

# Quick guide

## Independent Review Panel on Assembly Members' Pay and Allowances

August 2009

### Introduction

The Assembly Commission established the Independent Panel on Assembly Members Pay and Allowances ("the Panel") in August 2008, following a recommendation by a previous panel, which reported in March 2008.<sup>1</sup>

The Panel<sup>2</sup> looked at all aspects of financial support available to Members; including pay and allowances for travel, accommodation, constituency offices and support staff. It reported to the Assembly Commission in July 2009.<sup>3</sup>

### Current arrangements

Current rules for Members' salaries and allowances are set out in the [National Assembly \(Assembly Members and Officers\) Salaries and Allowances Determination 2009](#) and Section 18 of the equivalent [Determination 2006](#). Details of [Members' allowance claims](#), have recently been made available in the form of a searchable database. Also available is information on [Members' pensions](#).

Under the current arrangements, support for Members costs around £13 million per year. This includes **pay, expenses, support staff and equipment**. The Panel's report has identified both areas where potential savings can be made, and other areas where additional resources are required. The report states its purpose 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.<sup>4</sup>

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<sup>1</sup> [Independent Panel on Financial Support for Assembly Members, First Report of the Review Panel on Financial Support for Assembly Members, March 2008](#) [at 30 July 2009]

<sup>2</sup> The panel was Chaired by Sir Roger Jones, Pro-Chancellor of the University of Swansea. Other panel members were Rt Hon Dafydd Wigley, Nigel Rudd and Jackie Nickson. [Biographies](#) of the panel members are available on the National Assembly's website. [at 30 July 2009]

<sup>3</sup> [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](#). [at 30 July 2009]

<sup>4</sup> [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](#). [at 30 July 2009]

## Summary of main recommendations

The Panel's report made **108 recommendations**, some of which should be implemented immediately and others to be implemented after the next Assembly elections in May 2011. Twenty-three recommendations were identified as principal recommendations. Key issues arising from the recommendations are summarised as follows.<sup>5</sup>

### Principles –

- Financial support to Members should adhere to principles put in place by the Commission; these should be based upon the '**seven principles in public life**'.
- Members claiming expenses should be required to provide appropriate documentary evidence and explanation.

### Pay Pensions and arrangements on leaving office –

- The current salary of an Assembly Member is set at a level of 82 per cent of that of an MP. The Panel recommends that the link with MPs' salary levels should end.
- The current basic salary is appropriate and should be up rated in line with inflation in April 2010.
- Members salaries should be fixed for the four-year Assembly term.
- The Assembly Commission should introduce a Measure to establish a statutory Independent Review Body to decide on all aspects of Members financial support.
- Following the next Assembly election the Winding Up Allowance<sup>6</sup> should be reduced and new Members elected in 2011 will only receive the Resettlement Grant<sup>7</sup> should they fail to be re-elected. Existing arrangements will continue to apply to Members elected before 2011.

The Assembly Commission and Pension Fund Trustees should take legal and actuarial advice in order to contain the standard Commission-funded contribution rate.

### Residential accommodation

- The Additional Cost Allowance<sup>8</sup> should be abolished from May 2011 and this includes eligibility to claim mortgage interest on second homes.
- The number of Members entitled to a second home should be reduced to 25.<sup>9</sup> Those

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<sup>5</sup> A full list of the recommendations can be found in chapter 1 of the report.

<sup>6</sup> Allows for the costs associated with closing the constituency/regional office.

<sup>7</sup> Effectively a redundancy payment: is an age-related proportion of the Members' salary.

<sup>8</sup> Available at two levels: the lower level is payable in respect of the costs of an overnight stay; the higher level is also payable in respect of the cost of an overnight stay and also costs of providing a second home in Cardiff for items such as furniture, mortgage interest and rent. Lower level applies to Members living within the following constituencies: Caerphilly, Cardiff Central, Cardiff North, Cardiff South and Penarth, Cardiff West, Newport East, Newport West, Pontypridd and Vale of Glamorgan. The remaining Members are entitled to the higher level.

entitled, should live in furnished accommodation provided by the Assembly. Members will be able to claim for reimbursement of utility bills, council tax, broadband, insurance and television licence; but will no longer be able to claim for fixtures and fittings.

- Remaining Members will be able to claim limited provision for overnight stays in Cardiff,<sup>10</sup> subject to reasonable justification and provision of receipts. The general entitlement to a flat rate allowance for expenses incurred in an overnight stay should be abolished.

### **Office accommodation**

- The Office Cost Allowance<sup>11</sup> should continue at the present level; receipts should be provided. A one-off grant of £5,000 should be available to equip the office during the initial year of the Assembly Member's term of office.<sup>12</sup>
- Members leasing an office from a party political organisation or trade union, or proposes to sub-let part of their office should obtain an independent valuation. This should be lodged with the Assembly Commission and periodic checks on rental should be conducted. Members should not lease office accommodation from partners, friends, business associates, or any organisation in which the Member, their partner, family members, or business associates have an interest.
- Individual office items above the value of £50 should be recorded on an inventory and should be returned to the Assembly Commission when the seat is relinquished unless the outgoing Member purchases them or passes them on to the succeeding Member.
- The Independent Review Body should have powers to review and change office cost provision.

### **Assembly Members' employees**

- Members should continue to employ their own staff and salaries should continue to be administered by the payroll service of the Assembly.
- Members that currently employ family members should be permitted to continue to do so. However, henceforth Members should not appoint family members.
- The Assembly Commission should engage with party leaders to agree an acceptable level of support to enhance the strategic capacity of the Assembly and consider strengthening the central support units of the main political groups, but overall staff

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<sup>9</sup> To be achieved by moving the boundary between the inner and outer areas of Wales. The new inner area would comprise: Gower, Swansea West, Swansea East, Neath, Aberavon, Ogmore, Bridgend, South Wales West, Rhondda, Cynon Valley, Pontypridd, Vale of Glamorgan, Cardiff West, Cardiff North, 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.

<sup>10</sup> Up to 20 overnight stays at a rate of £95 per night for hotel accommodation and up to £20 for an evening meal; or a non-hotel rate of £25 per night for staying with a friend/relative.

<sup>11</sup> £15,135 per year to cover cost of furnishing and maintaining a constituency office.

<sup>12</sup> To be reduced to £2,000 if office is within a publicly-owned building.

levels should remain the same.

## Training and development

- New Assembly Members should attend a one week induction course soon after election.
- The current training and development budget should be increased to enhance skills of Members and their staff.

## Travel

- Use of hire cars by Members and their staff should cease.
- Members should continue to be eligible to claim for travel between their home, the Assembly and local offices. Members should seek cheapest available travel ticket and any available discounts.
- In each financial year, Members should be entitled to up to four return journeys between Wales and any other EU state/region on Assembly business

## Administration, audit and standards

- The Auditor General should provide independent assurance to the Commission, and the people of Wales, that expenditure on claims and allowances is in accordance with the new arrangements.

## Response to the report

On 8 July 2009 the Presiding Officer made a statement, on behalf of the Assembly Commission, responding to the Panel's report.<sup>13</sup> In this response, the Presiding Officer stated that the Assembly Commission has agreed to accept and implement the recommendations in full. The response also stated that a Commission-proposed Measure will be brought forward in the autumn, to establish the recommended Independent Review Body, and put in place the approach to setting Assembly Members' pay.

The four main political parties responded to the Presiding Officer's statement in Plenary<sup>14</sup> and a summary of reactions can be found in a recent BBC News [article](#).<sup>15</sup>

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<sup>13</sup> [National Assembly for Wales, Statement by the Presiding Officer on behalf of the Assembly Commission: Response to Expenses Report, 8 July 2009](#) [at 30 July 2009]

<sup>14</sup> RoP, [Statement on the Report of the Independent Review Panel, Plenary, 8 July 2009](#)

<sup>15</sup> [BBC News, AMs' expenses face radical cuts, 6 July 2009](#) [at 30 July 2009]

## Useful links

- [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.](#)
- [Independent Panel on Financial Support for Assembly Members, \*First Report of the Review Panel on Financial Support for Assembly Members\*, March 2008](#)
- [National Assembly \(Assembly Members and Officers\) Salaries and Allowances Determination 2009](#)
- [National Assembly for Wales, AMs Allowances, Pay and Pensions](#)

## Further information

For further information on Independent Review Panel on Assembly Members' Pay and Allowances, please contact Eleanor Roy, Members' Research Service ([Eleanor.Roy@Wales.GSI.Gov.UK](mailto:Eleanor.Roy@Wales.GSI.Gov.UK))

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