

# Comisiwn y Cynulliad Assembly Commission

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### Independent Panel on Financial Support for Members

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#### Purpose and summary of issues

1. To report to the Commission on the progress of the Panel and its proposals for completion of its task, and to confirm the action in respect of Members' salaries arising from the recommendations of the Senior Salaries Review Body (SSRB) in respect of MPs.

#### Recommendations

2. That the Commission:-

- accepts the proposals of the Panel as to the completion of its work;
- notes that the salaries of MPs have been increased and confirms the implications of preserving the recommended proportion of AM salary level to that of MPs at 76.5%, backdating the revised salary to April 2007.

## Discussion

### The Panel

3. The Independent Panel on Financial Support for Assembly Members was established by the Commission to make recommendations on Assembly Members' salaries and allowances. Its brief is attached as Annex A for information.
4. The Panel has met twice and issued calls for evidence to all Assembly Members. It has published the details of its remit and membership on the Internet and sought public views. After considering briefings on the areas within its remit, the Panel recommends the following approach:-
  - By early March 2008, the Panel will make recommendations as to an appropriate level for Member salaries, taking into account the current responsibilities of Members under the Government of Wales Act 2006. The Commission will need to consider this recommendation at its meeting on 6 March so that its decisions can be put into effect for the 2007/8 financial year;
  - The Panel will also consider those aspects of the allowances of Members which need to be addressed quickly, to avoid detriment to individuals or service, and make any necessary recommendations;
  - The Panel is likely to recommend that the remainder of its terms of reference should be discharged through a more fundamental examination of the system of financial support for Members under the developing devolution settlement. This will allow for further experience of the new powers of the Assembly to inform the review, and for a more considered and radical approach to be adopted.

### SSRB Report on MPs' Salaries and Allowances

5. The Commission has indicated that it would preserve the link between MP and AM pay of 76.5% as established by the SSRB in its last review of AMs' salaries. The 2007 SSRB report for Westminster recommended the following in respect of MPs' pay:-

**Recommendation 1:** We recommend that for 2007 the salaries of MPs be increased by a further 1.9 per cent of the salary payable from 1 November 2006, taking the new salary to £61,820, and that this increase be backdated to 1 April 2007.

**Recommendation 2:** We recommend that, instead of the existing annual uprating mechanism, the pay of MPs be uprated on 1 April each year, beginning in April 2008, by the average percentage increase in base

salary of the senior civil service (SCS), or of Pay Band 1 of the SCS if that figure is identified separately.

**Recommendation 3:** We recommend that for three years, beginning in April 2008, MPs' salaries be increased by £650 a year, in addition to the increase resulting from the proposed uprating mechanism, in order to achieve a more sustainable relationship between the remuneration of MPs and relevant public sector comparators.

The House of Commons is due to vote on this matter on 24 January and the implications of this vote for AM salaries and those of Assembly office-holders will be circulated at the Commission's meeting. The Government is proposing that the SSRB recommendation on MPs' pay for 2007/08 should be staged, with 0.84% increase backdated to 1 April 2007 and a further 1.06% backdated to 1 November 2007. This would give a 1.9% increase across the year 2007/08 and a final salary of £61,820 for MPs. The consequential effects of an application of the SSRB recommendations and of the UK Government's proposals to the Assembly are set out in Annex B.

## **Governance Matters**

### **Financial implications**

6. Financial provision has been made in the 2007/8 budget which is likely to be sufficient to meet the recommendations of the Panel and any changes to Member salaries resulting from the recent review of MP salaries.

### **Risk Assessment**

7. The Commission's willingness to take recommendations from a Panel of independent people before making decisions about financial support for Members demonstrates good governance and reduces the risk of criticism about how these decisions are taken.

### **Compliance**

8. The Assembly is required by statute (Government of Wales Act 2006 S.20) to take decisions about financial support for Assembly Members. It is able to delegate these decisions to the Commission<sup>1</sup>, but not to a person or body outside the Assembly although the Commission can receive recommendations from an independent person or body, and in governance terms this is good practice.

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<sup>1</sup> Determination of the level of financial assistance paid to support the work of party groups cannot be delegated to the Commission and must be decided by resolution of the Assembly, supported by two thirds of Members voting (2006 Act S.24).

9. The Government of Wales Act 2006 does, however, contain provision in Schedule 5 for the Assembly to make Measures "...for and in connection with the payment of salaries, allowances, pensions and gratuities" in respect of Members. This would allow the existing law to be changed so as to give effect to fundamental reforms in the mechanism for determining the level of financial support (as well as in the system of support itself). Standing Orders (SO 23.96) would enable the Commission to prepare and introduce such a proposed Measure if it were minded to do so.

## **Publication**

10. This paper is suitable for publication following discussion by the Commission.

## **Annex A**

### **Remit of the Panel on Financial Support for Assembly Members**

To carry out a review of the Salaries, Pensions and Allowances available to Assembly Members

As part of its consideration, the Review Panel is to have regard to the following:

- What are the tasks expected of Assembly Members?
- How is the role of an Assembly Member likely to change as a result of the implementation of the Government of Wales Act 2006?
- How does the role of an Assembly Member compare with that of a Member of Parliament, a Member of the Scottish Parliament or Northern Ireland Assembly or other relevant public sector roles?
- What are the appropriate levels of office-holders' salaries that should be paid to:
  - The First Minister;
  - Welsh Ministers;
  - The Counsel General
  - Deputy Ministers
  - Presiding Officer
  - Deputy Presiding Officer

- Leaders of Opposition Parties/Groups
  - Committee Chairs (and which Chairs should receive an additional salary)
  - Members of the Assembly Commission
  - Chief Whips/Business Managers of Parties/Groups
  - Any other office-holders identified by the panel
- What are the tasks expected of party leaders and should there be a numerical qualification in terms of numbers of Members to qualify for payment, and if so, what should this be?
  - What resources are required to enable those tasks to be undertaken effectively and efficiently on behalf of constituents and the Assembly?
  - What resources could be best provided centrally, or through other financial support mechanisms and what resources could be provided through Allowances?
  - How should the remuneration of Assembly Member Support Staff be organised?
  - What support should be provided to former Members on leaving?

The Review Panel shall invite evidence submissions from AMs and such persons, parties and other organisations as it deems appropriate, and shall otherwise conduct the review as it sees fit.

The Review Panel may consider comparators with other support mechanisms both within the United Kingdom and beyond.

The Review Panel shall prepare a report setting out its findings and recommendations, with reasons, for submission to the Assembly Commission by around the end of January 2008 in relation to salaries and pensions and April 2008 in relation to allowances.

## Annex B

### Possible Consequential impact of SSRB Recommendations on AM Salaries

|  | Current<br>Salary<br>£ | Salary<br>w.e.f<br>1/4/2007<br>£ | Salary<br>w.e.f<br>1/4/2008<br>£ | Salary<br>w.e.f<br>1/4/2009<br>£ | Salary<br>w.e.f<br>1/4/2010<br>£ |
|--|------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Member   | 46,496                 | 47,292                           | 48,972                           | 50,693                           | 52,458                           |
| Members who are also<br>Members of<br>Parliament or<br>Members of the<br>European Parliament | 15,499                 | 15,764                           | 16,324                           | 16,898                           | 17,486                           |
| First Minister   | 76,996                 | 78,511                           | 83,220                           | 92,772                           | 96,002                           |
| Presiding<br>Officer/Welsh<br>Ministers  | 39,939                 | 40,801                           | 44,811                           | 49,699                           | 51,429                           |
| Leader of the largest<br>party without an<br>Executive role                                  | 39,939                 | 40,801                           | 44,811                           | 49,699                           | 51,429                           |
| Deputy Presiding<br>Officer/Deputy<br>Ministers  | 25,121                 | 25,664                           | 28,186                           | 31,261                           | 32,349                           |
| Chairs of Scrutiny<br>Committees/Chair of<br>Audit Committee/Chair<br>of Finance Committee   | 5,819                  | 5,957                            | 6,542                            | 7,256                            | 7,509                            |
| Counsel General (also<br>AM)   | 39,939                 | 40,801                           | 44,811                           | 49,699                           | 51,429                           |
| Counsel General (not<br>AM)  | 86,435                 | 88,094                           | 93,783                           | 100,393                          | 103,887                          |

## Possible Consequential impact of UK Government Proposals on AM Salaries

|  | <b>Current<br/>Salary</b> | <b>Salary<br/>w.e.f<br/>1/4/2007</b> | <b>Salary<br/>w.e.f<br/>1/11/2007</b> |
|--|---------------------------|--------------------------------------|---------------------------------------|
|  | <b>£</b>                  | <b>£</b>                             | <b>£</b>                              |
| Member   | 46,496                    | 46,499                               | 46,988                                |
| Members who are also<br>Members of Parliament<br>or Members of the<br>European Parliament  | 15,499                    | 15,500                               | 15,663                                |
| First Minister   | 76,996                    | 77,041                               | 77,851                                |
| Presiding Officer/Welsh<br>Ministers   | 39,939                    | 39,963                               | 40,383                                |
| Leader of the largest<br>party without an<br>Executive role                                | 39,939                    | 39,963                               | 40,383                                |
| Deputy Presiding<br>Officer/Deputy Ministers   | 25,121                    | 25,137                               | 25,401                                |
| Chairs of Scrutiny<br>Committees/Chair of<br>Audit Committee/Chair<br>of Finance Committee | 5,819                     | 5,835                                | 5,896                                 |
| Counsel General (also<br>AM)   | 39,939                    | 39,963                               | 40,383                                |
| Counsel General (not<br>AM)  | 86,435                    | 86,462                               | 87,371                                |