believes that the proper fulfilment of their duties requires Assembly Members to undertake their role with due diligence throughout the period of an Assembly.
- 12.14 The Panel has sought to establish the new regime as 'principle-based' so that form follows function. The Panel believes that individual Assembly Members should have the freedom to deliver their representational role in the best way they see fit to serve their electorate. However, the creation of standardised systems of support and working methods is needed to protect them from inadvertent error and to enable efficiency of performance.
- 12.15 The Panel has received evidence which suggests that the term 'allowances' leads some Assembly Members to feel obliged to spend to the limit of their budget. The Panel believes that there should be reimbursement only on the basis of receipted expenses actually incurred. The Panel has sought to change practices through a root and branch review of eligible costs and budget limits.
- 12.16 The media and public debate over the last few months, in the opinion of the Panel, underlines the need for a system of financial support for Members to be 'receipt-based' and generally robust. It is important to manage the expenses regime tightly so that public confidence in expenditure on the democratic process is restored. The approach to proactive audit set out in this report is intended to start to rebuild public trust.

12.17 The block grant supplied annually to the National Assembly for Wales by the UK Government is some £15 billion. From this sum, about £48 million funds the provision of Assembly parliamentary services, of which some £13 million is used to provide financial support for Assembly Members.

Evidence Received

General

12.18 During the consultation, members of the public and individual witnesses supported the need for a robust audit approach to reassure people that the public purse was being well managed and to encourage accountability.

12.19 The Panel welcomed the approach of one Assembly Member given in evidence:

“When I’m thinking about whether I should claim for something, my first question is: “Would I be buying this if I was not an Assembly Member?”. If the answer is, “yes, I would be”, then I don’t buy it. My second question is: “Is this something that we really need? The third question is: “How will people perceive this?””

Auditor General

12.20 The Panel received compelling evidence from the Auditor General on the assurance required to ensure that only legitimate claims are submitted and paid.

12.21 In a 20 point document, see **Appendix 15**, the Auditor General provides the excellence benchmark standard of approach which the Assembly should follow in these matters.

12.22 The excellence standard covers the following questions:

- what is assurance?
- what are the essential components of an assurance regime?
- who can provide this assurance?
- who currently provides assurance?

- what examinations does the Auditor General undertake?
- the powers of the Auditor General under the Public Audit (Wales) Act 2004
- the ability to undertake 'additional assurance' examinations of Members' allowances

12.23 The Auditor General also raised some initial issues for the Panel to consider:

- to decide if the new arrangements are primarily to help Assembly Members do their work or to assure the public
- to note that as the review has progressed, the public confidence in politicians has dropped significantly

12.24 The Panel has addressed both issues. The recommendations in this report are aimed primarily at supporting Members in a transparent and financially prudent manner, with the secondary objective of reassuring the public that their money is being spent effectively and responsibly.

Commissioner for Standards

12.25 The Panel received evidence from the Commissioner for Standards and was pleased to note that the Commissioner advised that there had been only a relatively small number of complaints that had been considered admissible under the terms of the Assembly's complaints procedure. In order to be deemed admissible, a complaint must contain enough substance to suggest that a potential breach of the code, including misuse of public resources, has taken place.

12.26 Very few complaints had needed a hearing before the Assembly's Committee on Standards of Conduct where Assembly Members are judged by their peers. There have been no formal complaints about the misuse of Members' allowances for personal remuneration or their staff costs. Assembly Members abide by a Code of Conduct and supporting protocols. If a minor breach had occurred, the Panel was told that this was more likely to be a result of ignorance of the rules rather than abuse.

12.27 Steps are currently being taken to establish the Commissioner for Standards' role as a statutory one, which the Panel welcomes.

12.28 The Commissioner saw his role as the person who could help develop the ethical framework for the Assembly, protect that ethical framework and ensure that people abide by it.

Recent Audit Findings

12.29 The strategy for the audit of the Assembly Commission's annual accounts is provided by the Wales Audit Office (WAO) to the Principal Accounting Officer and the Corporate Governance Committee.

12.30 The strategy is informed by a risk assessment based on a register of potential strategic and operational risks. Pay and expenses of Assembly Members is identified annually as such a risk by the WAO for the reasons outlined below:

12.31 Risk:

"I have continued to deem Assembly Member's salaries and allowances to be material by nature due, in my view, to their inherent sensitivity to the readers of the Commission's financial statements. Given these sensitivities and my assessment of materiality, there is an inherent risk of misstatement and a failure to comply with the Determination in place. However, it is important to note that, historically, controls in this area have been strong and I have therefore assessed the individual risk as being low."

12.32 Audit Action:

"I will be undertaking analytical and substantive testing of the Assembly Members' salaries and allowances, together with my substantive review of all related disclosures within the financial statements."

12.33 The Corporate Governance Committee receives regular reports on the review of the Register of Strategic Risks and Register of Significant Operational Risks carried out by the Chief Executive and the Directors. The Panel believes this good practice provides an appropriate context within which the support for Members is regularly reviewed at a strategic and operational level.

12.34 Internal Audit is currently undertaken by external agency RSM Bentley Jennison whose contract is due to conclude after completion of 2009-10 audit work.

12.35 It is anticipated new and strengthened internal audit arrangements will be put in to place from April 2010 and these will include the appointment of a new Head of Internal Audit in autumn 2009.

Internal Audit Examination of Assembly Members Allowances May 2007

12.36 Key messages from the internal audit examination of Assembly Members' allowances in May 2007 were:

"There is a well established system for paying Assembly Members' allowances that provides an adequate level of control"

"The system provides accurate information for inclusion in the Annual House Committee report and in response to Freedom of Information requests"

"The system relies on the maintenance of electronic spreadsheet based records for recording and controlling claims and there would be benefits in full integration within the CODA financial system in the future"

12.37 Key messages from RSM Bentley Jennison's Internal Audit Report January 2008 (updated July 2008) were:

"Taking account of the issues identified in the remainder of the report and in line with our definitions, the National Assembly for Wales has demonstrated good progress in implementing actions agreed to address internal audit recommendations."

"It should be noted that three of the recommendations were not yet due for implementation at the time of our review."

"We have reiterated recommendations where these have not yet been implemented. In addition we have made new recommendations where appropriate."

Corporate Governance Principles

12.38 The Panel received evidence from the Auditor General who endorsed the following principles of robust corporate governance:

- published rules that are clearly expressed, consistently applied and supported by unambiguous guidance
- appropriate and timely training and support provided to all those involved in operating the new arrangements

- comprehensive and robust internal and external audit arrangements

12.39 The Panel has a series of recommendations in relation to the governance of the 4-year support package for Assembly Members outlined in this report.

Recommendation 99: The Chief Executive and Clerk of the National Assembly, as Principal Accounting Officer, should put in place systems to ensure appropriate corporate governance.

Recommendation 100: The principles of robust corporate governance should be upheld as follows:

- i) published rules that are clearly expressed, consistently applied and supported by unambiguous guidance**
- ii) with effect from adoption of the report, the Members' Business Support Team should clearly set out in a single, publicly available document, the full range of all salary, expense and allowance costs claimable by any Assembly Member, including costs incurred in respect of their support staff**
- iii) that document should be supported by clear and unambiguous Commission guidance, setting out in detail the specific rules and procedures to be followed by Assembly Members and their support staff when identifying claimable allowance costs, preparing claims for submission, retaining supporting papers**
- iv) Commission guidance should also be prepared for the staff of the Members' Business Support Team to assist them in the checking and processing of claims for approval and payment**
- v) appropriate and timely training and support should be provided to all those involved in operating the new arrangements**
- vi) the Members' Business Support Team should develop appropriate training materials on the new arrangements and offer this training to all Assembly Members and their support staff. Attendance on these training courses should be mandatory**
- vii) appropriate modifications should be made to the existing induction arrangements for all new Assembly Members and support staff, to ensure that due prominence is given to these issues from the outset**
- viii) mandatory training should also be provided to all relevant Commission staff, including staff within the Members' Business Support Team, on the operation of the new arrangements**
- ix) comprehensive and robust internal and external audit arrangements should exist**

Systems Model of Approach

12.40 The approach supported by the Panel is based on a 'prevention is better than cure' systems model as shown below.

Input-Process-Output-Outcome

12.41 At each stage the model seeks to screen out inappropriate claims and payments rather than rely on resolving problems when they arise.

Input Stage

12.42 Typical inputs would include:

- the identification of budgets for support services including office accommodation, training and development, IT, mobile communications
- identification of levels of support staff and budgets for constituency and regional Members
- the setting out by the Members' Business Support Team of clear procedural guidelines for the claiming of costs necessarily incurred and budget allocations
- the funding and programming of internal and external audit time to ensure proper stewardship of the public purse

12.43 We consider that a systematic approach to a programme of internal and external audit work on the new arrangements is essential to provide assurance, secure continuous improvement and support robust corporate governance. As part of a proactive audit approach, the respective roles of Internal Audit and External Audit therefore need to be highly visible and programmed audit reviews of the new arrangements must be given a very high priority.

Recommendation 101*: The Assembly Commission should make use of external audit (the Auditor General) to provide independent assurance, both to the Commission and to the people of Wales that expenditure on claims and allowances is being made in accordance with the requirements of the new arrangements.

Process Stage

12.44 The Panel would support the comment and approach of the Corporate Governance Committee that ‘good enough is not good enough for Wales’ in the proper management of financial support within the Assembly. The National Assembly for Wales aspires to being an exemplar in the standards of systems, administration, audit and assurance required to ensure that Members submit, and are paid, only legitimate claims.

12.45 The work of the Corporate Governance Committee has looked at the financial well-being, core systems risk management, audit of accounts, fraud and information security requirements. The Committee is likely to consider more ‘value-for-money’ work in the future, as systems become more embedded in the workings of the Assembly.

12.46 Assembly Members require support both on strategic National Assembly business in Cardiff and in operational case/issue management at a local level.

12.47 This work includes:

- activity in a constituency office, Cardiff office, the Senedd, and other off-site work, having regard to the job profile of the Assembly Member and any special responsibilities
- the use of support staff, allowances; travel and other expenses necessary to complete the list of activities

12.48 The control of this activity requires:

- the process of receipting, compiling and submitting claims by Assembly Members
- the process of administering the claims by the Members’ Business Support Team
- the internal/external auditing of samples to ensure compliance

12.49 The Panel has sought to ensure that those who administer the system have the authority to say ‘no’ by recommending that clear guidance is issued, and that the Members’ Business Support Team comprises a skilled team retained in house, with appropriate ongoing training and development. The Panel has confidence that the current management

of the Members' Business Support Team appears to be a robust and effective operation.

12.50 There is a role for audit in examining the effectiveness of the processes. A suggested programme of internal and external audit work for the period 2009-10 to 2014-15 is set out at **Appendix 16** for ratification by the Commission's Corporate Governance Committee. To avoid duplication of effort and ensure efficiency, the external auditor should look to place reliance, where practicable, on the work of the internal auditor.

Recommendation 102: The Assembly Commission should make use of internal audit to provide assurance to the Chief Executive and Clerk of the National Assembly, as Principal Accounting Officer, that the framework of internal control over the new arrangements is robust and operating as intended.

Output Stage

12.51 Typical output activities include:

- the numbers of cases resolved
- constituency matters processed
- national policy platforms developed
- scrutiny assessments completed
- reimbursement payments made by the Members' Business Support Team to Assembly Members in a timely and appropriate manner
- the online publication of expense claims for all Assembly Members on a monthly/quarterly basis
- sound Internal/External Audit reports on the proper governance of the methods of support and appropriate payments to Assembly Members

12.52 The annual results of the audit work outlined in **Appendix 16** will provide valuable assurance to the Principal Accounting Officer, who is required to publish a Statement on Internal Control within the Commission's Annual Report and Accounts.

Recommendation 103: To aid transparency, the Commission's annual published Statement on Internal Control should contain explicit reference to the effectiveness of the internal control framework over the new arrangements.

12.53 The results of all internal audit work, together with any recommendations and management responses, must be reported in a timely manner to the Commission's Corporate Governance Committee.

12.54 As with internal audit, the results of all external audit work, together with any recommendations and management responses, must be reported in a timely manner to the Commission's Corporate Governance Committee.

12.55 We recognise that the Auditor General also has statutory powers to report in public on the results of his work, including any external audit work that he undertakes in this field. Such reports are generally considered by the Audit Committee of the National Assembly.

Outcomes

12.56 The Panel is keen to reduce the opportunity for abuse and misuse of the system of expenses. The Panel has some sympathy for Assembly Members who have sought to comply with the existing procedures and who now through circumstance have been tainted by association with the reported difficulties in Westminster.

12.57 The Panel has not identified significant, widespread or deliberate abuse of the expense systems in the National Assembly of Wales. This view was supported by evidence from the Commissioner of Standards.

12.58 The Panel also recognises that it is not true to say that the Assembly Members who cost least or submit fewest expense claims must represent the best value for money.

12.59 However, outcomes from the proposed changes should include:

- increased public confidence
- openness and transparency in the stewardship regime
- progress in achievement of the strategic priorities for the Assembly
- appropriate and efficient use of public funds

Nomenclature

12.60 The Panel considers that the current names of the Audit Committee and the Corporate Governance Committee are confusing, given their respective roles as described above. The Panel considers that the focus of the Corporate Governance Committee would be better captured by renaming it the Audit Committee. In parallel, the focus of the current Audit Committee would be better reflected by renaming it the Public Accounts Committee (Wales). The Panel has taken legal advice, which confirms that the Assembly has the authority to make these changes.

Recommendation 104: The Commission's Corporate Governance Committee should be renamed the Audit Committee.

Recommendation 105: The existing Audit Committee should be renamed the Public Accounts Committee (Wales).

Standards Issues

12.61 We acknowledge the role of the Commissioner for Standards to report publicly concerning any specific allegation of misconduct.

Recommendation 106: A duty should be placed on the Chief Executive and Clerk of the National Assembly, as Principal Accounting Officer, to refer relevant matters to the Commissioner for Standards for investigation.

Recommendation 107: To improve the effectiveness of the investigative process, the Panel would support an extension to the powers of the Commissioner for Standards to investigate other potential cases, which appear to the Commissioner to be relevant to, or associated with, the investigation of one particular matter.

Independent Review Body

12.62 Following the Corporate Governance Committee's consideration of the internal audit reports and the latest available results of the external audit sample testing of claims, the Principal Accounting Officer should be in a position to recommend to the annual review meeting of the statutory Independent Review Body any further improvements to the new arrangements that may be required.

12.63 The Principal Accounting Officer should have the ability to require a meeting of the Independent Review Body at any time, to provide impartial external advice in relation to an individual appeal and to seek clarification or interpretation of any associated matter.

Recommendation 108: The Independent Review Body should meet at least once a year. The Chief Executive and Clerk of the National Assembly, as Principal Accounting Officer, should have the ability to call a meeting of the Independent Review Body at any time.

12.64 Taking these recommendations together, the Panel considers that the public can be assured that comprehensive and robust governance, including independent audit arrangements, underpin a strengthened approach to the management of financial support for Assembly Members.

Chapter 13: Implementation and Transitional Arrangements and Financial Matters

Preamble

13.1 The purpose of this chapter is to set out the Panel's views on the arrangements for implementing our recommendations, including the timing and phasing of their introduction. It also gives a broad indication of the overall financial implications of our recommendations. However, it will be a matter for the Assembly Commission to assess the costs and savings before adjusting its budget accordingly. The overall intention of the Panel has been to deliver a package of measures that can be fully delivered within existing budgets and which has the potential for delivering savings in due course.

Implementation and Transitional Arrangements

13.2 The Panel is firmly of the view that the Assembly Commission should move quickly and decisively to implement the recommendations in this report. We have noted that the National Assembly for Wales is in many senses in a stronger position on these issues than elsewhere. However, to remain ahead and to demonstrate to the public in Wales that the Assembly is serious about establishing a system of financial support that is beyond reproach, immediate steps need to be taken in a number of areas. That said, we fully recognise the position of existing Assembly Members who took up office on the basis of the existing arrangements and who should, where necessary, be afforded the necessary time to make changes. In a few cases, we believe it is appropriate for existing Assembly Members, as long as they maintain continuous service, to retain their current arrangements. Where this applies we have made it clear in the report and recommendations. Also, our report includes a number of recommendations that will require further work before they can be implemented; some of these will involve changes that need to be made through legislation.

13.3 We have therefore indicated in **Chapter 1**, for each of our recommendations, those which:

- should be implemented as soon as possible after the publication of our report
- should be implemented immediately after the next election in 2011

Financial Matters

- 13.4 There is no straightforward method of quantifying the effect of our proposals on future costs. This is partly because some changes were inevitable irrespective of our report and recommendations, so no baseline would provide an entirely valid starting point against which to assess our proposals.
- 13.5 What we can say, however, is that our proposals, if and when fully implemented, will lead to a level of expenditure that is lower than the current budgeted level and the actual level for the financial year 2008-09. It is our belief that over the period of the next 4-year Assembly term, 2011-15, these savings could be of the order of £1 million.
- 13.6 We should stress, however, that cost savings were not the primary objective of our work – though it is obviously a very acceptable by-product. Our objective was to construct a viable, transparent and acceptable structure of support, which gives the general public of Wales confidence in the way in which public financial resources are used; gives Assembly Members the practical tools they need to enable them to do their work; and enables the Assembly to maximize its capacity to serve Wales.

Pay

- 13.7 The Panel's deliberations on pay are set out in **Chapter 5**. The key recommendations are that the direct link with the pay of Members of Parliament should be broken and that the basic salary of Assembly Members should be fixed for the 4-year term of the next Assembly. The Panel has recommended that a statutory Independent Review Body should be established through an Assembly Measure, as soon as possible. That body should then set the pay of Assembly Members for the whole of the Fourth Assembly by taking the base level pay of £53,108 and adjusting it by the percentage change in the 75th percentile of average earnings for Wales in 2009-10, which is due to be published in November 2010. In addition, a notional allowance for forecast inflation will be added to the salary by projecting the likely increase over the first two years of the Assembly, based on the inflation rate which applies at the point when the salary is set.
- 13.8 As the approach is based on calculations using indicators that are not yet available, it is not possible to calculate the cost of these arrangements at this stage. Neither is it possible to assess the relative cost implications of the recommendations on Members' pay because

the pay rises that might have been awarded over the next 4-year term, if the current arrangements were maintained, are completely unknown. However, the Panel believes that linking Assembly Members' pay to the movement of average earnings in Wales and to inflation should mean that salary increases are in step with the general state of the economy. Also, whilst it is not possible to demonstrate a cost saving, the Panel considers that its recommendations on pay have three significant advantages compared with current arrangements: firstly, they avoid the difficulties of a potentially large increase triggered by the current link to Westminster; secondly, they will provide a more robust foundation from which the Commission can set its budget for the whole of the next Assembly; and thirdly, Assembly Members will no longer be involved with setting their own pay.

Pensions

13.9 The Panel feels that current pension arrangements for Assembly Members are generous, and that the increasing cost of such provision is not sustainable for the future. The Panel's main recommendation, as described in **Chapter 5**, is that the Assembly Commission and the Fund Trustees should set a target to limit the standard Commission-funded contribution rate to be no higher than its current level of 23.8 per cent, and that this should be reviewed periodically to take account of what happens in pension schemes elsewhere. This will prevent increases over time in the cost of the pension scheme to the Assembly.

Resettlement Grant

13.10 The Panel has recommended a tightening of the rules on entitlement to the resettlement grant, as described in **Chapter 5**. Current Members will remain subject to the current arrangement, as long as they maintain continuous service.

13.11 New Assembly Members following the election in May 2011 will only be eligible to receive a resettlement grant on failing to be re-elected at an Assembly election in which they stand. Of these, those eligible will receive a resettlement grant on the basis of one month for each complete year of service up to a maximum of six months.

13.12 These changes will certainly deliver savings, but the amount saved will inevitably depend on the pattern of Assembly Members leaving their roles beyond the election in 2011.

Residential Accommodation

13.13 The Panel's recommendations regarding residential accommodation are set out in **Chapter 6**. The current arrangements cost approximately £430,000 per year. The two main recommendations are to move the boundary between the 'inner' and 'outer' areas further out; and to abolish the entitlement to claim mortgage interest on second homes in Cardiff Bay. The Panel expects that its recommendations for rented accommodation and other expenses to enable Assembly Members to stay away from home in the course of their duties will deliver savings of around 20 per cent.

Office Accommodation

13.14 The Panel's recommendations on office accommodation are set out in **Chapter 7**. It is not anticipated that these recommendations will result in any significant saving, neither should they require any increase in spending above current levels. The Panel considers that its recommendations in this area are cost neutral.

Assembly Members' Employees

13.15 The Panel's recommendations regarding Members' employees are set out in **Chapter 8**. At present, some £5.6 million is spent on support staff salaries. The thrust of the Panel's recommendations is to strengthen the central support units of the party groups and to reduce the number of staff employed directly by Members. It is considered that, overall, the Panel's recommendations in relation to Assembly Members' employees are cost neutral.

Training and Development

13.16 The Panel's recommendations are set out in **Chapter 9**. At present, the budget for training and development for Assembly Members is only some £41,000 per year, of which less than half is actually spent. There is also money allocated from the 'other staff costs allowance' of the employees salaries budget.

13.17 The Panel considers that an increase in resources for, and commitment to, high quality training and development is essential to equip Assembly Members and their staff for the challenges ahead. The Panel recommends a significant increase to £350,000 in the first year of the new Assembly and £200,000 in subsequent years. However, taking account of savings identified elsewhere, the Panel considers that these increases can be accommodated within existing financial resources.

Information and Communication Technology

13.18 The Panel’s recommendations are set out in **Chapter 10**. Overall, the Panel’s recommendations in this area are cost neutral.

13.19 The Panel endorses proposed future ICT projects identified in the ‘i-Change’ programme, subject to the Commission being satisfied that they represent good value for money.

Travel

13.20 The Panel’s recommendations for travel are set out in **Chapter 11**.

13.21 The Panel considers there is scope to make savings by more effective use of central purchasing and available discounts, but that generally the recommendations are cost neutral.

Supporting the Commission’s Strategic Goal of Working Sustainably

13.22 A number of the Panel’s considerations and recommendations support the delivery of the Assembly Commission’s strategic goal of working sustainably. These are set out in Table 13.1 based on the relevant extract from the Assembly Commission’s Register of Strategic Risks 2009-10. It is intended that the Panel’s recommendations should be incorporated within the work of the Assembly as shown.

Table 13.1 Extract from the Commission’s Register of Strategic Risks

Strategic Goal	What is the risk/threat	Impact if the risk is realised	Controls in Place	Further action to control risk	Impact of Panel Recommendations
<u>Strategic Goal 4</u> We will work sustainably	Publicly criticised for failing to demonstrate sustainable working	<p>Consequences (Environmental/ Reputational damage)</p> <ul style="list-style-type: none"> Media and public understanding of issues is inaccurate, partial, or undesirable Confidence in advice or enthusiasm is compromised Targets become softer and are not achieved Resources needed to deliver 	<ul style="list-style-type: none"> Green Dragon Action Plan Commission and Management 	<ul style="list-style-type: none"> Set and meet carbon neutrality targets Develop our transparent/open 	<p>Action in Chapters on Residential Accommodation, Office Accommodation, Training and Development, ICT, Travel.</p> <p>Includes a proposal to reduce recess period resulting in more efficient use of Assembly Buildings</p> <p>Supporting Green Dragon Scheme</p>

Strategic Goal	What is the risk/threat	Impact if the risk is realised	Controls in Place	Further action to control risk	Impact of Panel Recommendations
		<p>outweigh benefits – public criticism</p> <ul style="list-style-type: none"> • Contractual arrangements do not deliver improvements • Increased energy usage if supplies not available <p>Opportunities</p> <ul style="list-style-type: none"> • Assembly Clear skies group - using expertise and experience • Reviewing cost-effectiveness of energy sources • Maximise increased resources to plan desired outcomes 	<p>Board signed up to Strategy and Environmental Statement.</p> <ul style="list-style-type: none"> • Enthusiastic Green Team and influential members • Enhanced capacity for energy management and Green Dragon • Recommendations from Carbon Trust implemented – Building Management System re-programmed to reduce energy usage • Energy management system installed to better monitor usage • Clear Skies group established to bring in expertise from external bodies • Sustainability built into procurement 	<p>approach</p> <ul style="list-style-type: none"> • Help to make tough choices to meet targets • Introduce a Travel Plan • Review Green Dragon (Sustainability) Action Plan and cost more robustly. • Clear Skies group to put forward proposals 	<p>statement from Panel</p> <p>Supporting Green Dragon Scheme statement from Panel</p> <p>Panel proposes specific action in Chapter 11 on Travel which can be incorporated in to the Travel Plan. These include need to promote use of public transport, review the fuel allowance to encourage use of eco friendly vehicles and car sharing. Review of parking subsidy and arrangements.</p> <p>Panel set out actions in the Chapter on Residential and Office Accommodation. The approach should reflect the Assembly commitment to sustainable development in the identification of suitable residential and office arrangements.</p> <p>Need to reduce second home carbon footprint</p> <p>Recycling of equipment identified in Chapter on ICT. Need to consider virtual office working and mobile technology.</p>

Strategic Goal	What is the risk/threat	Impact if the risk is realised	Controls in Place	Further action to control risk	Impact of Panel Recommendations
			processes and environmental improvements considered for existing contracts.		

Audit

13.23 The Panel's recommendations in this area are set out in **Chapter 12**.

The Panel is confident that, taken together, the public can be reassured that the strengthened approach to the management of financial support for Assembly Members set out in this report will be underpinned by robust corporate governance and independent audit arrangements.

Appendix 1: Salaries and Allowances Determination 2009

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SECTION 1: INTRODUCTION, DEFINITIONS AND GENERAL PROVISIONS

1.1. Introduction

1.1.1. This Determination, which is made by the National Assembly for Wales Commission under sections 20, 21 and 53 of the Government of Wales Act 2006 (“the Act”) and Standing Order 1.7, is called the National Assembly for Wales (Assembly Members and Officers) Salaries & Allowances Determination 2009 and comes into force on 1 April 2009.

1.1.2. This Determination sets out the salaries and allowances payable to Assembly Members with effect from 1 April 2009. Subject to any saving and transitional provisions which it contains, this Determination supersedes the following which will cease to apply:

- the National Assembly for Wales (Assembly Members & Officers) (Allowances) Determination 2008; and
- the National Assembly for Wales (Assembly Members & Officers) (Salaries) Determination December 2008; and
- sections 1, 2, 13 - 17 and 19 of the National Assembly for Wales (Assembly Members and Officers) (Salaries, Allowances, etc) Determination 2006. .

This means that the 2008 Determinations will no longer apply and only section 18 of the 2006 Determination remains in force.

1.2. Definitions

1.2.1. Unless the context otherwise requires, the following words and phrases have the meaning shown.

Cardiff	Any point within a five mile radius centred on the National Assembly building at Cardiff Bay
Main home	The home which a Member has registered with the Members’ Business Support Team. This should be the normal home occupied by the Member on which the Member would normally pay full Council Tax.
Salary	The gross amount payable to a Member before any deductions e.g. income tax and National Insurance contributions
Year	The 12 months ending with 31 March
Staff	Assembly Member Support Staff - unless stipulated otherwise

1.2.2. Other terms used have the same meaning as in the Act or, as the case may be, the Standing Orders of the Assembly.

1.2.3. References to the Chief Executive & Clerk are references to the Clerk to the Assembly as defined by section 26 of the Act.

1.3. *Members' Allowances*

1.3.1. Allowances are only payable in respect of expenditure necessarily incurred for Assembly business.

1.4. *Chief Executive & Clerk's decision*

1.4.1 Any questions of entitlement to an allowance shown in this Determination shall be decided by the Chief Executive & Clerk. The Chief Executive & Clerk may consult the Assembly Commission.

1.5. *Part Year Allowances*

1.5.1. The allowances specified below are expressed as a financial limit for a year so that such allowances payable to a Member who enters or leaves the Assembly part way through a year will be limited on a pro-rata basis. In general terms Members are not restricted to any limit for claiming on a month by month basis but a refund may in some cases have to be made when a Member ceases to be a Member in the course of the financial year, for example if a Member has claimed a full year's allowance by the beginning of December and left the Assembly in mid December.

1.5.2. The specified allowances are Additional Costs Allowance, Office Costs Allowance and Staff Salaries Allowance.

1.6. *Annual Uprating*

1.6.1. The Additional Costs Allowance as defined in section 3 of this Determination and Office Costs Allowance as defined in section 9 of this Determination will be increased with effect from 1 April 2010, and on the same date each year thereafter, in accordance with the increase over the previous year in the UK Retail Price Index for the preceding December.

1.7. *Vouchers and Receipts*

1.7.1. Assembly Members who desire to claim an allowance shall submit their claim for payment of the allowance at such time and in such manner as the Chief Executive & Clerk may specify and the Chief Executive & Clerk may specify different times and different manners for different claims.

1.7.2. Without prejudice to the generality of paragraph 1.7.1, the Chief Executive & Clerk may specify that a claim for an allowance must be accompanied by such vouchers and other documents in support of the claim as he/she considers appropriate.

1.7.3. In any case, claims in respect of any invoices and receipts may only be

submitted where the invoice or receipt is addressed to the Assembly Member concerned or a member of their support staff and not where the invoice/receipt is addressed to a third party (such as a constituency party) unless satisfactory documentary proof is produced to confirm that the expenditure relates solely to Assembly business.

1.8 Prompt Submission of Claims

1.8.1 Claims should be submitted within three months of the end of the month to which the expenditure relates. Claims submitted after this should be accompanied by an explanation for the delay. The acceptability of such late claims will be considered by the Members' Business Support Team, acting on behalf of the Chief Executive & Clerk. In cases of doubt, or where novel or contentious issues are involved, the Members' Business Support Team will refer the matter to the Chief Executive & Clerk for a decision.

1.9 Returning Member dies or is otherwise prevented through ill-health from taking the oath

1.9.1 If an individual who ceases to be a Member at an ordinary election by virtue of sections 3 and 14 of the Government of Wales Act 2006 but who is subsequently returned at that election should die before, or be otherwise prevented through ill-health from, taking the Oath required by section 23 of the Government of Wales Act 2006, a Winding Up Allowance shall be available under the terms set out in section 14 of this Determination.

SECTION 2: MEMBERS' SALARIES

2.1. Amount Payable

2.1.1. The salary payable to Members shall consist of a basic salary equal to 82.0 per cent of the salary of a Member of Parliament together with an additional office-holder's salary if the Member holds one of the offices listed in paragraph 2.1.3. A Member's salary does not become payable until he/she has taken the oath or made affirmation required by law in accordance with section 23 of the Government of Wales Act 2006.

2.1.2. Assembly Members who are also Members of Parliament or Members of the European Parliament will have their Assembly salary reduced, in accordance with section 21 of the Government of Wales Act 2006, by an amount equal to two thirds of the basic salary which that Assembly Member would otherwise be entitled to receive.

2.1.3. Members who hold any of the following offices are entitled to receive an additional salary as follows:

<u>Office</u>	<u>Additional Office-Holder's Salary</u>
First Minister	an additional office-holder's salary at the same level as a Secretary of State
Welsh Minister / Counsel General / Presiding Officer / Leader of the largest party without an executive role	an additional office-holder's salary at the same level as a Minister of State
Deputy Minister / Deputy Presiding Officer/ Government Chief Whip	an additional office-holder's salary at the level of 62.9 per cent of that of a Welsh Minister
Leader of parties without an executive role (other than the largest) / Assembly Commissioners / Opposition Chief Whip if also the Opposition Business Manager	an additional office-holder's salary at the level of 27.9 per cent of that of a Welsh Minister
Chairs of Assembly Committees	an additional office-holder's salary at the level of 27.9 of that of a Welsh Minister if the Committee is listed in Part 1 of the Annex or 14.6 per cent of that of a Welsh Minister if the Committee is listed in Part 2 of the Annex.

2.1.4. A Member who holds more than one of the offices specified in paragraph 2.1.3 is only entitled to receive an additional office-holder's salary in respect of one of those offices, namely the higher or, as the case may be, the highest paid of those offices.

2.2. *Counsel General who is not an Assembly Member*

2.2.1. A Counsel General appointed under section 49 of the Government of Wales Act 2006 but who is not an Assembly Member is entitled to receive salary at the same level as the total salary payable under paragraphs 2.1.1 to 2.1.3 to a Counsel General who is an Assembly Member.

2.3. *Payment of Salaries*

2.3.1. Salaries are paid monthly in arrears on the last working day of each month. Payment is made direct to the Member's account by electronic transfer (Bankers Automated Clearing Services - BACS).

SECTION 3: ADDITIONAL COSTS ALLOWANCE – for expenses necessarily incurred in staying overnight away from home

3.1. Purpose and Amount

3.1.1. The Additional Costs Allowance reimburses Members for expenses necessarily incurred in staying overnight away from their main home for the purpose of performing their duties as a Member.

3.1.2. Two levels of Additional Costs Allowance (known as Higher Level Additional Costs Allowance and Lower Level Additional Costs Allowance) apply depending on the location of a Member’s main home.

3.2. Lower Level Additional Costs Allowance - Inner area Members

3.2.1. Subject to the provisions of this section, Members whose main home is located within one of the following constituencies are entitled to the Lower Level Additional Costs Allowance.

Caerphilly	Cardiff Central	Cardiff North
Cardiff South and Penarth	Cardiff West	Newport East
Newport West	Pontypridd	Vale of Glamorgan

3.2.2. Members who are eligible for the Lower Level Additional Costs Allowance may claim an amount not exceeding £4,135 in the year commencing 1 April 2009.

3.2.3. The Lower Level Additional Costs Allowance is payable in respect of the costs of any overnight stay away from home.

3.3. Higher Level Additional Costs Allowance - Outer area Members

3.3.1. Subject to the provisions of this section, Members whose main home is not located within one of the constituencies listed in paragraph 3.2.1 are entitled to the Higher Level Additional Costs Allowance.

3.3.2. Members who lived in a property in respect of which the Higher Level Additional Costs Allowance was payable on 1 April 2007 may continue to receive the Higher Level Additional Costs Allowance even if the property would not otherwise qualify by virtue of electoral constituency boundary changes so long as they remain resident in that property.

3.3.3. Members who are eligible for the Higher Level Additional Costs Allowance may claim an amount not exceeding £13,115 in the year commencing 1 April 2009.

3.3.4. The Higher Level Additional Costs Allowance is payable in respect of the costs of any overnight stay away from home. It is also payable in respect of costs to the Member of providing a second home in Cardiff for items such as furniture, mortgage interest and rent. Purchases of individual items of furniture or other individual items costing more than £2,000 must be referred to the Members' Business Support Team for approval before the cost is incurred.

3.3.5. Members who claim for reimbursement of mortgage interest on a second home must, at least once in any twelve month period, submit a statement of interest paid in order that any adjustment in interest rates may be accounted for.

3.3.6 Members may claim a flat rate of £30.65 for expenses necessarily incurred in any overnight stay away from their main home for the purpose of performing their duties as Assembly Members. This sum may be claimed without the need to submit receipts for each expense incurred during the overnight stay away from their main home.

SECTION 4: MEMBERS' NORMAL TRAVEL (within Wales)

4.1. Introduction

4.1.1. This section deals with travel on Assembly business by Assembly Members within Wales (referred to as “normal travel”); it does not cover travel on Assembly business in other parts of the UK or elsewhere (see sections 5 and 8). Subject to what is said in paragraph 4.2.1, a Member may travel by road, rail, air or sea on the journeys specified in paragraph 4.1.2 at public expense provided that the journey is necessarily undertaken for the purpose of discharging their responsibilities as Assembly Members.

4.1.2. A Member may only claim reimbursement for any journey to the extent that it is not reimbursed by another source, even though a particular journey may cover business on behalf of the Assembly and other organisations.

4.2. General Principles

4.2.1. Members are expected to travel by the most cost effective means, taking into account the actual cost of the travel and the cost of any overnight stay expenses. However, the time involved in a journey may also be taken into account and where benefits from savings in a journey time can be demonstrated, exceptionally it may be possible to claim at a higher rate of reimbursement. A Member who, in the opinion of the Chief Executive & Clerk, does not travel by the most cost effective means may have the amount of his/her claim abated by an appropriate amount.

4.3. Normal Travel

4.3.1. Subject to paragraph 4.2.1, a Member is entitled to travel at the expense of the Assembly when travelling on Assembly business by any reasonable route.

4.4. Travel by Road

4.4.1. Subject to paragraph 4.2.1, a Member may undertake normal travel by car and claim a mileage allowance based on the actual mileage travelled.

4.5. Mileage Rates

4.5.1. Travel by car, motor cycle and bicycle will be paid at the HM Revenue & Customs Approved Mileage Rates.

4.6. Allowable Return Journeys

4.6.1. When a Member uses a car for travel from the main home to the nearest suitable railway station or airport the cost of the return journey may be claimed if undertaken by another person. A similar return journey is allowed where the Member is driven to the constituency from the main home and then travels on to Cardiff by public transport.

4.7. Travel by Taxi

4.7.1. Subject to paragraphs 4.2.1, 4.7.2 and 4.7.3, if a Member undertakes normal travel by taxi on Assembly business they are entitled to claim reimbursement not exceeding the higher rate of the motor mileage allowance specified in paragraph 4.5.1.

4.7.2. If it was not reasonably practicable for the member to travel other than by taxi, they are entitled to claim the actual level of expense incurred by them.

4.7.3. In any event the maximum amount that a Member can claim by way of reimbursement under this allowance is the actual level of expense incurred by them.

4.8. Travel by Hire Car

4.8.1. Subject to paragraph 4.2.1, if a Member undertakes normal travel by hire car on Assembly business they are entitled to claim the actual level of expense incurred by them.

4.9. Rail Travel

4.9.1. Subject to paragraph 4.2.1, a Member who uses their personal funds for normal travel by rail shall be entitled to claim the actual level of expense incurred by them. Assembly Members may travel by either First or Standard class depending on personal preference and availability.

4.10. Travel by Air

4.10.1. Subject to paragraph 4.2.1, a Member is entitled to claim the cost to them of travel by scheduled air transport for normal travel. A Member is entitled to claim the cost of travel by private or chartered aircraft for normal travel arrangements up to a maximum cost of the journey had it been made by scheduled air transport.

4.11. Committee Travel

4.11.1. A Member may travel on official Committee business on the same terms as set out above. Mileage may be claimed at the higher rate specified in paragraph 4.5.1 but such mileage will not count against the limits specified by HM Revenue & Customs.

SECTION 5: EXTENDED TRAVEL

5.1. Introduction

5.1.1. In addition to journeys under "normal travel" arrangements (section 4) a Member may also travel elsewhere in the UK at public expense on Assembly business under an "extended travel allowance", provided that the reason for the journey meets one of the following criteria:

- It is for a stated Assembly reason;
- It is related to a matter currently before the Assembly or one of its Committees on which the Member serves;
- It is pertinent to a constituent or has relevance as a general constituency interest.

5.1.2. A Member is entitled to claim extended travel allowance for any journey to the extent that it is not reimbursed by another source, even though a particular journey may cover business on behalf of the Assembly and other organisations. A Member is entitled to claim extended travel allowance only where the journey to which the claim relates has been agreed in advance with the Members' Business Support Team. The acceptability of any other claims for extended travel allowance not so agreed will be at the discretion of the Chief Executive & Clerk.

5.2. Amounts and Conditions

5.2.1. The levels of allowance and the conditions subject to which they are paid set out in section 4 will apply to extended travel.

SECTION 6: PARTNER AND CHILDREN'S TRAVEL

6.1. *Limit on Number of Journeys*

6.1.1. A Member is entitled to claim for the cost to them of his/her partner and any child under the age of eighteen making a journey by public transport between Cardiff and the constituency, or Cardiff and the Member's main home. Members do not need to travel with their family. However, a Member may only claim for 12 single journeys in each year for members of their family.

6.1.2. A partner is defined for the purposes of this allowance as:

- A legally married spouse;
- Civil Partners as defined in the Civil Partnership Act 2004;
- A person of either sex who is co-habiting with the Member and who has been nominated in writing to the Members' Business Support Team as the Member's partner.

6.1.3. A return journey counts as two single journeys.

6.2. *Definition of Child*

6.2.1. A child for the purpose of this allowance includes a step child, an adopted child, a foster child, or any other child living as one of the Member's family who has not yet reached the age of eighteen.

6.3. *Travel by Car*

6.3.1. The partner of a Member and any child under the age of eighteen may travel by car as an alternative to travelling by public transport between Cardiff and the constituency, or Cardiff and the Member's main home. In such cases the Member may claim the appropriate mileage rate. Claims for a partner's travel by car should be made separately from the Member's own car travel unless they are travelling with the Member. The mileage rates applied will be those applicable to Members. Any such journey shall count against the total entitlement of 12 single journeys for the year. A partner or child may not claim for journeys made if they travel in the same car as the Member.

6.4. *Direct payment to spouse or child*

6.4.1. The Member may instruct the Members' Business Support Team to pay any amount claimed under this allowance directly to the partner or child concerned.

SECTION 7: TRAVEL BY MEMBERS' STAFF

7.1. Limit on Number of Journeys

7.1.1. Each Member is entitled to claim the cost to them of members of their staff making up to a total of 18 return journeys by public transport each year between Cardiff and the Member's constituency. For this purpose, support staff means those who are paid on the Member's behalf from the Staff Salaries Allowance, funding for groups or Temporary Staffing Allowance.

7.2. Travel by Car

7.2.1. A Member may claim the cost to those staff making car journeys between Cardiff and the Member's constituency. The mileage rate payable for the journey will be as directed by the Member subject to a maximum amount equal to that allowed to the Member for the same journey. Any such journey counts against the total entitlement of 18 return journeys for the year.

7.3. Direct payment to staff

7.3.1. The Member may instruct the Members' Business Support Team to pay any amount claimed under this allowance directly to the member of staff concerned.

SECTION 8: TRAVEL TO EUROPEAN COMMUNITY INSTITUTIONS etc.

8.1. Entitlement

8.1.1. In any year each Member is entitled to make a total of three return journeys between the United Kingdom and any of the European Community institutions in Brussels.

8.1.2. In any year each Member is entitled to make one return journey to any one of the European Community institutions in Luxembourg or Strasbourg or the national parliament of another European Union Member State in addition to any journeys undertaken under paragraph 8.1.1.

8.1.3. In either case, the principal purpose of the visit must be undertaken for purposes in connection with the responsibilities of the Member as an Assembly Member.

8.1.4. A Member is entitled to claim the actual cost to him/her of travel expenses incurred and an entitlement to a subsistence allowance subject to the following maxima:

- the cost of the cheapest, suitable and available return air fare to one of the destinations set out in paragraph 8.1.1 or 8.1.2; plus
- two nights accommodation, meals and incidental travel.

8.1.5. A Member not travelling by air may claim actual travelling costs within the maximum set in paragraph 8.1.4 above.

8.2. Application

8.2.1. Members must submit in advance of the journey to the Members' Business Support Team a statement of the visit's purpose, location and duration and the persons or organisations to be met. A Member is entitled to claim this allowance only where the journey to which the claim relates has been agreed in advance by the Members' Business Support Team. The acceptability of any other claims for this allowance not so agreed will be at the discretion of the Chief Executive & Clerk.

8.3. Travel to regional parliaments, councils or assemblies

8.3.1. A Member may apply to the Chief Executive & Clerk for permission to form a delegation to visit a regional parliament, regional council or regional assembly within the European Union. The application must show clearly the likely benefits of the visit to the business or interests of the National Assembly for Wales and clearly indicate the people or organisations to be visited. Any visit made under this paragraph shall be in place of a visit that might otherwise be made under paragraph 8.1.2.

SECTION 9: OFFICE COSTS ALLOWANCE

9.1. Purpose and Amount

9.1.1. Members are entitled to claim an Office Costs Allowance to cover the costs to them of furnishing and maintaining an office where those costs are wholly, exclusively and necessarily incurred in connection with his/her duties as an Assembly Member.

9.1.2. Subject to paragraph 10.6.1, a Member may claim an amount of Office Costs Allowance not exceeding £15,135 in the year commencing 1 April 2009.

9.2. Office Costs

9.2.1. It is not possible to produce an exhaustive list of admissible items but the following examples may assist Members in deciding whether or not they can make a claim:

- The cost of maintaining an office in the Assembly Member's constituency (including rent, insurance, council tax or business rates, electricity, gas, water and telephone charges and the cost of equipping such offices);
- Legal costs relating to the lease or rental of the office;
- Measures to ensure the security of a constituency office;
- The cost of hiring or renting rooms situated in the Assembly Member's constituency for the purposes of holding "constituency surgeries";
- The cost of advertising the holding of constituency surgeries;
- Newspapers and periodicals;
- Mobile telephone bills;
- Accountancy fees relating to the costs of furnishing and maintaining an office;
- Stationery not available directly from the National Assembly for Wales;
- The wages and other costs of directly employed cleaning staff not covered elsewhere.

9.2.2. Claims for individual items of furniture or other individual items costing more than £2,000 shall be referred to the Members' Business Support Team for approval before the cost is incurred.

9.2.3. The costs of repaying a mortgage, including mortgage interest, cannot be claimed under this allowance.

9.2.4. Invoices for office rent must contain the address of the property being rented.

9.3. Office Security

9.3.1. An additional amount shall be available to fund any expenditure by Members of more than £2,000 in any financial year in respect of safety precautions which Members propose to carry out to safeguard themselves, their staff, their constituency office and their office equipment, where such safety precautions have been recommended by the police. Such recommendation must be in writing and Members must submit the recommendations and at least 3 competitive quotations for the cost of carrying out such works in advance of any expenditure being incurred.

9.4. Health & Safety / Disability Access

9.4.1. An additional amount shall be available to fund any expenditure by Members of more than £2,000 in any financial year in respect of health and safety precautions or alterations to improve access to their premises which Members propose to carry out where such measures have been recommended by an appropriate person as approved by the Chief Executive & Clerk and described in guidance issued by the Members' Business Support Team. Such recommendation must be in writing and Members must submit the recommendations and at least 3 competitive quotations for the cost of carrying out such works in advance of any expenditure being incurred.

9.4.2. No Member will be required to fund more than £2,000 from their Office Costs Allowance in respect of both paragraphs 9.3.1 and 9.4.1 in the same financial year.

9.5. Virement

9.5.1. A Member may vire up to 25 per cent from their Office Costs Allowance to their additional Staff Salaries Allowance (as defined in paragraph 10.3.1) provided prior written notification is given to the Members' Business Support Team.

SECTION 10: STAFF SALARIES ALLOWANCE

10.1. Purpose and Amount

10.1.1. A Member is entitled to claim a Staff Salaries Allowance to cover the costs to them of persons employed by them in an administrative, clerical or secretarial capacity or to undertake research where those costs are wholly, exclusively and necessarily incurred in connection with their duties as a Member of the Assembly.

10.1.2. In the year commencing 1 April 2009 an Assembly Member may claim an allowance to cover the salary and related Employer's National Insurance Contributions for up to 3.0 full-time equivalent staff. No more than 1.0 full-time equivalent staff may come from Band 1 as defined below. No more than 1.0 full time equivalent staff may come from Band 2 and the remainder from Band 3.

Band	Posts covered
1	Office Managers
2	Senior Secretaries Senior Caseworkers Research Assistant Press Officer
3	Caseworker Junior Secretary

10.1.3. The full time equivalent salary scales for these posts are as follows:

BAND	Point 1	Point 2	Point 3	Point 4	Point 5
1	£21,250	£23,204	£25,337	£27,667	£30,212
2	£18,072	£19,931	£21,982	£24,244	£26,739
3	£16,314	£17,618	£19,025	£20,544	£22,185

10.1.4. These scales will be revalued on 1 April 2010 and on the same date each year in line with the increase in the Average Earnings Index for the preceding December.

10.2. Progression

10.2.1. Individual support staff in post on 1 April 2005 will move up the incremental scale one point at a time on 1 April each year until they reach the scale maximum for their band subject to satisfactory performance. Support staff appointed after 1 April 2005 will move up the incremental scale one point at a time on the anniversary of their commencement of employment each year until they reach the scale maximum for their band subject to satisfactory performance.

10.2.2. Any individual member of support staff who was paid above the scale maximum on 1 April 2005 will have his or her salary protected until the scale

maximum exceeds the salary payable at which point he or she will be paid the scale maximum.

10.2.3. New support staff will enter on the scale minimum for the appropriate pay band unless there are compelling reasons to justify a higher starting salary. Members are required to submit a case for such treatment before such a higher salary is offered to the Members' Business Support Team in the first instance with any disputes being referred to the Chief Executive & Clerk for a final decision if necessary.

10.2.4. New starters will move up the incremental scale one point at a time on the anniversary of their commencement of employment subject to satisfactory performance.

10.3. Other Staff Costs

10.3.1. Subject to paragraph 10.6.1., a Member may claim an additional amount of Staff Salaries Allowance not exceeding £5,801 in the year commencing 1 April 2009 to cover the costs of overtime, training, travel, bonuses etc (including the additional Employer's National Insurance Contributions relating to any such payments), which sum will be increased each year in line with the increase in the Average Earnings Index for the preceding December.

10.4. Contracts of employment

10.4.1. Members are required to provide each of their employees with a written statement of the terms and conditions of employment and to give the Members' Business Support Team a copy within one month of the commencement of employment.

10.5. Payment of Salaries

10.5.1. Support staff salaries shall be paid monthly in arrears on the last working day of each month. Payment must be made direct to the individual's account by electronic transfer (Bankers Automated Clearing Services - BACS).

10.6. Virement

10.6.1. A Member may vire up to 25 per cent from their additional Staff Salaries Allowance as defined in paragraph 10.3.1 to their Office Costs Allowance provided prior written notification is given to the Members' Business Support Team.

10.7. Direct payment to staff

10.7.1 The Member may instruct the Members' Business Support Team to pay any amount claimed under paragraph 10.3.1 directly to the Member of staff concerned.

10.7.2 The maximum amount of bonus that a Member may pay to staff employed by him/her is 15% of the staff member's gross salary in the relevant financial year. For the purposes of this paragraph, the gross salary shall be the gross salary payable to the staff member before any salary sacrifice arrangement which is in place.

SECTION 11: PENSION AND ASSOCIATED PROVISION FOR MEMBERS' STAFF

11.1. Pension

11.1.1. A Member is entitled to claim an allowance in respect of the cost to him/her of contributions made to the personal pension plan of any staff paid from:

- (a) the Staff Salaries Allowance;
- (b) funding for groups; or
- (c) Office Costs Allowance in respect of directly employed cleaning staff.

11.1.2. The maximum amount payable is 10% of the actual salary paid to the relevant member of staff. This allowance does not count against either the Staff Salaries Allowance, the funding for groups or the Office Costs Allowance.

11.2. Life Cover

11.2.1. A Member is entitled to claim an allowance in respect of the cost to him/her of contributions made to any life assurance policy authorised by the Assembly Commission in respect of any staff paid from:

- (a) the Staff Salaries Allowance;
- (b) funding for groups; or
- (c) directly employed cleaning staff funded through the Office Costs Allowance.

11.3. Critical Illness Cover

11.3.1. A Member is entitled to claim an allowance in respect of the cost to him/her of contributions made to any critical illness cover policy authorised by the Assembly Commission in respect of any staff paid from:

- (a) the Staff Salaries Allowance;
- (b) funding for groups; or
- (c) Office Costs Allowance in respect of directly employed cleaning staff.

SECTION 12: TEMPORARY STAFFING ALLOWANCE

12.1. Purpose

12.1.1. A Member may claim a Temporary Staffing Allowance to meet the costs of any additional expenses wholly, exclusively and necessarily incurred in respect of his/her Assembly duties in obtaining temporary secretarial or research assistance whilst a person to whom a salary is paid by them under the Staff Salaries Allowance is prevented through illness, maternity leave, paternity leave or adoptive leave from providing such assistance.

12.2. Qualifying for Temporary Staffing Allowance

12.2.1. Temporary Staffing Allowance can only be claimed if the member of staff for whom cover is required:

- is absent from work because of illness, maternity leave, paternity leave or adoptive leave and continues to be employed by the Member via the Staff Salaries Allowance;
- is not employed on a casual or temporary basis;
- in the case of illness, is absent for a continuous period that exceeds two weeks;
- submits supporting medical certificates for periods of sickness, a maternity certificate (MATB1 form) showing the expected week of confinement for maternity leave or a matching certificate in the case of paternity or adoptive leave;
- has a valid contract of employment specifying the periods of paid sickness, maternity, paternity or adoptive leave.

12.3. Limitations

12.3.1. The maximum Temporary Staffing Allowance entitlement will be based on the amount of the absent employee's gross salary for a specified period (shown below).

12.3.2. Members are encouraged to ensure that all staff providing the temporary cover have pension arrangements in place in line with good employment practice.

12.3.3. Absences for illness, maternity, paternity and adoptive leave are treated as completely separate for the purposes of calculating Temporary Staffing Allowance. Therefore a Member who has an employee who has been on maternity or paternity leave and (unrelated) sick leave will have access to two separate budgets for Temporary Staffing Allowance.

12.3.4. When an individual is absent through illness, the maximum allowance available will be based on six months full pay and six months half-pay (including employers' National Insurance contributions and pension costs) of each absent qualifying employee.

12.3.5. Once the "more than two week rule" set out in paragraph 12.2.1 has been met Temporary Staffing Allowance will be retrospective to the first day of absence.

12.3.6. When an individual is absent due to maternity or adoptive leave, the maximum allowance available is equivalent to twenty six weeks of the absent employee's gross salary (including employers' National Insurance contributions and pension costs).

12.3.7. Where a claim for temporary assistance to cover sickness absence of an employee utilises the maximum period allowed in these arrangements, any extension of the temporary assistance should be claimed against the Staff Salaries Allowance. The permanent employee will have reached the contractual limit for salary entitlement and the costs of the replacements will no longer be additional to the normal salary costs.

12.3.8. If a subsequent claim for assistance arises in respect of an employee who has had 12 months paid sickness absence then that claim may only be admitted if a period of 12 months has elapsed from the end of the previous claim.

SECTION 13: REDUNDANCY PAYMENTS TO ASSEMBLY MEMBERS SUPPORT STAFF WHO ARE PAID FROM THE STAFF SALARIES ALLOWANCE

13.1. When a Member ceases to be a Member of the Assembly

13.1.1. A Member is entitled to claim for the cost to him/her of redundancy payments to qualifying staff if the Member ceases to be a Member of the Assembly for any reason. To qualify staff must have at least two years service with the Member on the date at which they cease to be employed by the former Member and not be self-employed. Redundancy payments will be calculated on the basis of the current employment legislation. The maximum amount that can be claimed under this allowance is the amount of redundancy payable by way of statutory redundancy.

SECTION 14: WINDING UP ALLOWANCE

14.1. Purpose and Amount

14.1.1. A person who, for whatever reason, has ceased to be a Member of the Assembly is entitled to claim an allowance in respect of the cost to the former Member of work undertaken by or on his/her behalf after he/she has ceased to be a Member together with necessary associated expenditure on incidental items. The former Member is only entitled to make a claim where the work undertaken is necessary for him/her to complete work that was in progress at the time he/she ceased to be a Member of the Assembly. The amount that can be claimed shall not exceed one third of the total sum of the Office Costs Allowance, the other Staff Costs element of the Staff Salaries Allowance (as defined in paragraph 10.3.1) currently in force and the actual salaries in payment to staff employed by the former Member on the day he/she left the Assembly, to enable payments to be made to meet the cost of any work necessarily undertaken in completing Assembly business undertaken on behalf of a deceased, defeated or retiring Member after the date on which he/she ceased to be a Member of the Assembly together with necessary associated expenditure on incidental items. The maximum amount payable under this allowance shall be reduced by the amount by which the Additional Costs Allowance, Office Costs Allowance and Support Staff Allowance has been over claimed as a consequence of the application of the pro-rating described in paragraph 1.5.1 of this Determination.

14.1.2. In respect of a deceased Member this allowance shall have effect as if references to the former Member included as appropriate references to the personal representatives of the deceased Member.

14.2. Eligible Expenses

14.2.1. A claim for expenses which have been wholly, exclusively and necessarily incurred in connection with winding up can include the following:

- Salary and employer's National Insurance contributions of staff who continue to be employed together with related pension contributions;
- Contractual liabilities for staff;
- Contractual liabilities for the payment of equipment hire purchase or accommodation leasing agreements;
- Postage, stationery and telephone costs;
- Travel costs.

14.2.2. Redundancy payments under section 13 do not fall within the scope of this allowance.

SECTION 15: RESETTLEMENT GRANT

15.1. Resettlement Grant

15.1.1. A person who immediately before an ordinary election of the Assembly is a Member of the Assembly and either

- is not a candidate for re-election; or
- is a candidate for re-election but is not re-elected, is entitled to claim a Resettlement Grant.

15.1.2. In the preceding paragraph, “candidate for re-election” includes a person on a list of candidates of a registered political party; and “re-elected” includes a person returned for an Assembly electoral region.

15.1.3. The amount of the grant expressed as a percentage of yearly salary (at the rate payable to Members immediately before the election) is determined by age (at the election) and length of service as a Member of the Assembly before the election. Assembly Members who also are or have also been Members of Parliament or Members of the European Parliament and who have or have had their Assembly salary reduced by two-thirds in accordance with the National Assembly for Wales (Assembly Members) (Salaries) (Limitation) Order 1999 (SI 1999 No 1083) or with provision made under section 21 of the Act (e.g. paragraph 2.1.2 of this Determination) will have their Resettlement Grant calculated by reference to the unabated salary level.

15.1.4. The relevant percentages are shown in the following Table.

PERCENTAGES OF YEARLY SALARY
number of years of service (completed years)

Age	under 10	10	11	12	13	14	15 or over
Under 50	50	50	50	50	50	50	50
50	50	50	52	54	56	58	60
51	50	52	55	58	62	65	68
52	50	54	58	63	67	72	76
53	50	56	62	67	73	78	84
54	50	58	65	72	78	85	92
55 to 64	50	60	68	76	84	92	100
65	50	58	65	72	78	85	92
66	50	56	62	67	73	78	84
67	50	54	58	63	67	72	76
68	50	52	55	58	62	65	68
69	50	50	52	54	56	58	60
70 or over	50	50	50	50	50	50	50

15.1.5. In calculating the number of years of service a period of tenure as a Member shall not be taken into account on more than one occasion; any period of service that was disregarded when determining a previous resettlement grant payment shall be disregarded. Any fraction of a year shall also be disregarded except where a Member who was first elected at an ordinary election fails to complete a year as a consequence of the date of an ordinary election falling on an earlier date than that on which the Member was first elected. In such a case the Member shall be regarded as having served a complete year.

15.2. Office Holders

15.2.1. Assembly Members who have at any time during their period of service referred to in paragraph 15.1.5 held an office specified in paragraph 2.1.3 shall be entitled to receive an additional payment by way of Resettlement Grant. The payment will be equal to the amount of salary payable as the holder of that office in the three months before they ceased to hold that office. If a Member held more than one office during that period, the amount of salary on which this payment is based will be the higher, or as the case may be, the highest amount payable for an office.

SECTION 16: ILL HEALTH RETIREMENT GRANT

16.1. Ill Health Retirement Grant

16.1.1. Any Member whose health precludes their continued participation as a Member of the Assembly shall be entitled to claim an Ill Health Retirement Grant on ceasing to be a Member. The level of grant payable shall be calculated on the same basis as a claim for a Resettlement Grant under section 15 save that reference to the date of an ordinary election shall be construed as a reference to the date when the Member ceases to be a Member.

16.1.2. An Assembly Member who claims an Ill Health Retirement Grant shall not be entitled to claim a Resettlement Grant at the time of the next ordinary election.

SECTION 17: DISABILITY ALLOWANCE

17.1. Purpose and Amount

17.1.1. Members who, because of their disability, require additional resources to perform their responsibilities as Members are entitled to a Disability Allowance.

17.1.2. The amount of allowance payable will be calculated on the basis of an assessment of the nature and extent of their disability and the consequential level of additional resources required to enable them to discharge their responsibilities as Members. This assessment and the calculation of the amount of allowance payable to a Member shall, in the first instance, be agreed by the Member and the Chief Executive & Clerk and, if no agreement is reached, by the Chief Executive & Clerk alone.

17.1.3. For the purposes of this allowance, "disability" shall have the same meaning as it has in the Disability Discrimination Act 1995.

SECTION 18: RECALL OF ASSEMBLY OR COMMITTEE

18.1. Purpose and Amount

18.1.1. A Member is entitled to claim any travel costs incurred by him/her which are necessarily attributable to him/her in undertaking travel to enable him/her to attend a plenary meeting of the Assembly summoned to consider a matter of urgent public importance in accordance with Standing Order 7.3.

18.1.2. A Member is entitled to claim any travel costs incurred by him/her which are necessarily attributable to him/her in undertaking travel to enable him/her to attend a meeting of a Committee of the Assembly in accordance with Standing Order 10.41.

18.1.3. The provisions of section 4, apart from paragraphs 4.1.1 and 4.10.1 shall apply to these cases. If travel is by air, the cost of a business class single air fare is payable. The actual level of any overnight costs incurred may be claimed if it was necessary to stay overnight during the course of travelling to the Assembly. A Member may also claim the cost of resuming his/her holiday following a recall should this be feasible.

Additional office-holder salaries payable to Chairs of Assembly Committees:

Part 1

Chairs of the following committees are eligible for an additional office-holder salary equivalent to 27.9 per cent of that of a Welsh Minister:

- the Scrutiny Committees established under Standing Order 12;
- the Audit Committee established under Standing Order 13;
- the Finance Committee established under Standing Order 14;
- Committees established under Standing Order 21 to consider legislative proposals referred to them by the Business Committee.

Part 2

Chairs of the following committees are eligible for an additional office-holder salary equivalent to 14.6 per cent of that of a Welsh Minister:

- Children & Young People Committee;
- Equality of Opportunity Committee;
- European & External Affairs Committee;
- Petitions Committee;
- Standards of Conduct Committee;
- Subordinate Legislation Committee.

Determination 2006 (Section 18)

18. SUPPORT FOR GROUPS

18.1. Purpose

18.1.1. Groups of 3 or more Members are entitled to an allowance to assist them in the discharge of their work in the Assembly. The allowance is payable only in respect of costs which are incurred by them wholly, exclusively and necessarily for the purpose of discharging their responsibilities.

18.1.2. It is not possible to produce an exhaustive list of admissible items, but the following examples may assist in deciding whether or not a claim may be made:

- employing staff in an administrative, clerical or secretarial capacity.
- employing staff to undertake research.
- acquiring office equipment.

18.1.3. Purchases of individual items of furniture or other individual items costing more than £2,000 shall be referred to the Fees Office for approval prior to incurring expenditure.

18.1.4. The costs of repaying a mortgage, including interest thereon, cannot be claimed under this allowance.

18.1.5. Groups are required to provide each of their employees with a written statement of the terms and conditions of employment and to furnish the Fees Office with a copy within one month.

18.2. Amount

18.2.1. For the year commencing 1 April 2006 and subsequent years party groups may elect to have the allowance calculated by either of the following methods.

18.3. Option 1

18.3.1. The amount of funding in the year commencing 1 April 2006 is as follows :

(a) each group shall be entitled to an amount(the basic amount) not exceeding £100,650;

(b) each group which is not represented by a Member in the Assembly Cabinet shall, in addition to the basic amount, receive an additional amount calculated in manner as follows :

For groups of 10 Members or less an amount of £59,220

For groups of more than 10 Members, the above amount plus for each additional 5 Members of the group (or part thereof) an additional amount of £24,235.

18.3.2. Staff employed under this allowance must be appointed to one of the following Bands and be subject to the scale minima and maxima and subject to the Transitional Arrangements outlined in section 18.3.3

Band	Posts covered	Minimum	Maximum
1	Office Managers	£19,056	£27,092
2	Senior Secretaries Senior Caseworkers Research Assistant Press Officer	£16,205	£23,978
3	Caseworker Junior Secretary	£14,630	£19,894
4	Senior Researcher	£25,808	£31,629

18.3.3. The Fees Office, acting on behalf of the Presiding Office will agree with party leaders which pay band individual support staff should be assigned to. Any individual whose current salary is less than the minimum amount for the scale shall have his/her salary increased to that level. Any individual whose current salary is above the scale maximum will have his/her salary protected until the scale maximum exceeds the salary payable.

18.3.4. The amounts in section 18.3.1 and the associated scale maxima and minima in paragraph 18.3.2 will be revalued on 1 April 2007 and on the same date each year in line with the increase in the Average Earnings Index for the preceding December

18.4. Option 2

18.4.1. In the year commencing 1 April 2006 a party group may claim an allowance to cover the salary and related Employer's National Insurance Contributions for up to 4.0 full-time equivalent staff. No more than 1.0 full-time equivalent staff may come from Band 1 as defined below. No more than 3.0 full time equivalent staff may come from Band 2 and the remainder from Band 3.

Band	Posts covered
1	Office Managers
2	Senior Secretaries Senior Caseworkers Research Assistant Press Officer
3	Caseworker Junior Secretary
4	Senior Researcher

18.4.2. A group of 10 Members or fewer which is not represented by a Member in the Assembly Cabinet may appoint in addition up to 2.0 full-time equivalent staff. No more than 1.0 full-time equivalent staff may come from Band 4 as defined above. No more than 1.0 full time equivalent staff may come from Band 2 and the remainder from Band 3.

18.4.3. A group of more than 10 Members which is not represented by a Member in the Assembly Cabinet is entitled to the staff mentioned in paragraph 18.4.2 but for each additional 5 Members of the group (or part thereof) may appoint in addition up to 1.0 full-time equivalent staff. No more than 1.0 full-time equivalent staff may come from Band 2 as defined above and the remainder from Band 3.

18.4.4. The full time equivalent salary scales for these posts are as follows:

BAND	Point 1	Point 2	Point 3	Point 4	Point 5
1	£19,056	£20,808	£22,721	£24,810	£27,092
2	£16,205	£17,873	£19,712	£21,741	£23,978
3	£14,630	£15,798	£17,061	£18,422	£19,894
4	£25,808	£27,154	£28,571	£30,060	£31,629

18.4.5. These scales will be revalued on 1 April 2007 and on the same date each year in line with the increase in the Average Earnings Index for the preceding December.

18.4.6. Individual support staff will move up the incremental scale one point at a time on 1 April each year until they reach the scale maximum for their band subject to satisfactory performance.

18.4.7. Any individual support staffs who on 1 April 2005 were paid above the scale maximum will have their salary protected until the scale maximum exceeds the salary payable at which point they will be paid the scale maximum.

18.4.8. New support staff commencing employment on or after 1 April 2006 will enter on the scale minimum for the appropriate pay band unless there are compelling reasons to justify a higher starting salary. Party groups are required to submit a case for such treatment to the Fees Office in the first instance with any disputes being referred to the Presiding Officer for a final decision if necessary.

18.4.9. New starters will move up the incremental scale one point at a time on the anniversary of their commencement of employment subject to satisfactory performance.

18.4.10. Party groups may claim an additional amount of Staff Salaries Allowance in the year commencing 1 April 2006 to cover the costs of overtime, training, travel, bonuses etc (including the additional Employer's National Insurance Contributions relating to any such payments), the purchase of necessary equipment and hire of facilities etc .

18.4.11. The additional amount shall be calculated as follows:

(a) each group shall be entitled to an amount(the basic amount) not exceeding £9,150;

(b) each group which is not represented by a Member in the Assembly Cabinet shall, in addition to the basic amount, receive an additional amount calculated in manner as follows :

For groups of 10 Members or fewer an amount of £5,385

For groups of more than 10 Members, the above amount plus for each additional 5 Members (or part thereof) an additional amount of £2,203.

18.4.12. The amounts in section 18.4.11 and the associated scale maxima and minima in paragraph 18.4.4 will be revalued on 1 April 2007 and on the same date each year in line with the increase in the Average Earnings Index for the preceding December

18.5. Approval of expenditure

18.5.1. Expenditure under this allowance may be authorised by the designated leader of a group or such other Assembly Member to whom such authority may be delegated by him/her.

Appendix 2: National Assembly for Wales Strategic Goals

Our Purpose

To make the Assembly an accessible and effective parliamentary body that inspires the confidence of the people of Wales.

Our Goals

We will promote and widen engagement in devolution

The next four years must demonstrate that the Assembly is working for all citizens and encouraging greater and more active participation in the democratic process. We will emphasise the positive impact of the Assembly upon the lives of people in Wales. There will be greater incremental devolution through the 2006 Act, and there may be a referendum for greater legislative competence, we will be ready to grasp these challenges enthusiastically.

We will show unity, leadership and a bold response to constitutional change

The Assembly will show confidence and competence in embracing its new powers. We are united in securing scrutiny and legislation of the best quality, and in supporting Members in all that they do as elected representatives.

In all our work, we will demonstrate respect, probity and good governance

All that we do must be capable of intense external scrutiny, be transparent and should reflect the diverse nature of Wales and its languages in how it deals with and involves the citizen.

We will work sustainably

We will show leadership in how we manage our work and estate, and we aim to provide the highest achievable level of sustainability in both.

We will ensure that the Assembly has the best service, provided in the most effective way

We will take the services provided for Members and the people of Wales to a higher level, while demonstrating wise and effective use of its resources and value for money. The ethos of service, to Members and anyone who engages with the Assembly, drives everything that we do.

Our Values

The Assembly Commission and its staff:

- always act in the best interests of the Assembly
- maintain high standards and deliver what we say we will
- are professional and innovative
- work openly and collaboratively
- treat everyone with respect
- work openly and collaboratively

Appendix 3: Legislative Framework

Sections 20 to 22 and 53 to 54 of the Government of Wales Act 2006 (GWA) govern the remuneration of Assembly Member and the Welsh Ministers respectively.

Schedule 5 Field 13 Matter 13.3 GWA enables the Assembly to make Assembly Measures making provision for and in connection with the payment of salaries, allowances, pensions and gratuities to or in respect of Assembly Members.

An Assembly Measure made under Matter 13.3 can amend sections 20, 22, 53 and 54 GWA, but not section 21.

Basic Rules for Determining Pay and Allowances

Section 20:

- places a **duty** on the Assembly to make provision for the payment of salaries to Assembly Members
- confers a **power** on the Assembly to make provision for the payment of allowances to Assembly Members
- confers a **power** on the Assembly to make provision for paying pensions, allowances or gratuities for people who used to be Assembly Members and for people who are still Assembly Members but who used to be Presiding Officers or other office holders

Section 53 contains analogous duties and powers in respect of Welsh Ministers.

Section 21 places a limit on how much can be paid to an Assembly Member who also a Member of Parliament or Member of the European Parliament.

Section 22(1) and 54(1) enable different provisions to be made for different cases.

Sections 22(4) and 54(4) prevent making provisions which affect allowances or pensions which are already in payment to people who used to be Assembly Members, Assembly Office Holders or Welsh Ministers (ie no retrospective effect).

Role of the Assembly Commission

Sections 20(6) and 53(7) Government of Wales Act 2006 empowers the Assembly to make provisions by standing order or resolution, to confer functions on the Assembly Commission.

Sections 22(3) and 54(3) Government of Wales Act 2006 apply where the Assembly has conferred functions on the Commission for determining salaries etc. In those cases, the Commission must publish its determinations as soon as reasonably practical after they have been made.

Under Section 27(6) of the Government of Wales Act 2006 the Assembly may give special or general directions to the Assembly Commission for the purpose of, or in connection with, the exercise of the Assembly Commission's functions.

Standing Orders 1.7 to 1.10 (October 2008) conferred the functions of setting salaries pensions and allowances under Sections 20, 21 and 53 of the Government of Wales Act 2006 on the Assembly Commission.

Appendix 4: Schedule of Consultation Responses

1. John Evans
2. Elin Jones AM
3. Plaid Cymru Group
4. Welsh Conservatives Support Staff Group
5. South Wales Police
6. Machynlleth Town Council
7. Gareth Clubb
8. Dr Patrick McGuinness
9. David Melding AM, Shadow Minister for Economic Development and Transport
10. Tom Middlehurst
11. North Wales Fire and Rescue Service
12. Llandyfaelog Community Council
13. Dyffryn Cennen Community Council
14. Penarth Town Council
15. The Revd Alan Cliff MA
16. Gerald Curnell
17. Roger Bonehill
18. Nefyn Town Council
19. David Jones
20. Llangattock Vibon Avel Community Council
21. One Voice Wales
22. Aber Valley Community Council
23. Gwynne Evan Owen
24. Johnston Community Council
25. Caerphilly Local Health Board
26. Llanelli Town Council
27. Overton Community Council
28. Ganllwyd Community Council
29. Penrhyndeudraeth Town Council
30. Cynwyl Elfed Community Council
31. Newport City Council (some members)
32. Newport Town Council and Nevern Community Council
33. Bridgend Town Council
34. D.A.L George
35. Gweneira Baty
36. Brackla Community Council
37. Isle of Anglesey County Council
38. Haverfordwest Town Council
39. Peter L Collier
40. Fred Wilding
41. Carmarthen Town Council

42. Holywell Town Council
43. Llangyrids Community Council (three individual members)
44. Merthyr Cynog Community Council
45. Gelligaer Community Council
46. General Teaching Council for Wales
47. Wales TUC Cymru
48. Felinfach Community Council
49. Alun Ffred Jones AM, Minister Heritage and Culture
50. Jonathan Morgan
51. Mick Pinter
52. Pontypool Community Council
53. Crynant Community Council
54. Minera Community Council
55. Abergavenny Town Council
56. Whitton Community Council
57. Frank Little, Councillor (Liberal Democrat), Cadoxton Ward
58. Phillip Dobbs
59. Milford Haven Town Council
60. St Arvans Community Council
61. Parliament for Wales Campaign
62. Gwehelog Fawr Community Council
63. Llangybi Fawr Community Council
64. Eddie Legge
65. Alun W Jones
66. Mansel Rees
67. Llanbadoc Community Council
68. Trish Law AM
69. John Anthony Nadin
70. Charles Grisedale
71. Welsh Conservative Group
72. Welsh Liberal Democrat Support Staff Group
73. Plaid Cymru Support Staff Group
74. Labour Support Staff

Appendix 5: Schedule of Witnesses

Assembly Members

Lorraine Barrett AM (Commissioner)
Peter Black AM (Commissioner)
Eleanor Burnham AM
Angela Burns AM
Jane Davidson AM (Minister for Environment, Sustainability and Housing)
Chris Franks AM (Commissioner)
Mike German AM
William Graham AM (Commissioner)
Mark Isherwood AM
Carwyn Jones AM (Counsel General and Leader of the House, and Minister for Assembly Business and Communications)
Helen Mary Jones AM
Huw Lewis AM
Dai Lloyd AM
Kirsty Williams AM (Leader, Welsh Liberal Democrats)
Leanne Wood AM

Assembly Members' Support Staff

Phillip Carlick
Andrew Johnson
Karen Roberts
Hywel Thomas
David Taylor
Mike Vickers
Carole Willis

National Assembly for Wales Officials

Dianne Bevan, Chief Operations Officer
John Chick, Head of Members' Business Support
Adrian Crompton, Director of Assembly Business
Brian Davidge, Head of ICT and Broadcasting
Jodie Franklin, Members' HR and Allowances Manager
Ann Marie Morgan, ICT Support Manager
Iwan Williams, Media, Publications and Web Manager,

Others

William Becket

Dr Jonathan Bradbury, Senior Lecturer in Politics Swansea University

Jeremy Colman, Auditor General for Wales, Audit Office

David Davies MP (former Assembly Member)

Eileen Heasman, HR Director, Office for National Statistics

Ian Leitch, Director of Resources and Governance Scottish Parliament

Tom Middlehurst (former Assembly Member)

John Osmond, Director Institute of Welsh Affairs

Richard Penn, Commissioner for Standards

Martin Rees, Inspector of Taxes, HM Revenue & Customs

Peter Seedhouse, Policy Adviser, HM Revenue & Customs

Susie Squire, Campaign Manager, TaxPayers' Alliance

Karl Straw, i-Change consultant to National Assembly for Wales

Huw Williams, Head of Corporate Policy Unit, Scottish Parliament

Appendix 6: Code of Conduct for Assembly Members

NATIONAL ASSEMBLY FOR WALES

CODE OF CONDUCT FOR ASSEMBLY MEMBERS

Purpose of the Code

1. The purpose of this Code of Conduct is:
 - (a) to provide guidance for all Members of the National Assembly on the standards of conduct expected of them in the discharge of their Assembly and public duties;
 - (b) to provide the openness and accountability necessary to reinforce public confidence in the way in which Members of the National Assembly perform their Assembly and public duties.
2. This Code applies to all Members of the National Assembly who have not taken leave of absence.

General Standards of Conduct

Personal conduct

3. Members of the Assembly:
 - (a) must comply with the Code of Conduct for Assembly Members;
 - (b) should act always on their personal honour;
 - (c) must never accept any financial inducement as an incentive or reward for exercising parliamentary influence;
 - (d) must not vote on any Order or motion, or ask any question in plenary or a committee, or promote any matter, in return for payment or any other material benefit (the "no paid advocacy" rule).
4. Members of the Assembly should observe the seven general principles of conduct identified by the Committee on Standards in Public Life. The seven principles are:

- (a) **Selflessness:** Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Assembly Members should avoid conflict between personal and public interests and resolve any conflict between the two at once and in favour of the public interest.

- (b) **Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Assembly Members should at all times conduct themselves in a manner which will tend to maintain and strengthen the public's trust and confidence in the integrity of the Assembly and refrain from any action which would bring the Assembly, or its Members generally, into disrepute. Members should not ask civil servants to act in any way which would compromise the political impartiality of the Civil Service or conflict with the Civil Service Code.

- (c) **Objectivity:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

- (d) **Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

No improper use shall be made of any payment or allowance made to Assembly Members for public purposes and the administrative rules which apply to such payments and allowances must be strictly observed.

- (e) **Openness:** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions, and restrict information only when the wider public interest clearly demands.

Assembly Members must not prevent any person from gaining access to information which that person is entitled to by law, but must not disclose confidential information, including confidential information from Assembly Committees, without consent unless required to do so by law. Any such confidential material received by Members in the course of their Assembly duties should only be used in connection with those duties and must never be used for the purpose of financial gain. In any activities in relation to, or on behalf of, an organisation with which a Member has a financial relationship, including activities which may not be a matter of public record such as informal meetings and functions, Members must always bear in mind the need to be open and frank with other Assembly Members, and with officials.

(f) **Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

(g) **Leadership:** Holders of public office should promote and support these principles by leadership and example.

Specific Standards of Conduct

Registration of Interests

5. Members of the Assembly must register in the Register of Members' Interests all relevant interests defined in the Annex to Standing Order 31, in order to make clear what are the interests that might reasonably be thought to influence their actions.
6. The categories of registrable interests (as set out in the Annex to Standing Order 31) are as follows:
 - Directorships held by the Member or, to the Member's knowledge, the Member's partner or any dependent child of the Member, in public and private companies, including those which are individually unremunerated but where remuneration is paid through another company in the same group.
 - Employment, office, trade, profession or vocation (apart from membership of the Assembly) for which the Member or, to the Member's knowledge, the Member's partner or any dependent

child of the Member, is remunerated or in which the Member has any pecuniary interest.

- The names of clients, when the interests referred to above include services by the Member or, to the Member's knowledge, the Member's partner or any dependent child of the Member, which arise out of, or are related in any matter to his or her membership of the Assembly.
- Gifts, hospitality, material benefits or advantage above a value specified in any resolution of the Assembly received by the Member or, to the Member's knowledge, the Member's partner or any dependent child of the Member, from any company, organisation or person and relating to or arising out of membership of the Assembly.
- Any remuneration or other material benefit which a Member or, to the Member's knowledge, the Member's partner or any dependent child of the Member, receives from any public or private company or other body which has tendered for, is tendering for, or has, a contract with the Assembly.
- Financial sponsorship (i) as a candidate for election to the Assembly, where to the knowledge of the Member the sponsorship in any case exceeds 25 per cent of the candidate's election expenses, or (ii) as a Member of the Assembly by any person or organisation, stating whether any such sponsorship includes any payment to the Member or any material benefit or advantage.
- Subject to any resolution of the Assembly, overseas visits made by the Member or, to the Member's knowledge, the Member's partner or any dependent child of the Member, relating to or arising out of membership of the Assembly where the cost of any such visit has not been wholly borne by the Member or by public funds.
- Any land and property, of the Member or, to the Member's knowledge, the Member's partner or any dependent child of the Member, which has a substantial value as specified in any resolution of the Assembly or from which a substantial income is derived other than any home used for the personal residential purposes of the Member or the Member's partner or any dependent child of the Member.

- The names of companies or other bodies in which the Member has, either alone or with or on behalf of the Member's partner or any dependent child, a beneficial interest or in which, to the Member's knowledge, the Member's partner or a dependent child has a beneficial interest in shareholdings of a nominal value greater than one per cent of the issued share capital, or less than one per cent but more than an amount specified in any resolution of the Assembly.
- Paid or unpaid membership or chairmanship by the Member or, to the Member's knowledge, the Member's partner or any dependent child of the Member, of any body funded in whole or in part by the Assembly.

Declaration of Registrable Interests

7. Members of the Assembly must declare, before taking part in any Assembly proceedings, any interest which is a relevant interest, under Standing Order 31, in the context of the debate or the matter under discussion. A declaration must relate to a decision to be made at the meeting in question. It must concern a matter where the Member (or their partner or dependent children) might gain a financial advantage from such a decision, where that advantage would be greater than that which other persons generally affected by their decision might receive. This is necessary in order that their audience may form a balanced judgement of their arguments.

Prohibition of Voting in Relation to Registrable Interests

8. A Member is prohibited from voting in any proceedings of the Assembly if, in relation to any interest which is required to be registered, a particular decision of the Assembly or a Committee might result in a direct financial advantage to the Member greater than that which might accrue to persons affected by the decision generally.

Use of Assembly Resources

9. Members are required to comply with the *Guidance for Members on the Use of Assembly Resources* and any guidance on the use of Assembly resources specifically relating to an election campaign.

Public Access to Information

10. The principles under which the National Assembly for Wales provides information are detailed in the *Code of Practice on Public Access to Information* which has been approved by the Assembly Commission. Assembly Members seeking information are required to comply with the Code by making a request in writing to the Access to Information Advisor, Corporate Unit, National Assembly for Wales. The Code is published on the NAFW website at <http://www.assemblywales.org/abthome/abt-foi/abt-foi-cop-pub.htm>.

Relationships between Assembly Members and Assembly Staff

11. All staff of the National Assembly for Wales (Assembly Commission staff) are bound by Staff Code of Conduct, whilst Welsh Assembly Government Staff continue to be bound by the Civil Service Code. Members should at all times, in their dealings with the staff of these bodies, respect the principles of both Codes. Relationships between Members and staff should be professional and based on mutual respect, and Members should have regard to the duty of staff to remain politically impartial when carrying out their duties.

Members' Salaries and Allowances

12. Members are required to comply with *The National Assembly for Wales (Assembly Members and Officers) (Salaries, Allowances etc.) Determination* as approved by the National Assembly.
13. The Determination sets out the salaries and allowances which Members are entitled to as a result of the discharging of their Assembly duties.

Duties in respect of the Commissioner for Standards and the Committee on Standards of Conduct

14. Members shall cooperate, at all stages, with any investigation into their conduct by the Commissioner for Standards in accordance with Standing Order 33; or by the Committee on Standards of Conduct in accordance with Standing Order 16.1(i).
15. No Member shall lobby a member of the Committee on Standards of Conduct in a manner calculated or intended to influence their consideration of a complaint of a breach of any matter encompassed under Standing Orders 16.1(i).

16. No Member shall misrepresent any recommendation made by the Committee on Standards of Conduct in relation to any complaint it has considered under the *National Assembly for Wales' Procedure for Dealing with Complaints against Assembly Members*.

Enforcement of the Code of Conduct

17. Any allegations of non-compliance with this Code will follow the process set out in the *National Assembly for Wales' Procedure for Dealing with Complaints against Assembly Members*, as approved by the National Assembly Committee on Standards of Conduct.

Information on the role of the Commissioner for Standards, including contact details can be found on Assembly's web-site (www.assemblywales.org) or from the Commissioner's office.

Appendix 7: Expenditure on Pay and Allowances 2008-09

	Budget	Actual Spend
Assembly Members' Pay (inc. National Insurance, Pensions and Office Holders' Salaries)	£5,130,000	£5,207,000
Office Costs Allowance	£874,000	£721,800
Additional Costs Allowance	£464,000	£410,000
Staff Salaries	£5,606,000	£5,602,400
Assembly Members' Mileage	£160,000	£162,400
Assembly Members' Travel	£150,000	£32,500
Hire Car	(included in travel budget)	£16,700
European Travel	£60,000	£12,000
Party Leaders' Allowance	(included in staff salaries)	£113,496
Information and Communications Technology	£700,000	£650,000
Stationery	£150,000	£141,500
Training (Assembly Members & Assembly Members' Support Staff)	£41,000	£24,100
Total	£13,335,000	£13,093,896

Appendix 8: Comparative Salaries for United Kingdom Politicians

Rates of Assembly Members' Salaries 1 April 2009 (£)

Role	Basic Salary 2009-10	Additional Supplements	Total
Members	£53,108		£53,108
First Minister	£53,108	£79,753	£132,861
Deputy First Minister	£53,108	£41,370	£94,478
Presiding Officer/Welsh Ministers	£53,108	£41,370	£94,478
Counsel General and Leader of the House	£53,108	£41,370	£94,478
Leader of the Largest Party Without an Executive Role	£53,108	£41,370	£94,478
Leader of Other Opposition Parties	£53,108	£11,542	£64,650
Deputy Presiding Officer/Deputy Ministers	£53,108	£26,021	£79,129
Government Chief Whip	£53,108	£26,021	£79,129
Opposition Chief Whip and Business Manager	£53,108	£11,542	£64,650
Assembly Commissioners	£53,108	£11,542	£64,650
Committee Chairs of Scrutiny, Legislation, Finance & Audit	£53,108	£11,542	£64,650
Committee Chairs of Children & Young People, Equal Opportunities, European & External Affairs and Subordinate Legislation	£53,108	£6,039	£59,147

Source: *National Assembly for Wales*

Rates of Salaries of Members of Parliament from 1 April 2009 (£)

Role	Basic Salary 2009-10	Additional Supplements	Total
Members	£64,766		£64,766
Prime Minister	£64,766	£132,923	£197, 689
Cabinet Ministers	£64,766	£79,754	£144,520
Minister of State	£64,766	£41,370	£106,136
Parliamentary Under Secretary	£64,766	£31,401	£96,167
Government Chief Whip	£64,766	£79,745	£144,511
Government Whip	£64,766	£41,370	£106,136
Leader of the Opposition	£64,766	£73,109	£137,875
Opposition Chief Whip	£64,766	£41,370	£106,136
Speaker	£64,766	£79,754	£144,520
Select Committee Chairs (1)	£64,766	14,366	£79,132

(1) excluding Chairs of Regional Committees

Rates of Members of Scottish Parliament Salaries from 1 April 2009 (£)

Role	Basic Salary 2009-10	Additional Supplements	Total
Member (1)	£56,671		£56,671
MSP (dual mandate)	£18,891		£18,891
First Minister	£56,671	£82,094	£138,765
Cabinet Secretary	£56,671	£42,588	£99,259
Minister	£56,671	£26,676	£83,347
Presiding Officer	£56,671	£42,588	£99,259
Deputy Presiding Officer	£56,561	£26,676	£83,347
Lord Advocate	£56,671	£55,638	£112,309
Solicitor General for Scotland	£56,671	£40,233	£96,904

(1) Members (including members who are also Committee Convenors, who are not paid an extra allowance).

Rates of Members of the Northern Ireland Assembly Salaries from 1 April 2009 (£) ⁽¹⁾

Role	Basic Salary 2009-10	Additional Supplements	Total
Member (1)	£43,101		£43,101
MLA (dual mandate)	£43,101		£43,101
First Minister	£43,101	£71,431	£114,532
Minister	£43,101	£37,801	£80,902
Deputy Ministers	£43,101	£19,609	£62,710
Speaker	£43,101	£37,801	£80,902
Deputy Speaker	£43,101	£8,499	£51,600
Committee Chairs	£43,101	£11,331	£54,432
Commissioners	£43,101	£11,331	£54,432

(1) The Senior Salaries Review Board considered MLAs' pay and allowances in 2008 and proposed that, for the next three years, the MLA salary should be increased with effect from 1 April 2008 by the same percentage as the increase in MPs' salaries. However, the findings of the SSRB review are still being considered by the Northern Ireland Assembly Commission and have not been implemented.

Appendix 9: Salary Procedures – International Comparisons

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	Indexation	Comparator	Review Body	Do MPs Vote?
Australia		Linked to reference point in the Remuneration Tribunals' Principal Executive Office structure	Annual determinations by Remuneration Tribunal	Can disallow determination
Canada	Adjusted each year on 1 April based on the index of the average percentage increases negotiated in the private sector			No. An automatic process; Members are informed of the indexed amount by a letter from the Speaker
France		Aligned to salary of senior civil service		No. Increases are applied automatically when applied to SCS
Germany		In principle linked to salaries of junior judges at Higher Federal Courts and Governing Mayors of smaller cities and municipalities		In principle the Bundestag votes on adjustments (usually near to the beginning of the legislative term). Salary is then normally set at that level for the entire legislative term. Members' salaries were increased in January 2008 and will increase again in January 2009. Further increases inline with civil service pay movements have recently been discussed but rejected.

	Indexation	Comparator	Review Body	Do MPs Vote?
Ireland		Linked to pay awards for Civil Service Principal Officer grade	Principal Officer pay decided through National Wage Agreement and periodic Independent benchmarking body reviews	No. National Wage Agreement is agreed between unions, employers and the Government. It is not passed through Parliament
Italy		Set with reference to the annual gross salary of Magistrates serving as Presidents of Department within the Supreme Court		Majority decision on whether to accept or not taken by Presidency Council for the Senate and Presidency Office for the Chamber – on which all Parliamentary Groups are represented proportionately
Netherlands		Equal to the highest scale of civil service pay grade 16 (Deputy Director)		Yes. Voted on by Parliament
New Zealand			Annual determinations by Remuneration Authority	No, determination is Authority's decision
Norway			Recommendations of Salaries Commission (3 members)	Yes. Voted on by Parliament
Singapore		Annual remuneration package of MPs pegged to the SR9 Administrative Officer grade (currently at 56%)		No

	Indexation	Comparator	Review Body	Do MPs Vote?
Spain			The Parliamentary Board is responsible for establishing salaries and pensions. As far as possible pay is linked to that of the Spanish Junior Minister equivalent (which is set by Government)	No, decision taken by Parliamentary Board
Sweden			Determination made by a Parliamentary Board, compares MPs wage with pay environment and similar jobs	No. Determination automatically accepted.
USA	Annual adjustment formula, is based on movements in the Employment Cost Index minus 0.5% (but cannot exceed base pay adjustments for General Schedule - "white collar" civil service - employees)			Increase applies automatically subject to General Schedule maximum unless Congress votes to reject or amend it. Members must accept the salary set in law but may choose to return some of the salary if they wish

Australia

Since December 1999 the pay for Members and Senators has been linked to the Remuneration Tribunal's Principal Executive Office (PEO) structure. This was linked by regulation to the Remuneration and Allowances Act. When undertaking reviews the Tribunal has regard to a range of factors including (but not limited to):

- key economic indicators;
- specific indicators such as the Wage Price Index series;
- wage outcomes in the public sector and (to a lesser extent) the private sector; and wage setting decisions of the Australian Fair Pay Commission.

Each year on 1 July, the Remuneration Tribunal (an independent statutory body that handles the remuneration of key Commonwealth Offices) makes a determination setting the salaries for the PEO structure.

All determinations are instruments and are disallowable by Parliament. This means that Members or Senators can move that the determination/rates are disallowed and therefore not to be paid. To date this has not occurred.

Prior to the current system Members' and Senators' pay was linked to the salary level of a Senior Executive Service (SES) Band 2 in the Public Service. Prior to July 2000 (when the first determination was made by the Remuneration Tribunal) Members and Senators had not received an increase since October 1996. This was due to SES staff moving away from a centralised salary fixing process towards obtaining pay increases through negotiated agreements.

Canada

Allowances and salaries are adjusted each year on 1 April based on the index of the average percentage increases negotiated in the public sector. The index is published by the Department of Human Resources and Social Development.

This mechanism is enshrined in the Parliament of Canada Act. The Speaker informs Members by letter what the uplift will be based on the index.

The current system came into force in 2005. Between 2001 and 2005 MPs' pay was linked to the salary of the Chief Justice of Canada.

France

MPs' pay has been directly linked to the pay of the senior civil service since 1958. MPs' pay is automatically increased by the average of the highest and lowest rates of SCS pay increase. Reviews of SCS pay (conducted by the Ministry of the Civil Service) are sporadic but generally occur once a year and can be triggered for a number of reasons.

MPs' pay comprises a basic allowance, housing allowance (3%) and job allowance (25%).

MPs do not vote on the level of their own or SCS pay.

Germany

The members of the Bundestag set their own pay and pensions. The Constitutional Court has ruled that they must undertake this task themselves and may not delegate, e.g. to an independent body.

Pay is in principle linked to comparators from the public sector – the salaries of junior judges at higher Federal courts and (Governing) Mayors of smaller cities and municipalities with 50 to 100 thousand voters. Bundestag constituencies cover 160 to 250 thousand voters (members are elected by a system combining constituencies and proportional representation using party lists).

Traditionally pay is updated during the first sitting of a legislative term. The decision is then valid for the entire legislative term and there is no possibility of a second adjustment of pay. However in reality the Bundestag has chosen not to take increases in some recent years and so pay is below that of the comparators.

In 2007 the Bundestag agreed to increases payable in 2008 and 2009. Following the pay settlement for the civil service, further increases in 2009 and 2010 were proposed but these proved controversial and have now been dropped.

Ireland

Since 2000, the pay of Irish Members of Parliament has been linked to the pay awards for the civil servant Principal Officer grade (standard scale). Principal Officer pay is decided through the National Wage Agreement and independent Public Service Benchmarking Body reviews. Neither of these processes is set in legislation.

The National Wage Agreement brings together Government, employers' representatives and unions (the social partners) to agree pay increases in the private and the public sector. The agreements last for periods ranging from around eighteen months to three years before being renegotiated.

An independent Public Service Benchmarking Body reviews salaries periodically (2002 and 2008) to decide whether public sector employees should receive an uplift in comparison with private sector wages.

The National Wage Agreement is not passed through Parliament.

Prior to 2000, Members' salaries were recommended by the Review Body on Higher Remuneration in the Public Sector. The body continues to set the level of senior salaries such as the Taoiseach, Ministers and other office holders. Such reviews are conducted every four years or so following a reference from the Minister for Finance. The Review Body submit their report to Government who are able to accept in full, accept in part or reject the recommendations.

Italy

Regulated by a law dating from 1965 which sets MPs' salaries on the basis of the annual gross salary of Magistrates serving as Presidents of Department within the Supreme Court. Annual increments to MPs' salaries are linked to those of the Magistrates; however, there is no legal requirement to stay at this level.

The decision on whether to approve increments is taken by the *Presidency Office* (for the Chamber) and *Presidency Council* (for the Senate). These Boards of Management include proportional representation of all political parties. Decisions are taken by a majority of Board members. The Chamber and Senate are free to take separate decisions. The salary of Magistrates is set by Government.

Netherlands

Pay and pensions are regulated by the 1990 Act on the Remuneration of Members of Parliament.

MPs' basic pay is equal to the highest point of civil service pay grade 16 (Deputy Director level). This linkage is set purely for reasons of administrative simplicity rather than due to job weighting. MPs' pay is adjusted each time the civil service pay scales are amended – usually every two years.

The Dutch Parliament is currently debating a major change to the existing pay system: the Bill currently before Parliament sets a Minister's salary at 100 per cent and an MP's at 55 per cent of this level, indexation is in accordance with changes in civil service pay. Under the proposed system the Government (on the basis of independent advice) would propose pay levels but Parliament would take the final decision.

New Zealand

Since 2003, salaries and allowances of Parliamentarians have been determined annually by the independent statutory body, the Remuneration Authority; the Authority consists of three members appointed by Governor-General by Order in Council.

The Remuneration Authority was established from 1 April 2003 in the Remuneration Authority (Members of Parliament) Amendment Act 2002. Prior to 1 April 2003 the Authority was known as the Higher Salaries Commission (Remuneration Authority Act 1977).

The Authority's jurisdiction also includes a wide range of statutory officers, members of the judiciary and elected members of local authorities (they completed and issued 89 determinations in the financial year 2006-07). The Authority uses public and private comparators established by survey and job evaluation and looks to maintain consistency and appropriate relativities across the salaries paid to Parliamentarians, the executive, the judiciary, and the public service. There is an indirect linkage to the private sector as the salaries of the judiciary take into account (but cannot fully reflect) the external relativities in the legal profession. Public sector salaries generally reflect salary levels elsewhere in the economy.

The current legislative provisions are intended to keep the Government at arm's length from the setting of pay and pensions; although the Authority can receive submissions from stakeholders, including both the Government and MPs, the final decision i.e. the determination is their responsibility.

Norway

The President of Parliament (the Speaker) appoints an independent 'Salaries Commission' for a five year period, and the issue is reviewed annually on 1 October. The Commission has three members, who are the Head of the National Arbitration Tribunal, a judge and a professor.

The Salary Commission convenes two or three times during the autumn. The Storting's administration has placed the Head of the Finance and

Administration Section at the Commission's disposal as its secretary. The secretary ensures that general information about wage developments and other relevant social indicators is available to the Commission. In addition, the secretary obtains any other information that the Commission needs in order to do its work.

The Storting's Salary Commission presents its recommendations to the Presidium, which then submits the proposal as a separate item of business to the Storting. This is voted on in the usual manner. Since the Salary Commission's creation in 1996, its recommendations have always been adopted by the Storting.

Singapore

The annual reward package of MPs is pegged to the SR9 Administrative Officer Grade (currently at 56%). The salary benchmark for the SR9 grade is the 15th highest earner aged 32 amongst a group of six professions (bankers, accountants, engineers, lawyers, local manufacturing companies and multinational corporations).

The annual package of MPs includes a GDP Bonus, which can be up to two months (of normal salary) dependent on economic performance (calculated on increases in GDP from 2% upward). MPs do not vote on the level of their pay or pensions.

Spain

The Spanish Constitution sets out that Deputies and Senators will receive a salary that is established by both chambers. The Parliament Law states that the Deputies receive a salary that allows them to carry out their work with efficiency and dignity.

As far as possible an MP's basic salary is equated to that of a "Secretario de Estado" (SdE – Junior Minister equivalent), whose salary is set by Government (it would be unusual to find this rising above CPI). In practice, an MP would usually earn less than a SdE as SdEs can, by law, be remunerated members on the boards of several public companies.

The Parliamentary Board is ultimately responsible for establishing salaries and pensions. The Parliamentary Boards' composition is voted on at the beginning of the Legislature and all parties are proportionately represented. A decision is taken behind closed doors and by consensus, unless there is disagreement, in which case a vote is taken.

Sweden

Pay of members of the Riksdag is determined by an Authority (chairman and two members) appointed by the Riksdag Board (comprised of the Speaker and ten Members' of the Riksdag). Members of the Authority are non-political and often senior judges; the Authority is appointed for a two-year mandate.

When the Authority decides whether or not to increase salaries, it makes a determination which is accepted without Government involvement or a vote by MPs.

When making its judgement the Authority compares levels with cabinet ministers and some civil servants and takes account of the wider economy.

United States of America

The Ethics Reform Act of 1989 established an annual adjustment formula for Members' pay adjustments and a quadrennial review of the salaries of officials by a Citizens' Commission on Public Service and Compensation (this body has never met). The Act also banned honoraria and revised the rules governing outside earned income and employment after Government service.

The current pay for members is the result of a number of adjustments – both those tied to the index, and stand alone increases. Stand alone legislation was last used to provide increases that were effective in 1990 and 1991; since then any adjustment has been pursuant to the formula established by the Ethics Reform Act 1989.

The annual member pay adjustment is determined by a formula using the Employment Cost Index (ECI). The ECI measures quarterly changes in compensation costs for private industry wages and salaries (not seasonally adjusted). The Ethics Reform Act of 1989 specifies that the percentage change reflected in the quarter ending December 31 for the two preceding years is used, minus 0.5%. Member pay may not exceed neither the percentage adjustment in base pay for General Schedule ("white collar" civil servants) employees nor 5%.

This change is automatically applied to Member salaries each year unless legislation is enacted that will revise or deny this percentage.

Since 1989 the annual adjustment formula has led to the acceptance of increases twelve times and rejection of increases six times (in 1994, 1995, 1996, 1997, 1999 and 2007).

The formula has or would (if it had not been rejected) have required adjustment downward so as not to exceed the increase for General Schedule employees on nine occasions (in 1994, 1995, 1996, 1998, 1999, 2001, 2003, 2007, and 2008).

The executive branch could have an indirect role in congressional pay in two ways. First, the President decides whether or not to sign any piece of legislation. Secondly, the President has a role in determining increases in the rate of pay for General Schedule employees.

A number of amendments to Members' pay have been passed or proposed over the years, including:

Legislation to prevent Members who vote against an increase from receiving one, if the prohibition does not become law.

Proposals to link increases to certain economic factors or congressional actions e.g. the budget – with prevention of an increase if there was a deficit in the previous year, or a prevention if the appropriations bills were not enacted by a certain time in the fiscal year.

Proposals to give Members a more direct role and accountability for allowing pay increases.

Appendix 10: Abstract from Members' Pension Scheme Handbook

DEFINITION OF TERMS

A number of special terms are used in this handbook. They are necessary to enable the benefits provided by the Scheme to be described accurately.

Dependant Child is any child who is dependant on you and who:

- (a) is under seventeen years of age
- (b) has not reached twenty-three years of age and is in full-time education
- (c) was at the time of your death wholly or mainly dependent on you due to bodily or mental infirmity. (see Rules for full definition)
- (d) was already conceived but not yet born at the time of the death of the deceased.

This definition can include: stepchildren, adopted and illegitimate children and relevant children meaning children of the deceased, or of any wife or husband of the deceased. Relevant children also include children conceived within a long term stable relationship.

Permitted Maximum is the maximum level of pay that may count in determining pension benefits and contributions. The permitted maximum for any tax year means the amount determined by the Trustees that tax year. For 2007/2008 the permitted maximum is £112,800.

Guaranteed Minimum Pension is the minimum pension the Scheme is obliged to provide in respect of reckonable service before 6 April 1997 as a result of contracting-out of the State Earnings-Related Pension Scheme. It is guaranteed to be at least as much as the pension that would have built up in the State Earnings-Related Pension Scheme. Although you joined the Scheme after 6 April 1997, it is relevant if you have transferred in benefits from other schemes where benefits have accrued prior to that date.

Terminal Salary is the amount of the Member's ordinary salary received in the last twelve months prior to leaving or retiring.

Pension Age is when a person ceases to be a Member of the National Assembly and has attained the age of sixty-five years.

Early Pension. For those Members who joined the Scheme before 1 April 2007 a pension may be paid without abatement from age 60 provided that reckonable service as a Member of the Assembly is not less than 20 years (or from 61 with 19 years service and from age 62 with 18 years service and so on until age 64 with 16 years service).

Service as a Member of Parliament (MP) or Member of the European Parliament (MEP) can be counted towards the length of service for the purpose of establishing eligibility for an early pension to the extent that such service is not concurrent with service as an Assembly Member.

Abated Pension may be paid on retirement after age 50 for Members who joined the Scheme prior to 6 April 2006. The level of abatement is determined by the Government Actuary. It is also possible for a former Member over the age of 50 to receive an immediate pension which will be subject to an actuarial reduction based on age and length of service. For Members who join the Scheme on or after 6 April 2006 the earliest age at which a pension may be drawn is age 55. Again service as an MP or MEP can be taken into account.

Reckonable Service is the service which counts towards your pension. A service credit resulting from a transfer of pension rights from a previous pension scheme into the Scheme increases your reckonable service. You can also purchase added years of service credit to increase your pension benefits.

State Pension age is the age at which pensions are payable from the State. This is currently age 65 for men and 60 for women. However, over the ten-year period from 2010 to 2020 State Pension age is due to be equalised at age 65 for all.

Widow/Widower/Civil Partner/Partner is the person to whom you are legally married or in a civil partnership when you die or a partner of either sex in a stable long term relationship who is financially dependent or inter-dependent upon you.

In the case of a partner the Scheme Rules require that the partner was cohabiting with the Member for at least 12 months prior to the Member's death, was nominated by the Member at least six months prior to the date of death of the Member and has provided proof of financial dependency or inter-dependency for at least the 12 month period prior to the death of the Member.

A former wife, husband or partner is not eligible to receive a widow/widower's/partner's pension.

Office Holders

The Offices are currently:

- (a) Presiding Officer
- (b) Deputy Presiding Officer
- (c) First Minister
- (d) Welsh Ministers
- (e) Leader of the largest political group without an executive role
- (f) Chairs of Subject Committees
- (g) Chair of Audit Committee
- (h) Deputy Welsh Ministers
- (i) Counsel General

Scheme Limit on contributions payable

A Member's total pension contributions to the Scheme cannot exceed 20% of a Member's ordinary salary in any tax year, subject to the permitted maximum.

Assignment of Benefits

You are not allowed to assign any of your benefits. This means you cannot give anyone else the right to your entitlement from the Scheme.

Annual Increases

All pensions in payment are increased in line with the Retail Price Index.

MEMBERSHIP OF THE SCHEME

How To Join

You need do nothing to join the Scheme as it is assumed that you are a Member of the Scheme from the date of the election. The Scheme is not mandatory but you have to make a positive decision to opt out. You will need to inform the Trustees in writing if you wish to exercise this option. If you make this decision you are legally required to make alternative provisions for your pension by either:

- (i) opting into the State Second Pension Scheme; or
- (ii) contracting out of the State Second Pension through an appropriate personal pension.

On joining the Scheme, you will automatically accrue benefits at the rate of one fortieth of salary per year of service or a proportionate fraction. If you wish to accrue benefits on the basis of one fiftieth of salary per year of service, or a proportionate fraction, you have 3 months from the date you are first elected to notify the Trustees of your decision. (Please see **Paying For Your Benefits** for details of the contributions).

Arranging a Transfer of Benefits from a Previous Arrangement

If you have pension benefits in a previous employer's scheme or in a personal plan, you may transfer them into the Scheme. You must apply to transfer these benefits in writing.

In most cases (and subject to the Trustees' approval) transfer payments can be received from other pension schemes when you join the Scheme and similar payments can be made to other schemes when you leave the Assembly or the Scheme. You should note that the Trustees have discretion to refuse a transfer if it is deemed to be insufficient to cover the cost of your **guaranteed minimum pension**.

Opting Out For Assembly Members

You can opt-out of the Scheme at any time.

As a new Member you have **three months**, from the date of your election to the Assembly, to exercise your option, if a refund of contributions is required. The refund will be backdated to the date of the election. Notice to opt-out must be in writing to the Trustees.

If you decide to leave the Scheme at any other future date, your decision will take effect from whatever date the Trustees shall determine to be the earliest practicable date after that on which they receive written notification.

Opting Out For Office Holders

As an Office Holder who is a participating Member of the Scheme you have the right not to be a participating Office Holder in the Scheme. You must give the Trustees written notice of your intention to opt-out not more than **12 months** after your appointment to the Office. The effective opt-out date will be start date of the tenure of office. Any contributions deducted during that period will be refunded.

If you decide to opt-out at a later date then the effective date will be decided by the Trustees based on the most practicable date after receiving written notice.

Opportunities For Assembly Members To Rejoin At A Later Date

As an Assembly Member who has opted-out you may apply to rejoin the Scheme if re-elected at an election. Notification of your intention to opt back in must be made in writing to the Trustees **within three months** of your

election. The effective opt-in date will be the date of the election.

Opportunities For Office Holders To Rejoin At A Later Date

As an Office Holder who is a participating Member of the Scheme you may apply to rejoin the Office Holder element of the Scheme as of the date of a new period of tenure in a qualifying office. You must give written notice to the Trustees **within 12 months** of your appointment to that office.

PAYING FOR YOUR BENEFITS

Members' Contributions

As a participant in the Scheme you are required to pay a contribution from your Assembly salary; the Assembly makes an "Employer's" contribution. Contribution rates are reviewed from time to time normally following a review of the Fund by the Government Actuaries.

The current rate of a Member's contribution is **10% of pensionable salary for fortieths accrual or 6% for fiftieths accrual** - the contributions qualify for tax relief. Were you to reach the maximum pension entitlement allowable under the Scheme rules before your 65th birthday then contributions will cease; they will restart at age 65 if you are still participating in the Scheme.

These contributions are deducted from your pay before tax is calculated, so you will automatically receive full income tax relief at the highest rate you pay. In addition, as the Assembly Scheme is contracted-out of the State Second Pension, you will pay lower National Insurance Contributions.

In a limited number of circumstances, your tax relief may be limited by the Annual Allowance which is set by HMRC each year.

All contributions (yours and those made by the Assembly) are invested for growth by an Investment Fund Manager, appointed by the Trustees.

EXAMPLE	MEMBERS' CONTRIBUTIONS.	
<i>A member's rate of pay is £46,496 per annum.</i>		
Pension Scheme contributions at 10%	= £4,649.60	(a)
Income tax relief (40p in the £ assumed)	= £ 1,859.84	(b)
Net Contribution (real cost to you) (a) - (b)	= £ 2,789.76	

Special Arrangements For Office Holders

Details of these arrangements will be sent to Office Holders on first taking up office. Contributions are also at the rate of 10% of salary (or 6% of salary) and there is similarly an “Employer’s” contribution.

Benefits are calculated by means of a complicated formula which produces a pension based on 1/40th (or 1/50th) of Office Holders salary.

RETIREMENT BENEFITS

When you retire, you will receive an annual pension. The amount will depend on your **Terminal Salary** and length of **Reckonable Service** and your chosen fortieths or fiftieths accrual rate.

The maximum pension available at age 65 is 2/3rds of the final salary; it is possible to accrue additional pension entitlement if service continues after age 65.

EXAMPLE	PENSION
<i>Your terminal Salary is £46,496 and reckonable service is 4 years.</i>	
Your pension is calculated as follows:	
$\frac{£46,496 \times 4}{40 \text{ (accrual rate)}} = £4,649.60\text{pa}$	

In a limited number of circumstances, your pension may in effect be restricted by the Lifetime Allowance which is laid down annually by HMRC. You will be notified near retirement if such restrictions apply in your case.

Commutation For A Lump Sum

If you are entitled to receive a pension you may commute part of the pension into a tax free lump sum and receive a residual/reduced pension. You must exercise this option by giving written notice to the Trustees before the first instalment of your pension is paid.

The amount of the maximum lump sum permitted is broadly 25% of the capitalised value of your annual pension entitlement. Detailed information will be provided to you at the time of retirement, but if you require more information please contact the Fees Office.

Reckonable Service

The maximum length of reckonable service that can count towards your pension is 26 and two third years (or 33 and one third years if fiftieths accrual) at your **pension age**. You can build up more reckonable service if you work beyond your pension age.

Ill Health Retirement

In order to receive ill health retirement benefits you would have to satisfy the Trustees that you were prevented from continuing as a Member of the Assembly due to ill health. If the Trustees are satisfied in that regard, you would receive an immediate pension. The pension entitlement would be calculated with service enhanced to age 65 (subject to the maximum 2/3rds limit). You would not receive an enhancement if you leave on medical grounds after the age of 65.

A former Scheme Member with a deferred pension who because of ill health has retired from gainful work, can apply to the Trustees for immediate payment of his deferred pension plus accrued pension increases. There will be no enhancement of service on the former Member's pension entitlement.

State Pension

Once you reach State Pension age, the State basic pension will become payable, provided you have sufficient National Insurance Contributions, in addition to your Assembly Pension.

INCREASING YOUR BENEFITS

You may wish to increase your pension benefits payable at retirement.

You may do so, by purchasing added years of service credit if you cannot attain the maximum level of benefits payable under the Scheme Rules. Tax relief is available on contributions paid towards an added years contract.

A contract to purchase added years is irrevocable

Pensioners cannot buy additional benefits.

If you wish to purchase added benefits, please contact the Fees Office.

DEATH GRATUITY

Death In Service

Were you to die in service then a lump sum gratuity equal to four times your Assembly salary would be payable to your nominated beneficiary or beneficiaries. You may nominate an individual, individuals, an institution or a trust. If a valid nomination does not exist the death gratuity would form part of your estate. A nomination form is included in your welcome pack, but further copies can be obtained from the Fees Office. It is important that you keep your nomination under regular review and update it if your personal circumstances change.

If you had a surviving spouse or a partner in a long term stable relationship a widow's/widower's/partner's pension would be payable. This would be equal to 5/8ths of your Member's pension. The pension payable may be enhanced at the discretion of the Trustees.

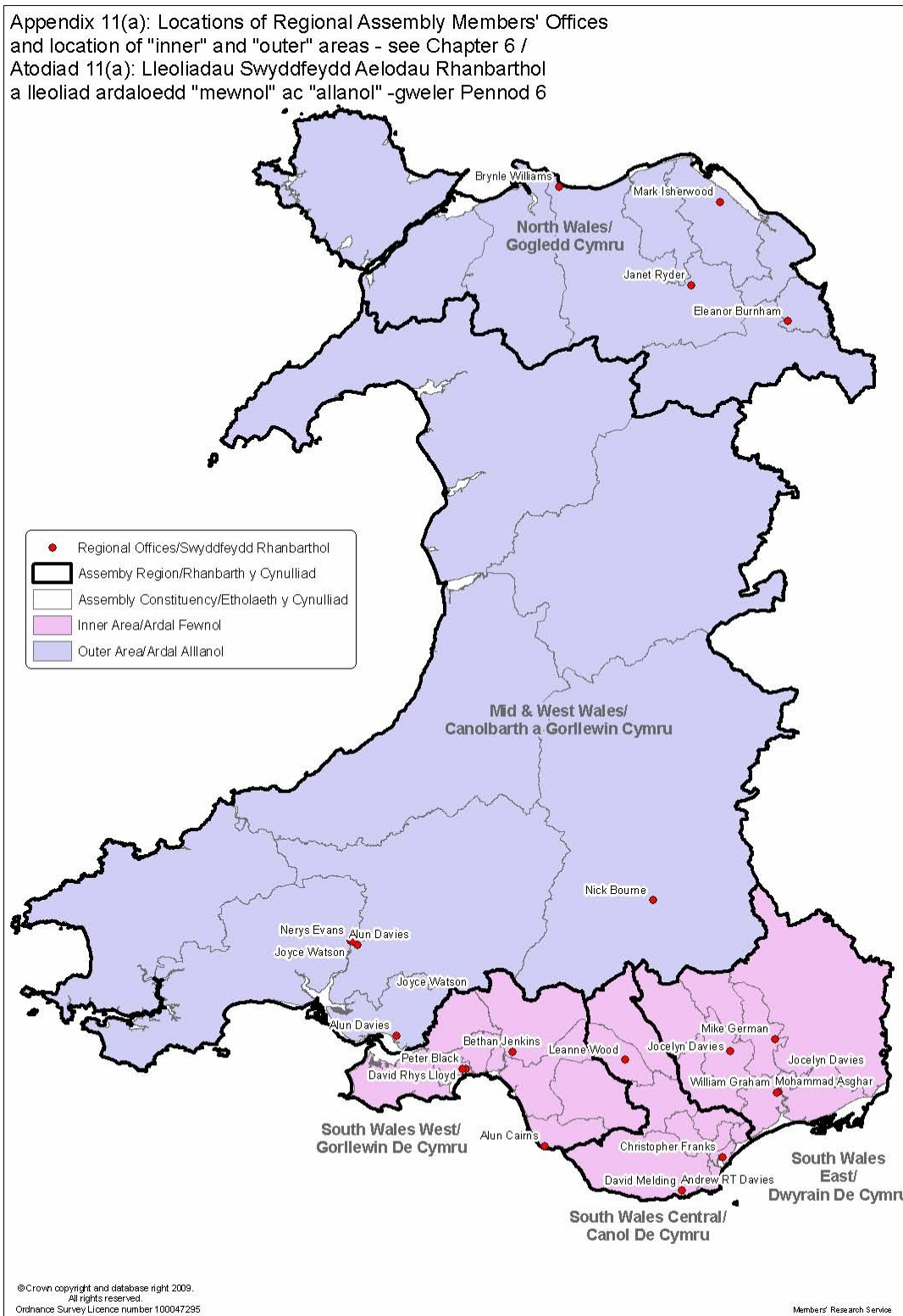
Children's pension are also payable for the benefit of any relevant child who is under 17 years of age or is under 23 years of age and is in full time education or undergoing full time training.

Death After Retirement

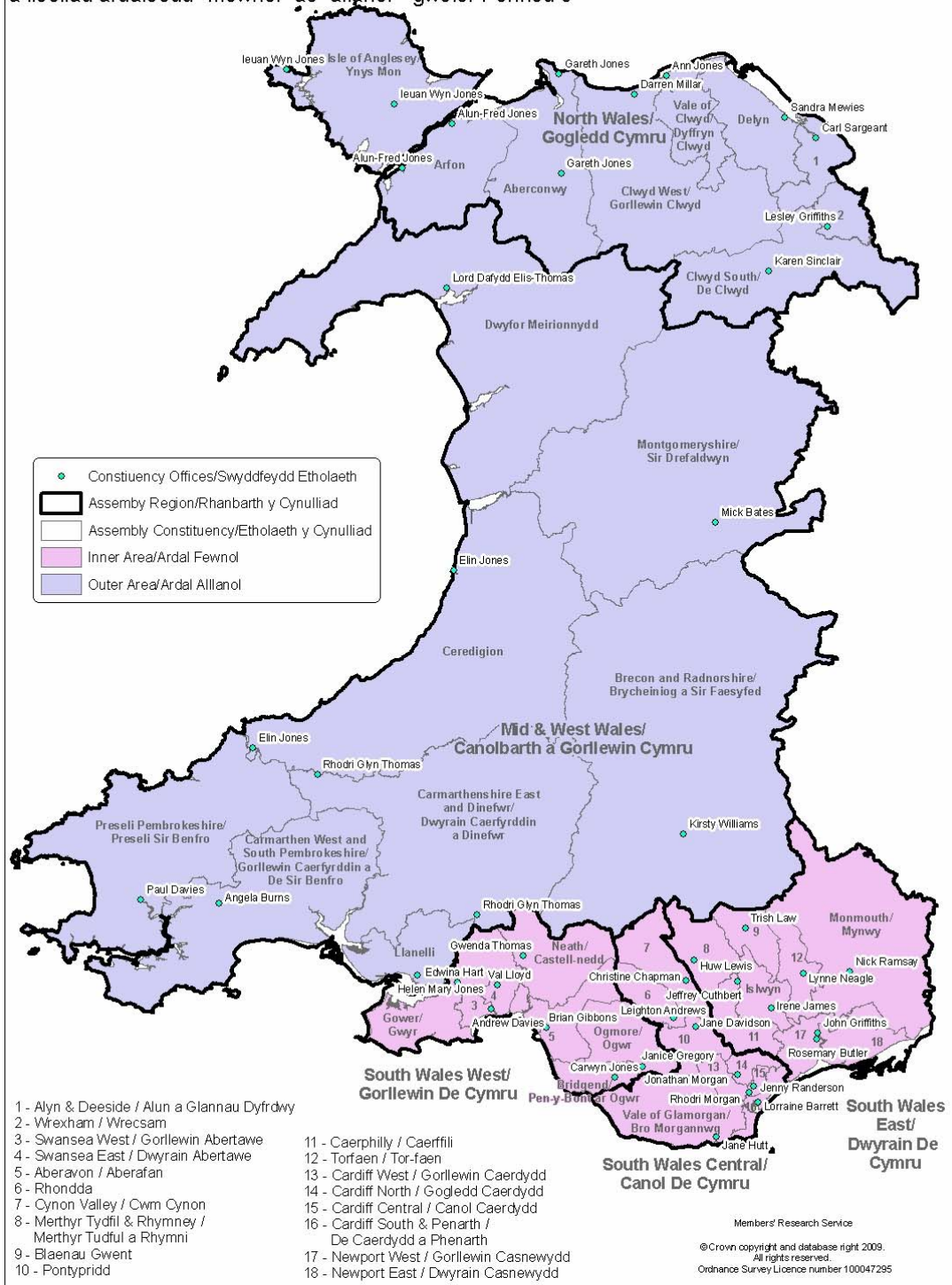
In these circumstances your widow/widower/partner would receive an amount at the rate of your Member's pension for the first three months, in some cases this will be at the discretion of the Trustees, followed by an annual rate of pension equal to 5/8ths of your uncommuted pension entitlement.

If you were to die within five years of first becoming entitled to receive a pension your widow/widower's/partner's pension will be at the same rate as your pension entitlement until the end of the five year period. Thereafter the pension would be at a rate of 5/8ths of your Member's pension. Children's pensions may also be payable.

Appendix 11: Location of Regional and Constituency Offices (Maps)



Appendix 11(b): Locations of Constituency Assembly Members' Offices and location of "inner" and "outer" areas - see chapter 6 /
 Atodiad 11(b): Lleoliadau Swyddfeydd Aelodau Etholaeth a lleoliad ardaloedd "mewnol" ac "allanol" - gweler Pennod 6



Appendix 12: Staff Handbook – (Proposed Contents)

Introduction:

The introduction should contain the following:

Welcome, introduction to organisation: structure, aims and vision (forward thinking, efficient and accountable democracy), Assembly Objectives, outline the key role of employees in delivering this service to people of Wales; standards of service expected, Nolan Principles and public confidence, legislative framework relevant to the Assembly activities, Freedom of Information legislation, sustainability, Diversity, Health and Safety, confidentiality, refer to the Code of Conduct and point out the likelihood of a four year period of employment.

Explain the status of this handbook i.e. a guide for Assembly Members' Support Staff and Assembly Members on what policies apply and good practice. Both groups should have the facility to contact HR in the case of queries. It is also envisaged that Assembly Members will receive training and guidance on their role as a professional and caring manager of staff.

Hours of Work: refer to contracts of employment and normal office hours for the various locations where staff are employed e.g. constituency offices and Cardiff Assembly building. Subject to operational requirements may need to work elsewhere and at other times etc.

Salary: when paid, by whom, how increments and pay bands operate (including guidance on when staff are re-employed and have previously worked as Assembly Members' Support Staff; they normally should be paid at the same increment level as applied when they left), tax and deductions.

Expenses and Overtime: rules for claiming, links to relevant expenses forms, time off in lieu procedure, approval procedure, tax obligations.

Notice Periods: describe the responsibility of individuals and Assembly Members as outlined in the contract of employment. Point out that the likely time span of employment will be linked to the Assembly term and describe what will normally happen at the end of this period – notice of termination will be given.

Probationary Period: all new staff to be subject to a six month probationary period with a review at three and six months. Details of how this will operate.

Exit Interviews: conducted by either HR or the party group manager to an agreed format.

Disciplinary and Grievance Procedure: a full explanation.

Annual Holidays: to include details of entitlements and how they are calculated for full and part time employees, procedure to be followed when requesting holidays, public holidays and arrangements during recess.

Sickness Absence: procedure to be followed, Assembly Members' responsibility for monitoring, action taken in cases of higher than average levels of, or frequency of, absence. Links to self certification forms, monitoring forms etc.

Pensions: Details of stakeholder scheme.

Compassionate leave, medical appointments and jury service

Maternity and Paternity leave: to include details of entitlement and procedure. Also details of the Childcare Scheme.

Health and Safety: details of policy and obligations for Assembly Members' employees, Assembly Members and the Assembly Commission. What arrangements and responsibilities apply to staff based in the Assembly and elsewhere and what Assembly Members as employers are required to do. This will encompass – housekeeping, consultation, first aid, accident reporting, action in the event of a fire, fire extinguishers, Display Screen Equipment and eye tests, manual handling, visitors and contractors, electrical equipment and staff lone working.

Alcohol and Drugs: statement concerning the unacceptability of intoxicants at work. Good standards of behaviour expected at all times.

Appraisal, Training and Development and further education: an annual appraisal will be carried out by the Assembly Member and or the group manager. In addition to discussing job performance, training and development needs will be agreed.

Code of Conduct: all support staff will be required to sign a Code of Conduct; this will be referred to in their contract of employment. This will encompass confidentiality, ICT code, general standards of behaviour, Nolan principles, equality issues and other relevant points such as those outlined in the Civil Service code of conduct and the guidelines regarding special advisers. The code will stress the need to keep party political work separate e.g. 'The Assembly Member is your employer but you are employed with

public money and therefore your employment is governed by Nolan Principles. You are reminded of the importance of keeping party political work separate from the work serving the Assembly and constituents. This can be a difficult path to tread but you are expected to take personal responsibility in this area.'

Data Protection and Confidentiality

Bi-lingual Policy: describe the policy also point out that while it is not possible to always provide a bi-lingual service particularly in constituency offices there should be sensitivity to the needs of the constituent.

IT Usage and Security: a policy has been produced by the IT department. It should be mandatory that prior to usage of IT systems that the employee and Assembly Member are required to sign that they have read this policy and will abide by the rules contained therein. The policy will contain rules and guidance on such items as – authorised use, personal use, downloading, email procedures, data protection, archiving, help and support, DSE guidelines etc.

Standards of Service: to be established regarding public interface. Not meant to be overly prescriptive. more as a guide for what is a reasonable response to public users of Assembly services including such matters as how to answer the telephone, use of email, protocol regarding cross-party or constituency issues, acknowledgements, format of response, bi-lingual options, time scales and the caseworker IT system. The objective should be to provide a professional and efficient response which contributes to the good reputation of the Assembly and its representatives. It is suggested that a small working group is established to produce these standards of service. (Some rules have already been developed in this area by Westminster.)

Telephone System: rules regarding phone allocation and use.

Whistle blowing: details of what an employee should do if they come across a serious item of prohibited or unlawful activity which may damage the good reputation of the Assembly. If the Assembly does not provide guidelines in this area there is a danger that employees will go straight to the press, or that issues are never raised. This could be damaging to the reputation of the Assembly. (Suggest that Assembly Members' Support Staff are covered by the recently produced policy for National Assembly for Wales Staff)

Trade Union or Staff Association membership: point out that employees have the right to belong if they so wish.

Security and lone working: good practice to be followed.

Redundancy Policy: details of the Redundancy Scheme rules and guidelines on what normally happens at the end of the Assembly term.

Political affiliations and other conflicts of interest: Assembly Members' Support Staff should be required to declare any conflict of interest.

Appendix 13: Employment of Family Members (Draft Standing Order)

Draft Standing Order¹¹ – March 2009

STANDING ORDER XX – Recording of the Employment of Family Members in respect of which Members have claimed an Allowance.

[Note: a requirement for notification under this Standing Order is in addition to any requirement to register the employment of a Member's partner or dependent child under Standing Order 31. Where Standing Order 31 requires a Member to register the employment of a spouse or dependant child under that Standing Order, the Member must do that in addition to any notification required under this Standing Order.]

XX.1 A Member who at any time claims any allowance in respect of the cost of employing, either directly or indirectly, a person whom that Member knows to be a family member of that Member or of another Member must, no later than the date specified in Standing Order XX.4, make a notification under this Standing Order.

XX.2 In this Standing Order:

(i) "family member" means:

- (a) a partner or former partner of a Member;
- (b) a child or grand-child of a Member;
- (c) a parent or grand-parent of a Member;
- (d) a brother or sister of a Member;
- (e) a nephew or niece of a Member;
- (e) an uncle or aunt of a Member; or
- (f) a cousin of a Member,

(ii) "partner" means a spouse, civil partner or one of a couple whether of the same sex or of the opposite sex who although not married to each other are living together and treat each other as spouses.

(iii) the expressions "child", "grand-child", "parent", "grand-parent" "brother", "sister", "uncle", "aunt" and "cousin" apply equally to half-, step-, foster- and adoptive relationships and (except in relation to cousins) also apply to persons having the relationship in question to the partner of the Member;

¹¹ Draft Standing Order approved by Assembly Commission and Standards Committee for the purposes of consultation with Assembly Members

- (iv) “cousin” means a person who shares at least one common ancestor with the Member, provided that in the case of the Member the common ancestor is a grand-parent of the Member;
- (v) “allowance” means an allowance payable by the Commission to Members under Standing Order 1.7.

- XX.3 The notification required by this Standing Order must include the following information:
- (i) the Member’s name;
 - (ii) if the employee is a family member of another Member or Members, the name of that other Member or of those other Members;
 - (iii) the full name of the employee;
 - (iv) the relationship of the employee to the Member (or, where appropriate, to the Member or Members referred to in (ii));
 - (v) the capacity in which the employee is employed, including any job title;
 - (vi) the date on which the employment commenced;
 - (vii) if the employment has ceased, the date on which it ceased;
 - (viii) the hours which the employee is contracted to work each week;
 - (ix) if the employee is employed in a post for which a salary scale is prescribed in a determination made by the Commission in relation to employees of Assembly Members, the relevant salary band; or
 - (x) in the case of any employee who does not fall within (ix), the salary payable to the employee.
- XX.4 Notification must be made within eight weeks of the date on which the Member takes the oath or affirmation of allegiance or within four weeks of the first occasion on which the Member claims an allowance in respect of employing (whether directly or indirectly) the family member, whichever is the later.
- XX.5 If:
- (a) notification has been given under this Standing Order; and
 - (b) there has been any change to the information which was included in that notification;
- the Member must, within four weeks of the date on which that change took place, make notification of that change.
- XX.6 Notification under SO XX.1 or under SO XX.5 must be given by completing and signing the form prescribed by the Presiding Officer for the purpose and delivering it to the Table Office.
- XX.7 The Presiding Officer must maintain a record of the notifications made by Members under this Standing Order and must publish the record and make a copy available for inspection in person by Members and

by the public.

- XX8 Members are under a continuing duty to ensure, by inspecting the record of notifications from time to time, that it correctly contains the particulars notified by them under Standing Orders XX.1 or XX.5.

Appendix 14: Vehicle Operating Costs

(Source AA: 2009)

Petrol

Total of standing and running costs as pence per mile

Purchase price of car when new:

	Up to £12,000	£12,000 - £14,000	£14,000 - £22,000	£22,000 - 30,000	Over £30,000
at 5,000 miles per year	56.27	71.06	95.80	121.71	218.14
10,000	37.14	45.08	58.55	72.74	123.73
15,000	30.93	36.68	46.52	56.92	93.30
20,000	27.95	32.68	40.80	49.40	78.86
25,000	25.96	29.96	36.90	44.27	68.96
30,000	24.59	28.09	34.20	40.73	62.09

Diesel

Total of standing and running costs as pence per mile

Purchase price of car when new:

	Up to £12,000	£12,000 - £14,000	£14,000 - £22,000	£22,000 - 30,000	Over £30,000
at 5,000 miles per year	57.35	75.89	98.11	125.74	227.63
10,000	36.59	46.42	58.50	73.70	127.80
15,000	29.86	36.90	45.72	56.91	95.63
20,000	26.64	32.37	39.64	48.92	80,38
25,000	24.48	29.29	35.49	43.47	69.89
30,000	22.99	27.16	32.62	39.70	62.63

Appendix 15: Note from the Auditor General

Note from the Auditor General for Wales on the assurance required to ensure that Members of National Assembly for Wales submit, and are paid, only legitimate claims

What is assurance?

1. Assurance is independent confirmation that assertions made are consistent with the evidence. In the case of assurance over Members' allowances, the assurance sought is that only legitimate claims are accepted; and that they are processed, paid and accounted for in an efficient and effective manner.

What are the essential components of an assurance regime?

2. The essential components of an effective assurance regime are:
 - clear rules and guidance as to what is, and what is not, acceptable
 - robust management controls and processes, designed to both prevent and detect invalid claims, and therefore ensure compliance with the rules
 - checks and testing of the controls to ensure that they are adequate and effective
 - reporting on the outcome of those checks to those wanting the assurance

Who can provide this assurance?

3. The strongest assurance is generally provided by both internal and external means, through:
 - sound internal governance arrangements
 - a robust and firmly enforced system of internal control, which is reported on by internal audit
 - independent external audit

4. For the National Assembly for Wales Commission (the Commission), the internal assurance should come from its own processes, such as:
 - clear rules and guidance, which, for the Commission, are set out in the Determination (approved by the Members of the National Assembly for Wales)
 - managers implementing a robust control system, so that only valid claims are processed and paid
 - managers performing checks on the application of their control system, to ensure that the controls are applied rigorously
 - managers reporting on the outcome of their testing, so that good practice is continued, and weaknesses are identified
 - managers making recommendations to improve their control systems, so that there is continuous improvement of the systems
 - quality-assurance reviews introduced by management to assess the level of compliance with the control framework
 - Internal Audit testing the control environment, reporting their findings and making recommendations on how to improve control
5. The Commission's external assurance comes from my independent confirmation of the disclosures made in its statutory financial-statements, and, within those statements, the assertions made in the Accounting Officer's Statement on Internal Control. I provide this confirmation in my audit opinion on each year's statements.
6. I can give this assurance only if the underlying records and systems are adequate. If they are not adequate, I would consider whether the impact of any weaknesses was material to the financial statements. Material error, if unadjusted, would result in a qualified audit opinion.
7. The financial statements can contain material error by value, nature or context. These classifications of material error are explained more fully in each year's Audit Strategy.

Who currently provides assurance?

8. Members take responsibility for the validity of their claims, evidenced by their signature and the supporting evidence that they are required to provide.
9. Once a claim is received, assurance over the processing and accounting by the Commission is secured through the controls put in place by its managers; those managers' checks, and reporting, on the operation of the controls in place; Internal Audit's review of the operation of those controls; and my examination of the Commission's annual expenditure within its statutory financial-statements, which includes the allowances paid to Members.

What examinations do I undertake?

10. For the payment of Members' allowances, my staff:
 - (i) Review and test the controls in place

Each year my staff review, document and test the existence and operation of the Commission's key controls. Examples of the controls examined include: the appointment and termination of Members' support-staff; the review and reconciliation of the support staff in place; the administration and control of Members' winding-up allowances; and the administration and control of 'left to spend' allowance balances (be them in credit, or debit).

If the controls-based examinations are satisfactory, they provide me with assurance that the system of control is operating effectively. I report any identified weaknesses to management, together with recommendations as to how these might be addressed. It is important to note that, each year, my staff will consider the work of Internal Audit. Where appropriate, my staff review the scope and rigour of the internal audit work undertaken and, if it is satisfactory, take assurance from the findings. This can reduce my direct examination of the Commission's systems and records; thus avoiding any repetitive audit examinations and easing the audit burden on Commission staff.

- (ii) Review analytically the total value of the allowances paid

For each year's audit, my staff gain an understanding of all Members' posts and any in-year changes. My staff are then able to predict the associated costs of the Members and compare them to

the Commission's financial records and financial statements. The comparison is assessed against a pre-determined quantified value of acceptable difference. This examination provides me with assurance that the total value of amounts paid is reasonable, materially correct, and is consistent with my knowledge of the elected Members' posts and responsibilities during the year of audit.

(iii) Test substantively the allowances paid

To support the controls-based and analytical-based examinations, my staff also undertake substantive-based examinations of allowances paid. This audit work is usually based on the examination of a sample of payments against: Members' validation of their claims; and, where appropriate, the source documentation provided by Members to the Commission.

The substantive examinations also include the complete review and validation of all Member-related disclosures in the statutory financial statements, against the Commission's records. An example is my examination of the Remuneration Report within the financial statements.

11. As Auditor General, under the Public Audit (Wales) Act 2004, I have other powers of audit review beyond my power to examine bodies' financial statements:

(i) Review of value for money

Under the 2004 Act, I can conduct reviews into a public body's achievement of value for money (in terms of economy, efficiency and effectiveness).

My VFM reports may be published and laid before the National Assembly for Wales. The National Assembly's Audit Committee may consider any reports so laid, by taking evidence from the relevant Accounting Officer of the body under examination, and then publishing its own report. The body examined is then required to respond publicly.

To date, no such VFM review of Members' remuneration has been undertaken, and I do not currently plan to do so.

(ii) Reports in the public interest

I have a power to report on any matter coming to my attention during an audit or a VFM examination that I consider would be in the public interest to be brought to public attention. I have not used this power at all but it exists and could be used to report on aspects of Members' remuneration.

(iii) Other investigative work

12. I am able to use my discretion in undertaking other investigative work, outside the audit of statutory financial statements and VFM examinations. For example, where appropriate and practicable, I aim to provide full responses to correspondence received. Where the results of such unplanned examinations warrant it, I may publish a report of my findings.
13. In early 2007, I did provide a full response to a member of the public in respect of concerns over certain Members' remuneration. After completing my investigation, I confirmed to the correspondent that the (former) Assembly Parliamentary Service's payments had complied with the arrangements in place, and, specifically, the then extant Determination.
14. On an agreement basis with the Commission, and therefore further to my statutory examinations, I could undertake 'additional assurance' examinations of Members' allowances, on which I would report separately to those wanting assurance.
15. To support my audit opinion on the Commission's statutory financial-statements, I determine the extent and nature of my examinations, as highlighted at paragraph 10 above. In doing so I ensure compliance with International Standards on Auditing.
16. At the request of the Commission, I could undertake further examinations of Members' remuneration and provide, by report, additional audit assurance.
17. An audit review of this nature could examine a larger number of payments substantively, against the supporting documentation held, and against the rules and guidance in place. This testing would be additional to the testing that I perform to support my audit opinion on the financial statements.

18. Beyond additional examinations of a purely substantive nature, I could, for example, examine the Members' arrangements. Such examinations would therefore assess the system of control by which Members administer themselves, by providing assurance around the arrangements put in place by Members to manage their allowance claims. This would enable the Commission's assurance to go behind a Member's signature and therefore provide improved assurance over the claims' process. Over a number of years the examinations could cover all Members.
19. Any additional examinations, beyond those that I undertake to support my audit opinion, would increase the cost of my audit and would be more intrusive for Members. Also, until my staff had examined the arrangements of all Members the assurance to the Commission would be limited to those tested. The Commission may determine that a review of Members' arrangements may be impracticable.
20. In closing, the Commission should note that additional examinations could result in a public interest report, as outlined above. I could also receive Freedom of Information (Fol) requests for disclosure of the results of my examinations. All such requests are considered by my office on a case by case basis, in accordance with the Fol legislation.

Jeremy Colman
Auditor General for Wales
18 May 2009

Appendix 16: Audit Process – Suggested Timetable

Recommended programme of internal and external audit work

2009-10: the preparation year

From September 2009, the Commission's Internal Auditors should be programmed to undertake a review of the new internal control framework that will need to be developed to implement the Independent Review Panel 'Member Support Package'.

This internal audit work should be designed to provide assurance to the Corporate Governance Committee that:

- the design of the new system of internal controls is fit for purpose
- the change process is being appropriately overseen by senior management

To support a well-managed transition to the new Independent Review Panel 'Member Support Package', we suggest that the Assembly's version of the Detailed Budget Book should be published by the end of 2009, following formal adoption of the Independent Review Panel Report.

2010-11: the transitional year

In April 2010, External Audit should be programmed to verify compliance with the Commission's commitment to publish individual expenditure on claims and allowances made in respect of the 2009-10 financial year. The results of that external audit review should be reported in the Commission's 2009-10 Annual Report and Accounts when this is published in July 2010.

In May/June 2010, External Audit should perform checks on a sample basis of claims submitted for 2009-10. This external audit work should be designed to provide independent assurance that:

- each sampled claim has been compiled, submitted, authorised and paid in accordance with the Independent Review Panel 'Member Support Package' and the supporting guidance

- all sampled expenditure is supported by appropriate documentation
- all sampled expenditure has been incurred with due regard to regularity and propriety, and represents good value for money for the public purse

The driving principle for all external audit sample testing of claims should be to 'follow the public pound', using the Auditor General's extensive statutory access powers.

In July/August 2010, External Audit should repeat the sample checking exercise for claims submitted for the quarter period ending 30 June 2010.

In the autumn of 2010, Internal Audit should be programmed to conduct a controls review of the new systems, designed to provide assurance to the Corporate Governance Committee that:

- the system of internal control is robust in its construction
- the system of internal control is operating as intended by Commission management

In November 2010, External Audit should repeat the sample checking exercise for claims submitted for the quarter period ending 30 September 2010.

Following Corporate Governance Committee consideration of the internal audit report and the latest available results of the external audit sample testing of claims, the Principal Accounting Officer should be in a position to recommend to the annual review meeting of the Independent Review Panel in February 2011 any further improvements to the Independent Review Panel 'Member Support Package' that may be required.

In February 2011, External Audit should repeat the sample checking exercise for claims submitted for the quarter period ending 31 December 2010.

2011-12: year one

In May 2011, External Audit should repeat the sample checking exercise for claims submitted for the quarter ending 31 March 2011.

In July/August 2011, External Audit should repeat the sample checking exercise for claims submitted for the quarter ending 30 June 2011.

In the autumn of 2011, Internal Audit should be programmed to conduct a controls review, designed to provide assurance to the Corporate Governance Committee that:

- the system of internal control is robust in its construction
- the system of internal control is operating as intended by Commission management

In November 2011, External Audit should repeat the sample checking exercise for claims submitted for the quarter period ending 30 September 2011.

Following Corporate Governance Committee consideration of the internal audit report and the latest available results of the external audit sample testing of claims, the Principal Accounting Officer should be in a position to recommend to the annual review meeting of the Independent Review Panel in February 2012 any further improvements to the Independent Review Panel 'Member Support Package' that may be required.

In February 2012, External Audit should repeat the sample checking exercise for claims submitted for the quarter period ending 31 December 2011.

2012 onwards

This pattern of internal and external audit activity, and Corporate Governance Committee consideration, should be continued in each subsequent year of the life of the Independent Review Panel 'Member Support Package'.

