

Annual Report 2010–11

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

November 2011

The Remuneration Board

The Rt Hon George Reid (Chair)

Sandy Blair CBE

Mary Carter

Stuart Castledine

Professor Monojit Chatterji

Biographies of Board members are available at Appendix A.

Secretariat to the Board

Carys Eyton Evans, Clerk

Helen Finlayson, Deputy Clerk

Annette Stafford, Team Support

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Introduction

The mandate of the National Assembly for Wales' independent Remuneration Board is to decide the remuneration and allowances of Members and their staff.

Following our appointment by the Assembly Commission in September 2010, we have met in formal session on nine occasions. Additionally, around two-thirds of our work has been done through research and analysis by Board members, interviews with Assembly Members and their staff, and written consultation.

Our objective has been to put in place a transparent and robust system of financial support for Assembly Members and their staff. We believe that our Determination, published in March 2011 and updated in July 2011, is fair, clear and sustainable; represents value for money; and is clearly linked to the responsibilities of Assembly Members.

In exercising our functions the Measure requires that we must ensure "probity, accountability, value for money and transparency with respect to the expenditure of public funds". We recognise that this requirement applies both to the system of financial support we put in place, and to the way in which we ourselves operate. We trust that our first annual report demonstrates our commitment to that objective.

In particular we have utilised the expertise of Board members with particular professional experience in remuneration issues, and drawn on administrative, legal and research support from the staff of the Assembly Commission. This has kept costs down and, we believe, has ensured value for public money.

We are grateful to all those who have assisted us in our work, and particularly to those whom we list in Appendix C.



The Rt Hon George Reid
Chair of the Remuneration Board
November 2011

The Remuneration Board

This chapter sets out our functions and remit.

Establishment and Appointment

1. The Remuneration Board of the National Assembly for Wales is the independent body responsible for setting the remuneration and allowances of Assembly Members and their staff. The Board was established by the National Assembly for Wales (Remuneration) Measure 2010 (the Measure), which received Royal Approval on 22 July 2010.
2. The Board was appointed by a transparent public appointments procedure undertaken in the summer of 2010. Biographies of all Board members can be found at Appendix A. Members of the Remuneration Board have been appointed for a fixed period of five years, and may serve no more than two terms of appointment.
3. The Assembly Commission formally approved the appointments on 21 September 2010, and the Board held its first meeting on 1 October 2010.

Functions and Objectives

4. Our functions, as set out in section 3 of the Measure, are to determine the level of remuneration and a system of financial support for Assembly Members which enables them to fulfil their roles.
5. The Measure sets out three key objectives that we must seek to achieve when making a Determination. These are to:
 - provide Assembly Members with a level of remuneration which reflects the complexity and importance of the functions they discharge, and does not deter individuals from seeking election to the Assembly on financial grounds;
 - provide Assembly Members with adequate resources to enable them to exercise their functions; and
 - ensure probity, accountability, value for money and transparency with regards to the expenditure of public funds.

Statutory Requirements

6. In carrying out our functions, section 3 of the Measure obliges us to keep the implementation of our decisions and their effectiveness under review, taking particular account of the experience we gain from the operation of our Determination, any changes in the functions of Assembly Members, and any other circumstances we deem to be relevant.
7. While we are independent of the Assembly, and are not subject to its direction or control or that of the Assembly Commission, section 2 of the Measure obliges us, when exercising our functions, to consult those likely to be affected by our decisions. This includes Members, staff employed by Members or by groups of Members, relevant trade unions and any other persons whom we consider to be appropriate.
8. Section 2 of the Measure permits us to meet in private if we consider it appropriate to do so, but also requires us to act in an open and transparent manner and publish on the Assembly's website such information as will enable the public to be kept informed of our activities. In addition, section 11 requires us to lay before the Assembly an annual report on our activities, including our use of resources, during each financial year.
9. Section 15 of the Measure required us, on the first occasion we considered issues relating to any aspect of remuneration or financial support for Assembly Members, to have regard to any relevant recommendations of the *Getting it Right for Wales* report of July 2009.

Phase One: Fit for Purpose

This chapter outlines the first phase of our work, from October 2010-March 2011.

Fit for Purpose

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

Principles

12. Our work to date has been underpinned by a set of clearly defined principles:
 - financial support and remuneration for Members should support the strategic purpose of the Assembly and facilitate the work of its Members;
 - decisions must be appropriate within the context of Welsh earnings and the wider financial circumstances which affect Wales; and

¹ *First Minister, Welsh Ministers, Counsel General, Presiding Officers, Commissioners, business managers and whip, party leaders and committee chairs.*

- the system of financial support must be sustainable and represent value for money for the tax payer.
13. In addition, we decided that any system of financial support for Assembly Members must be robust, clear, transparent and sustainable.

Methodology

14. The decisions set out in our Determination derive from a transparent and participative “fit for purpose” review of the system of financial support and remuneration, and were based on the evidence we gathered from Assembly Members, their staff, and other relevant individuals and organisations.
15. The evidence we received enabled us to establish a clear view of the strategic purposes of the Assembly and to understand the way that Members fulfil those purposes. We were then able to develop a system of remuneration which targeted resources to support these purposes, thereby optimising the strategic capability of the Assembly.
16. In accordance with section 15 of the Measure, we gave due regard to the recommendations of the Independent Review Panel on Financial Support for Assembly Members in its report of July 2009, *Getting it Right for Wales*. Where we decided to depart from the recommendations of the Panel, we clearly explained our reasons for doing so. We implemented 72 of the recommendations in full and 11 in part. We did not agree 12 of the recommendations. The remaining 13 were outside our remit.

Consultation and Evidence Gathering

17. In line with our statutory duties, we consulted Assembly Members throughout our work. We invited them to respond to a survey and to submit written evidence on any aspect of financial support. We had both informal and formal meetings with Members, their staff, party groups, and members of the Independent Review Panel. We held a colloquium to which representatives of the political parties, Members’ support staff, academics, and Welsh civic society were invited.
18. Members of the Board with specific professional expertise in remuneration issues undertook detailed research to inform our findings, particularly on the level of base salary payable to Assembly Members and their staff in regard to their responsibilities. The Chair consulted with the Senior Salaries Review Body, the Independent Parliamentary Standards Authority and representatives of the Scottish Parliament and Northern Ireland Assembly.
19. We also drew on work undertaken previously by the Assembly Commission, the two independent panels on financial support for Assembly Members, and other remuneration bodies.

Costs of Our Work in 2010–11

20. During the first phase of our work, we held six formal meetings, during which we received evidence, developed and discussed our proposals, and reached the decisions which constitute our first Determination and report. The Chair and Board members also attended the Assembly on a number of occasions for consultation, informal meetings with Members, party leaders and Members’ support staff, evidence-gathering sessions, meetings with officials and our colloquium.
21. In addition to this the Chair and Board members undertook a total of 33.5 days of preparatory work, including time spent on drafting *Fit for Purpose*, and 34.5 days of specialist research by Board members with professional experience of remuneration issues.
22. The direct costs incurred during this phase of our work are set out in Figure 1 below. A more detailed breakdown is available in Appendix B.

Figure 1: Direct Cost of Our Determination (March 2011)

Item	Cost
Formal Board meetings	£7,566
Preparatory work and research	£17,586
Travel and subsistence	£6,688
Witness travel and subsistence	£102
Total²	£31,942

23. Throughout the course of our work, and in accordance with section 9 of the Measure, we have received clerking and research support, legal and other advice, and administrative support from Assembly Commission staff. This support, for which we are most grateful, was provided as part of the general duties of Commission staff, and therefore did not incur any additional costs to the Remuneration Board.

² This figure differs from that quoted in paragraph 401 of *Fit for Purpose*. This is because *Fit for Purpose* was published before the end of the financial year, and therefore was based on estimates of the total preparatory and research time involved in the production of the report. This figure also did not take account of post-publication communication work undertaken by the Chair.

Phase Two (Office Holder Remuneration) and Forward Work Programme

This chapter outlines our work on office holder remuneration, and our future work programme.

Office Holder Remuneration

24. During the first phase of our work, in 2010-11, we did not have sufficient evidence on which to make final decisions relating to the appropriate remuneration for leaders of opposition parties, business managers and whips, committee chairs, and Assembly Commissioners. We therefore deferred our decisions in these areas until after the May 2011 election. As well as giving us the opportunity to undertake further research and gather more evidence on the roles and responsibilities of the various offices, it also enabled us to take into account the particular political composition of the Fourth Assembly, the result of the March 2011 referendum on further legislative powers for the Assembly, and the likely responsibilities of committee chairs as a result of a more streamlined committee structure.
25. We published an updated Determination and an accompanying report, *Office Holder Remuneration*, in July 2011. We will report on costs incurred in undertaking this work in our Annual Report for the financial year 2011-12.

Work Programme 2011-12

26. The next phase of our work will be to undertake a review of pension benefits to Members, office holders and staff. We agreed in March 2011 to defer consideration of this matter until we had received the 2011 actuarial valuation of the Members' Pension Scheme, and had time to consider in detail the implications of the March 2011 report of Lord Hutton on public sector pensions and the public debate about its conclusions. Initial research in this area has begun, but due to the complexity of the work area, we anticipate that it will be ongoing for the duration of the Fourth Assembly.

27. During 2011-12 we also intend to undertake an initial evaluation of the implementation of our first Determination. This evaluation is likely to focus on the allowances available to support Members in their work and the arrangements for support staff recruitment and appointment.

Work Programme 2012-16

28. In *Fit for Purpose* we described the Fourth Assembly as transitional — a period during which, following the March 2011 referendum, the Assembly will be developing into a full legislative body.
29. During the next phase of our work we will evaluate the implementation and effectiveness of specific elements of our Determination in supporting the strategic purposes of the Assembly, and review the remuneration arrangements for Members' support staff in 2013 when the salary scale freeze outlined in *Fit for Purpose* comes to an end.
30. The system of financial support set out in our Determination is for the four years from the start of the Fourth Assembly. As we noted in our previous reports, the Fixed-Term Parliaments Bill 2010-11, which received Royal Assent in September 2011, has resulted in the Fourth Assembly term being extended to five years.³ In 2013-14 we will therefore review the decisions we have taken on Members' salary levels in order to assess whether the system of financial support is appropriate for the final year of the Fourth Assembly.
31. Before the next Assembly elections in 2016 we will determine the total remuneration package and system of financial support appropriate for Members of the Fifth Assembly. This is likely to involve assessment of the job weight and responsibilities of Assembly Members, Ministers and other office holders in the light of the development of the Fourth Assembly.

³ P16, *Office Holder Remuneration*

Remuneration Board

Remit and Membership

The Remuneration Board, as recommended by the Independent Review Panel on Assembly Members' Pay and Allowances in its report of July 2009, was established by the National Assembly for Wales (Remuneration) Measure 2010.

The Board is an independent statutory body which has responsibility for:

- providing Assembly Members with a level of remuneration which fairly reflects the complexity and importance of the functions which they are expected to discharge, and does not, on financial grounds, deter persons with the necessary commitment and ability from seeking election to the Assembly;
- providing Assembly Members with resources which are adequate to enable them to fulfil their functions as Members; and
- ensuring probity, accountability, value for money and transparency with respect to the expenditure of public funds.

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

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



The Rt Hon George Reid

(Chair)

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



Sandy Blair CBE

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



Mary Carter

Retired as a Partner of KPMG in September 2008 and is currently a member of the Armed Forces Pay Review Body which makes recommendations to the Prime Minister and Secretary of State for Defence on military pay, compensatory allowances and charges, as well as a part time consultant to KPMG. A lawyer by background, she has specialised for over 20 years in advising UK and non UK companies on remuneration and incentives for directors/senior management and related governance and taxation issues.



Stuart Castledine

A chartered accountant who occupied a number of financial and general management roles within Allied Dunbar, Chartered Trust and Bristol & West Building Society before becoming Tesco's first Financial Services Director. More recently, has undertaken a variety of assignments in the public and private sectors, helping establish joint ventures and alliances as well as being a turnaround director of a number of financial services organisations. He is currently Finance Director of Bluestone Resorts Ltd and a non-executive director of the Welsh Ambulance Service.



Professor Monojit Chatterji

An academic with public policy experience, he has published research in such areas as the determinants of public sector pay. Currently Bonar Professor of Applied Economics at the University of Dundee and Bye-Fellow and Director of Studies in Economics at Sidney Sussex College Cambridge, and Chair of the National Joint Council of UK Fire and Emergency Services (the pay negotiating body). Previously a member of the School Teachers' Review Body which makes recommendations to the Prime Minister and Secretary of State for Education and Skills on pay and conditions, and also governance arrangements for school teachers and head teachers in England and Wales. Formerly member of the Economists Group, Office of Manpower Economics, considering cross-cutting issues on pay in the public sector.

Board Cost Breakdown

The table below shows the direct costs incurred by the Remuneration Board in 2010-11.

	The Rt Hon George Reid (Chair)	Sandy Blair	Mary Carter	Stuart Castledine	Monojit Chatterji	Total
Daily rate	£243	£185	£185	£185	£185	-
Formal Board meetings	£2,503 ⁴	£1,363	£1,295	£1,110	£1,295	£7,566
Preparatory work and research	£4,131 ⁵	£1,542	£4,285	£1,986	£5,643	£17,586
Travel and subsistence	£3,271	£154	£677	£46	£2,098	£6,688⁶
Witness travel and subsistence	-	-	-	-	-	£102
Total	£9,904	£3,059	£6,257	£3,141	£9,036	£31,942

⁴ In addition to formal Board meetings, the Chair attended the Assembly on seven occasions for meetings with Party leaders, the Assembly Commission, drop-in sessions with Members and their staff, and discussions with Assembly staff.

⁵ See footnote 4 above.

⁶ Total includes food and drink provided at the Board's colloquium in December 2010, and during formal Board meetings.

Consultation

Throughout our work, and in accordance with Section 2 of the National Assembly for Wales (Remuneration) Measure 2010, we have undertaken consultation with a range of stakeholders. We are particularly grateful to the following for taking the time to provide evidence to support our work.

Assembly Members:

Leighton Andrews AM
 Mohammed Asghar AM
 Peter Black AM
 Angela Burns AM
 Rosemary Butler AM
 Christine Chapman AM
 Jeff Cuthbert AM
 Alun Davies AM
 Andrew RT Davies AM
 Byron Davies AM
 Jocelyn Davies AM
 Paul Davies AM
 The Rt Hon the Lord Dafydd
 Elis-Thomas PC AM
 William Graham AM
 Janice Gregory AM
 John Griffiths AM
 Lesley Griffiths AM
 Mark Isherwood AM
 Bethan Jenkins AM
 Ann Jones AM
 Alun Ffred Jones AM
 The Rt Hon Carwyn Jones PC
 AM
 Elin Jones AM
 David Melding AM
 Sandy Mewies AM
 Darren Millar AM
 Nick Ramsay AM
 Rhodri Glyn Thomas AM
 Kirsty Williams AM
 Leanne Wood AM
 Ieuan Wyn Jones AM

Former Assembly Members:

Lorraine Barrett
 Mick Bates
 Nick Bourne
 Eleanor Burnham
 Nerys Evans
 Chris Franks
 Veronica German
 Brian Gibbons
 Gareth Jones
 Helen Mary Jones
 Dai Lloyd
 Val Lloyd
 Jonathan Morgan
 The Rt Hon Rhodri Morgan
 Baroness Randerson
 Gwenda Thomas

External Consultees:

Gerard Elias QC, *National Assembly for Wales Commissioner for Standards*
 Gwion Evans, *Office of the Children’s Commissioner for Wales*
 Ruth Fox, *Hansard Society*
 Sir Malcolm Jack KCB, *House of Commons*
 Andy Klom, *European Commission*
 Keith Masson, *SSRB Secretariat*
 Professor Laura McAllister
 Jackie Nickson, *member of Independent Review Panel*

Trevor Reaney, *Northern Ireland Assembly*
 Dr Diana Stirbu
 Martyn Taylor, *IPSA*
 Peter Tyndall, *Public Services Ombudsman for Wales*
 The Rt Hon the Lord Wigley PC, *member of Independent Review Panel*
 Huw Williams, *Scottish Parliament*
 Richard Wyn Jones, *Wales Governance Centre*

Members’ Support Staff:

Chris Binding, *Welsh Labour and GMB representative*
 Anthony Cooper, *Welsh Labour*
 David Costa, *Welsh Labour and Unite representative*
 Kelly Davies, *Plaid Cymru and PCS representative*
 Joanne Foster, *Welsh Liberal Democrats*
 Mark Major, *Welsh Conservatives*
 Jackie Radford, *Welsh Liberal Democrats*
 Karen Roberts, *Welsh Liberal Democrats*
 Carole Willis, *Plaid Cymru*