

National Assembly for Wales
Finance Committee

Report on the Proposed National Assembly for
Wales (Remuneration) Measure

February 2010



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.

An electronic copy of this report can be found on the National Assembly's website
www.assemblywales.org

Further hard copies of this document can be obtained from:
Finance Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

Tel: 029 2089 8618
Fax: 029 2089 8021
Email: Fin.Comm@wales.gsi.gov.uk

© National Assembly for Wales Commission Copyright 2010
The text of this document may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading or derogatory context. The material must be acknowledged as copyright of the National Assembly for Wales Commission and the title of the document specified.

National Assembly for Wales
Finance Committee

**Report on the Proposed National Assembly for
Wales (Remuneration) Measure**

February 2010



Committee Membership



Angela Burns
(Chair)
Carmarthen West and
South Pembrokeshire
Welsh Conservative Party



Lorraine Barrett
Cardiff South and Penarth
Labour



Andrew Davies
Swansea West
Labour



Chris Franks
South Wales Central
Plaid Cymru



Brian Gibbons
Aberavon
Labour



Ann Jones
Vale of Clwyd
Labour



Nick Ramsay
Monmouth
Welsh Conservative Party



Janet Ryder
North Wales
Plaid Cymru



Kirsty Williams
Brecon and Radnorshire
Welsh Liberal Democrats

Background

1. Standing Order 14.2 states:

The [Finance] Committee may also consider and, where it sees fit, report on:

financial information in explanatory memoranda accompanying proposed Assembly Measures;

Consideration

2. The Finance Committee considered the proposed National Assembly for Wales (Remuneration) Measure at its meetings on 20 January 2010 and 3 February 2010.
3. The proposed Measure was presented to the Finance Committee by the Presiding Officer as Chair of the National Assembly for Wales Commission, accompanied by officials, who answered Members' questions. Members also had regard to the evidence presented to Legislation Committee No 1 and the responses it received in its consultation on the proposed Measure.

What the proposed Measure would do

4. At present the level of salaries and other financial support for Assembly Members is decided by the National Assembly for Wales Commission. The main purpose of the proposed Measure would be to establish a statutory Independent Review Body, the National Assembly for Wales (NAW) Remuneration Board, which would in future decide salaries and all other financial support for Assembly Members. The Board would consist of a Chair plus four other Members.
5. The proposed Measure has been brought forward following a recommendation in the report 'Getting it Right for Wales' of the Independent Panel on Members' pay and allowances, July 2009. This said:

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*

6. The Panel recommended that this Body should be independent of the Assembly and should include relevant expertise. It considered that an appropriate approach would be selection by the Chief Executive and Clerk of the Assembly (as Principle Accounting Officer), the Auditor General and a Commission Independent Adviser.

Potential costs

7. The costs involved with the Review Body are primarily the remuneration and associated costs of the Chair and Members. The workload for the Body would be greatest every four years - in the period before an Assembly election when a full review would be required. In other years the demands would be lower. There would also be some administration costs to support the review body and costs associated with recruiting the Board Members.

Remuneration rates

8. The Explanatory Memorandum says that the Chair would be remunerated at the rate of £237 per day and the (four) other board Members at a rate of £185 per day. These were the rates paid to members of the independent review panel on whose recommendation the Board was being established. The Finance Committee noted that these rates were lower than those paid to Members of similar bodies in the UK and the Presiding Officer said¹ that they were the 'rates for the job' in Wales. He said he thought they were an appropriate remuneration but also were sufficient to attract people who might want to assist the Board. He said that this level they had had no difficulty in recruiting either independent members for the Assembly Commission's audit work, or independent advisers to the Assembly Commission on its functions.

Workload

9. The Explanatory Memorandum estimates that in a non-election year the Board would need to meet twice a year and, allowing for a day's preparation per meeting and travel and subsistence, it would cost in the region of £5,000 per year.
10. In an election year the Explanatory Memorandum estimates the cost would be higher than this and suggests the Board might then perhaps meet 8 times a year which would lead to a cost of perhaps £19,000 - although for 2011 the Board would be able to build on the work of the independent Panel.

¹ RoP, p188, 3 February 2010, Finance Committee

11. Finance Committee members were concerned that these might prove to be underestimates of the time the Board would need in order to do its work and that there were no mechanisms to control the frequency at which it met. The Presiding Officer told the Committee² that the Board has a specific job to do, according to the very stringent principles set out in Section 2 of the proposed Measure. He believed the board will have no exponential drive to meet more often than it needs. It was not a service delivery organisation and he would be very surprised if it held additional formal meetings
12. The Presiding Officer said that there are clear sanctions in that this independent board will not be independently resourced; it will be accountable, in terms of audit, to the Public Accounts Committee and the Assembly Commission. If there were an issue of the frequency of meetings being increased for no apparent reason it would become apparent in the annual report from the board to the Commission and Assembly committees. The Finance Committee notes that the requirement to prepare an annual report was not within the proposed Measure as introduced and will need to be included by way of an amendment at a later stage.

Other costs

13. The Presiding Officer told the Finance Committee that the cost of administrative support for the Board would be met from within existing resources. He said³ there would not be dedicated support for this board but it would be supported through the support structure and staffing levels that they currently had within the Assembly Commission. He referred⁴ to what had been done using flexible working alongside other activity emphasising that this was what a small flexible organisation had to be about.
14. The costs for the recruitment of Members would be incurred from time to time and should not cost more than £6,000. It could be much less than this if advertising could be done electronically.

Comment

15. The Finance Committee notes that the basis for the levels of remuneration proposed for the Chair and Board Members is that they are the levels currently paid in Wales. The Explanatory Memorandum does not provide evidence in support of this but the Finance Committee has no basis on

² RoP, p195, 3 February 2010, Finance Committee

³ RoP, p237, 3 February 2010, Finance Committee

⁴ RoP, p241, 3 February 2010, Finance Committee

which to disagree with it. The levels are lower than those paid elsewhere in the UK but if it is sufficient for the Assembly Commission to attract candidates with the right level of skill and expertise then this is to be welcomed.

16. The Explanatory Memorandum, and the witnesses, presented very little evidence on the work that the Board will have to carry out other than referring to Section 2 of the proposed Measure. It is therefore difficult to judge the frequency with which it will need to meet. While the Finance Committee has no basis on which to disagree with estimated numbers of days suggested in the Explanatory Memorandum it notes that the Board, when appointed, will need to decide its approach to meeting its objectives and that its view on the workload could be different. While the Finance Committee accepts that the Independent Review Panel has already undertaken a considerable amount of work that could feed into the forthcoming review, there can be no guarantee that the Board will take this up – particularly as the proposed Measure specifically excludes Members of the Independent Review Panel from being Members of the Board.
17. The Finance Committee welcomes the Presiding Officer's indication that the proposed Measure will be amended to include a requirement for the Board to prepare an annual report because this will provide a degree of scrutiny of the way in which they are carrying out their work. Nonetheless, it notes that this is a blunt instrument as are the ways in which membership of the Board might be terminated. In the circumstances of a board that has been established to give independent advice in a sensitive area, it is right that the ability to influence the Board's behaviour is limited. Nonetheless, this does come with some associated risks in relation to forecasting the costs of the proposed Measure. The Finance Committee asks Legislation Committee 1 to consider where it would be most appropriate for the financial aspects of the Board's Annual Report to be scrutinised.
18. The Finance Committee notes with interest that there are sufficient resources available within the staff of the Assembly Commission to support the Board through its approach to flexible working. The Finance Committee reiterates the concern expressed in its report on the Assembly Commission's draft budget for 2010-11 that efficiency savings should not be achieved at the expense of staff workload and morale.

Conclusion

19. The Finance Committee notes that there are a considerable number of uncertainties surrounding the costs associated with this proposed Measure but recognises that to some extent this is inevitable with a proposed Measure of this kind. It supports the proposal to amend the Measure to include a requirement for the Board to prepare an Annual Report and asks

Legislation Committee 1 to consider where the financial aspects of this report should be scrutinised. The Finance Committee considers it unlikely that the overall costs associated with the Board will be difficult to accommodate within the Assembly Commission's budget.

20. The Finance Committee sees no reason to object to the proposed Measure.

Annex

Evidence

3 February 2010

[FIN\(3\)-01-10 Paper 7 - Financial Implications of the proposed National Assembly for Wales Remuneration Measure](#)

Transcripts

[ROP 20 January 2010](#)

[ROP 3 February 2010](#)