

Independent  
Financial  
Review  
Panel

# Northern Ireland Assembly Members' Salaries, Allowances, Expenses and Pensions

Report of the Independent Financial Review Panel  
March 2012

## **The Independent Financial Review Panel**

Patrick McCartan CBE (Chair)

Dr Henrietta Campbell CB

Alan McQuillan OBE

Biographies of the Panel members are included at Appendix A.

### **Secretary to the Panel**

Georgina Campbell OBE

### **Contact details**

#### **Independent Financial Review Panel**

Parliament Buildings

Ballymiscaw

Stormont

Belfast BT4 3XX

Telephone: (028) 9052 1252

E-mail: [info@ifrp.org.uk](mailto:info@ifrp.org.uk)

Web: [www.ifrp.org.uk](http://www.ifrp.org.uk)

A copy of this report can be found on the IFRP website ([www.ifrp.org.uk](http://www.ifrp.org.uk)) and can be made available in large type on request.

# Contents

Foreword	1
Executive Summary	3
Background	7
Devolution and the role and functions of the NI Assembly	10
The Panel's Methodology	21
Decisions of the Panel	25
Costs:	
Implications of IFRP Decisions	53
IFRP costs	54
Issues for next Determination	55
<b>Appendices:</b>	
A: Membership of the Independent Financial Review Panel	59
B: The establishment of the IFRP	61
C: Assembly Members' Code of Conduct	64
D: The Ten Principles	67
E: Comparable Private Sector Earnings (PricewaterhouseCoopers Report)	69
F: Consultees	78
G: Survey of Assembly Members	79
H: Procurement Thresholds	85
J: Meetings of the Panel	86
K: Reference Material	88



# Foreword



*L-R Alan McQuillan OBE, Patrick McCartan CBE (Chair), Dr Henrietta Campbell CB.*

1. Everyone in Northern Ireland is aware that the cost of politics and governance is not cheap. In recent decades the price has gone far beyond that of money alone. At a cost of £48m (2010/2011) maintaining our own legislature is expensive, but critics should remember the alternative costs. It is our responsibility as citizens to ensure that we have a Northern Ireland Assembly which demonstrates the highest standards, provides efficient and effective political systems, is fit for purpose and delivers value for money whilst at the same time improves the quality of all our lives.
2. Against this background, the task of the Independent Financial Review Panel is to set the level of salaries, allowances and pensions payable to members of the Northern Ireland Assembly. We are required to do so in a way which is fair, ensures probity and accountability, represents value for money and does not prevent people from seeking election to the Assembly on financial grounds. Our first Report and Determination relate to the current mandate which is scheduled to continue until 2015.
3. We took the view that elected representatives should not be immune from the financial constraints which have been applied across Government. Therefore, in our deliberations, we have taken into account the current economic climate, the impending changes to public sector pensions as well as pay constraints in both the public and private sectors. We have also sought to ensure that MLAs will be fairly and adequately rewarded and resourced.

4. As we progressed with our work it became apparent that an in depth study of Office Costs Expenses (OCE) and Pensions will be required. The timetable for our first Determination made it impossible to gather enough evidence to fully review OCE at this stage. We have therefore made interim decisions which relate to the remainder of the current mandate. We plan to carry out further work to inform our Determination for the next mandate.
5. We are confident that our decisions are fair and are soundly based and that they reflect the various responsibilities of Assembly Members.
6. I and my fellow Panel members, Dr Henrietta Campbell and Mr Alan McQuillan, are very grateful to all those who helped and supported with the preparation of this Report. In particular the Panel would like to acknowledge the assistance provided by:
  - Current and former members of the Northern Ireland Assembly;
  - Mr Trevor Reaney, Clerk/Director General of the Northern Ireland Assembly and the staff of the Northern Ireland Assembly Secretariat;
  - Rt Hon George Reid, Chair of the Remuneration Board for the National Assembly for Wales;
  - Professor Monojit Chatterji, Member of the Remuneration Board for the National Assembly for Wales; and
  - All those who submitted their views to the Panel.
7. The Panel also wishes to express our deep appreciation to Ms Georgie Campbell whose professionalism on our behalf made this Report possible.



**Patrick McCartan CBE**

# Executive Summary

1. The Independent Financial Review Panel is responsible for setting the level of salaries, allowances and pensions of the members of the Northern Ireland Assembly. This Report relates to the first phase of the Panel's work. It describes the Panel's decisions in relation to:
  - the salaries of members of the Assembly;
  - the additional allowances paid to those members who are Office Holders;
  - the Office Costs Expenses paid to members to enable them to exercise their responsibilities as members of the Assembly;
  - Members' Pensions
2. The Panel's decisions will take effect from 1 April 2012 unless otherwise stated. A summary of these decisions is contained in the following paragraphs:

Office	Decision	Reference (Paragraph number)
Assembly Member	The salary of Assembly Members will be increased to £48,000 with effect from 1 April 2013.	122–138
First Minister and deputy First Minister	No substantial change will be made to the allowance for First Minister and deputy First Minister other than to round this up to £72,000 with effect from 1 April 2013.	144
Speaker	The allowance paid to the Speaker will be increased to £44,000 with effect from 1 April 2013.	145–149
Minister	No substantial change will be made to the allowance for Minister other than to round this up to £38,000 with effect from 1 April 2013.	150–153
Junior Minister	The allowance for Junior Minister will be reduced to £12,000 with effect from 1 April 2012 except for those in office on 1 March 2012 who will maintain their current salary level until 31 March 2015 or until they cease to hold this office, whichever is the sooner.	154–155
Principal Deputy Speaker and Deputy Speaker	No substantial change will be made to the allowance for Principal Deputy Speaker and Deputy Speaker other than to round this up to £9,000 with effect from 1 April 2013.	156–157

Office	Decision	Reference (Paragraph number)
Commission Member	The allowance for Commission member will be reduced to £6,000 with effect from 1 April 2012 except for those in office on 1 March 2012 who will maintain their current salary level until 31 March 2015 or until they cease to hold this office, whichever is the sooner.	158–161
Statutory Committee Chair and Chair of the Public Accounts Committee	No substantial change will be made to the allowance for Statutory Committee Chair and Chair of the Public Accounts Committee other than to round this up to £12,000 with effect from 1 April 2013.	162–164
Statutory Committee Deputy Chair	The allowance for Statutory Committee Deputy Chair will be withdrawn with effect from 1 April 2012 except for those in office on 1 March 2012 who will maintain their current salary level until 31 March 2015 or until they cease to hold this office, whichever is the sooner.	165–167
<b>Salary Related Issues</b>		
Salary Protection	For those members of the Assembly who are Junior Ministers, Commission Members or Deputy Chairs of Statutory Committees and were in post at 1 March 2012, their earnings will be protected at current levels until they cease to hold office or until 31 March 2015 whichever is the sooner.	168–169
"Double Jobbing"	The salary of a member of the Assembly who is also a councillor will be abated by one half of the councillor basic allowance payable at the time from 1 July 2012 and by the full amount of the councillor basic allowance payable at the time with effect from 1 April 2013.	170–173
Payment of Salaries	With effect from 1 July 2012 all payments for salaries are to be paid into a personal bank account nominated by the Member and in the name only of the Member and / or their spouse or cohabiting partner. That account must be with a financial institution within the UK or Ireland.	178–179
<b>Expenses</b>		
Disability Expenditure	The IFRP Determination has made no alterations to provision in the previous Determination (the Northern Ireland Assembly (Members' Expenditure) Determination 2010) in relation to Disability Expenditure.	229



Office	Decision	Reference (Paragraph number)
Recall Expenditure	The IFRP Determination has made no alterations to provision in the previous Determination (the Northern Ireland Assembly (Members' Expenditure) Determination 2010) in relation to Recall Expenditure.	230
Travel Expenses	Mileage allowance will be increased to 45p per mile for the first 10,000 miles and 20p per mile thereafter with effect from 1 July 2011.	180–181
Subsistence Expenses	Subsistence Expenses will be paid in accordance with Table 8 on page 41.	182
Office Costs Expenses (OCE)	The annual indexation of OCE will cease with effect from 1 April 2012.	195
	The total amount which can be claimed under OCE will be reduced to £73,583 with effect from 1 April 2012; £71,378 with effect from 1 April 2013 and £69,238 with effect from 1 April 2014. This is in line with efficiency savings being applied across the public sector.	195
	The cost of all "office consumables" and other supplies per member in excess of £1,000 drawn from the Assembly's central stationery store will be funded from OCE.	197–199
	Expenditure in respect of support staff will only be refunded from OCE where the staff member is employed by the MLA.	220
Office Costs Expenses of Assembly Members who are also members of the Westminster Parliament	For MLAs who are also MPs, their OCE will be reduced progressively from the current level of 50% of the maximum payable to an MLA, to 37.5% from 1 April 2012, to 25% from 1 April 2013, to 12.5% from 1 April 2014.	221–226
Childcare Expenses	Members will be given the choice of two methods of recovering childcare expenses which are either: <ul style="list-style-type: none"> <li>£40 per week until the child reaches 5 years of age or starts school, whichever is the earlier and thereafter to £20 per week until the child reaches the age of 14 with effect from 1 April 2012, or</li> <li>childcare vouchers from a scheme to be established by the Commission, which fully complies with the relevant obligations on such a scheme as specified by HMRC.</li> </ul>	231–234
		231–234

Office	Decision	Reference (Paragraph number)
<b>Other Payments</b>		
Resettlement Payment	The IFRP Determination has made no alterations to provision in the previous Determination (the Northern Ireland Assembly (Members' Expenditure) Determination 2010) in relation to the Resettlement Payment.	235
Ill Health Retirement Payment	The IFRP Determination has made no alterations to provision in the previous Determination (the Northern Ireland Assembly (Members' Expenditure) Determination 2010) in relation to the Ill Health Retirement Payment.	236
Winding Up Allowance	The IFRP Determination has made no alterations to provision in the previous Determination (the Northern Ireland Assembly (Members' Expenditure) Determination 2010) in relation to the Winding Up Allowance with the exception that this will be payable for a period of up to four months from the end of a mandate.	237
<b>Pensions</b>		
Assembly Members' Pensions	<p>The contribution made by an MLA to the Assembly Members' Pension Fund will be increased by 1% from 1 July 2012.</p> <p>Indexation for both pensions in payment and pensions in deferment will be based on CPI rather than RPI.</p> <p>The provision for Favourable Early Retirement has been stopped with effect from 1 April 2012.</p>	240—248

# Background

3. The Panel was established by the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011 (“the Act”) to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. The timetable for the establishment of the Panel is shown at Appendix B.
4. Section 2 of the Act describes the functions of the Independent Financial Review Panel as:
5. To make determinations as to:
  - The salaries and allowances payable to members of the Assembly under section 47 of the Northern Ireland Act 1998; and
  - The pensions, gratuities and allowances payable under section 48 of that Act.
6. The objectives of the Panel as set out in the Act are to:
  - ensure probity, accountability and value for money with respect to the expenditure of public funds;
  - secure for the members of the Assembly a level of remuneration which:
    - fairly reflects the complexity and importance of their functions as members of the Assembly; and
    - does not, on financial grounds, deter people with the necessary commitment and ability from seeking election to the Assembly; and
  - secure for members of the Assembly adequate resources to enable them to exercise their functions as members of the Assembly.
7. At the outset of its work, the Panel agreed that its decisions would aim to:
  - support the purpose of the Northern Ireland Assembly;
  - be appropriate for Northern Ireland;
  - take full account of the comparable roles and salaries paid in other legislative bodies in the UK and Ireland, the wider labour market in Northern Ireland as well as current economic conditions and trends in remuneration;
  - represent Value for Money;
  - be fair and equitable and would not deter people with the necessary commitment and ability from seeking election to the Northern Ireland Assembly; and
  - support members of the Assembly to adhere to best HR and employment practices.

8. In all its deliberations, the Panel took cognisance of the Assembly Members' Code of Conduct, **Appendix C** and the Ten Principles which the Assembly Commission developed in conjunction with Party Leaders at a collective meeting on 18 June 2009. A copy of these Ten Principles, which incorporate the "Nolan" Principles, is attached at **Appendix D**. The Panel aimed to ensure that its decisions were consistent with these principles and that they supported Assembly Members in complying with them. It also sought to build upon the earlier work done by the Assembly Commission in establishing systems to manage Office Costs Expenses.
9. In line with its commitment to openness and accountability, the Panel established a website ([www.ifrp.org.uk](http://www.ifrp.org.uk)) where it publishes details of its meetings etc.
10. The Panel is a completely independent body. Under the Act, the Panel controls Members' pay, allowances and pensions by issuing "Determinations" setting out its decisions. Once these Determinations have been issued, the Assembly is unable to amend them. The Determinations are implemented by the Assembly Commission and the Assembly Secretariat. The Panel may make a Determination in relation to Members' salaries, allowances, expenses and pensions once for each mandate. It is only in exceptional circumstances that the Panel can make more than one Determination in relation to a mandate.
11. The Panel's first Report and first Determination relate to the remainder of the current mandate. The Panel took the decision that in its first Report it would seek to update Assembly Members' salaries and office holder allowances and regularize the position in relation to Office Costs Expenses as well as pensions. This work will establish a robust basis for the next Report and Determination.
12. It is the Panel's intention to undertake a considerable amount of further research and in depth analysis to inform its decisions for the next mandate which will take effect when the next Assembly is elected. It is planned to issue the new Determination during the current mandate and well in advance of the next Assembly elections to allow potential candidates for office the opportunity to be aware of the remuneration and expenses which will be available to them should they be elected.
13. Whilst the Panel is fully independent and its decisions are not subject to approval by the Assembly or influenced by any political factors, it is very mindful of the current economic climate and the consequences of this for the pay and the jobs of those in both the public and private sectors. In setting the overall levels of Members' remuneration and assessing the level of Office Costs Expenses that should be paid, the Panel has sought to be fair rather than generous and to identify areas where savings could be made where there was evidence that these were justified. This is consistent with the Panel's aim to ensure value for money in any decisions.

14. In order to inform its work, the Panel consulted widely with the Northern Ireland public, the business community, those groups defined in Section 75 of the Northern Ireland Act 1998, political parties, current and former Assembly Members as well as with other legislatures. It also examined the approach taken by other UK legislatures and commissioned some closely targeted research on pay levels and relativities.
15. The most often expressed view of those who have responded to the consultation exercise is that MLAs should be treated no more favourably than those who are affected by their policies and their decisions. What the Panel has understood by this is that any adjustments to Assembly Members' current overall remuneration package should be consistent with the limits set by Westminster for public sector pay, as well as the NI Assembly Executive's budget for 2011 -15 and the Assembly Executive's Programme for Government. The Panel's overall approach has therefore been to address fairness and equity for all MLAs in a way that supports the need of every citizen for effective, efficient and affordable government.
16. The Panel has taken into account the relatively high number of Assembly Members per head of population in Northern Ireland compared with other parts of the United Kingdom. This has also been the subject of extensive comment by the Northern Ireland public and by the media. The number of MLAs and Ministers is not a matter within the remit of the Panel. However, the Panel has noted the commitment by the Executive in the draft Programme for Government to "agree any changes to post-2015 structures of Government in 2012". The extent of these changes is unclear. Wider representative responsibilities for MLAs or increased responsibilities for Ministers in a smaller Executive would have a considerable influence on the future assessments of their salary levels.
17. The Panel is grateful to the individuals and organisations who engaged with it, especially the current and former Members of the Northern Ireland Assembly and those who provided administrative support and advice. In particular, the Panel wishes to thank the Clerk/Director General and the staff of the Assembly Secretariat as well as the Rt Hon George Reid and Professor Monojit Chatterji, Chair and Member respectively of the Remuneration Board for the National Assembly for Wales.

# Devolution and the Role and Functions of the Northern Ireland Assembly

## Background

18. Any assessment of the remuneration of members of the Northern Ireland Assembly must take account of the role and responsibilities of that body and how it has developed into its current form. This section of the Report sets out a brief description of the evolution of the Assembly, its roles and its structures.

## Establishment of the Northern Ireland Assembly

19. The Northern Ireland Assembly (NIA) is a unicameral system (there is only one legislative chamber), unlike Westminster, Ireland and the USA, which have two houses of parliament.<sup>1</sup>
20. The Northern Ireland Assembly (NIA) was established subsequent to the signing of the Belfast Agreement (also known as the Good Friday Agreement) in April 1998. The Agreement was the outcome of extended discussions between the Northern Ireland political parties and the British and Irish Governments. The discussions included the ways and means by which Northern Ireland should be governed to ensure a democratic landscape reflective of all communities' beliefs and aspirations.
21. The Agreement was endorsed by the electorate of Northern Ireland in a referendum in May 1998. In November of that year, the Northern Ireland Act 1998<sup>2</sup> was passed into law in the House of Commons and established the devolved legislature.
22. The Northern Ireland Act 1998 (the Act) made provision for the new government of NI, including the establishment of the institutions of government (such as the Executive Committee and the Assembly) and the creation of a series of interconnected bodies. The Act covered areas such as:
  - Legislative powers;
  - Executive authorities;
  - The operation of elections;

---

1 *McMahon, M. 2008 Government and Politics of Northern Ireland: Colourpoint Books*

2 *Legislation.co.uk, <http://www.legislation.gov.uk/ukpga/1998/47/contents>*

- Remuneration and pensions for Members;
  - Cooperation between governments;
  - Financial provisions; and
  - Human rights and equal opportunities.
23. In terms of law making powers, the NIA has full legislative and executive authority for all transferred matters that are the responsibility of the Northern Ireland Government Departments.
  24. Excepted matters (such as international relations and defence) remain the responsibility of the Westminster Parliament. Reserved matters (such as navigation and civil aviation) are also dealt with by Westminster unless it is decided by the Secretary of State that some of these should be devolved to the NIA. Excepted and reserved matters are defined in the Schedules to the Act.
  25. The Act also outlines the cooperation between the governments of the United Kingdom, Northern Ireland and the Republic of Ireland.
  26. The agreed collaboration led to the creation of:
    - **A North/South Ministerial Council** to bring together those with executive responsibilities in the Northern Ireland and Irish Governments in order to develop consultation, co-operation and action within the island of Ireland;
    - **A British-Irish Council** to exchange information, deliberate, consult and use best endeavours to reach agreement on co-operation on matters of mutual interest within the competence of the relevant Administrations. Membership comprises representatives of the British and Irish Governments, devolved institutions in Northern Ireland, Scotland and Wales together with representatives of the Isle of Man and the Channel Islands;
    - **A British-Irish Intergovernmental Conference** comprising senior representatives from both Governments to promote bilateral co-operation at all levels on matters of mutual interest;
    - **A consultative Civic Forum**, comprising representatives of business, trades unions and other civic sectors in Northern Ireland to act as a consultative mechanism on social, economic and cultural issues.<sup>3</sup>
  27. The May 1998 referendum was followed on 25 June 1998 by the election of 108 Members of the Legislative Authority (MLAs) with six elected from each of the eighteen constituencies.
  28. An Executive Committee, headed up by the First Minister and the deputy First Minister, along with the Ministers for the other ten departments of the government,

3 *NI Assembly Online, Origins of the Northern Ireland Assembly.*  
[http://www.niassembly.gov.uk/io/summary/new\\_summary.htm](http://www.niassembly.gov.uk/io/summary/new_summary.htm).

was established to propose new primary legislation and subordinate legislation. The Executive also produces the Programme for Government, which is presented to the NIA for ratification.

29. The First and deputy First Ministers are elected by Members through a formula of parallel consent that requires a majority of designated unionists, a majority of designated nationalists and a majority of the whole Assembly. The parties elected to the Assembly select ministerial portfolios in proportion to party strengths using the d'Hondt nominating procedure<sup>4</sup>.
30. In carrying out Executive duties, the Ministers and their departments are accountable to the NIA.

## Suspension and the transitional Assembly

31. The NIA was suspended on four occasions between 1999 and 2002. Following its suspension in 2002, the devolved government returned in 2007. During the five years following the proroguing of the NIA, the British and Irish governments continued to seek a resolution that would return Northern Ireland to a devolved government.
32. The political backdrop changed significantly during the period of suspension in 2002 and its reinstatement in 2007. The election in 2003 saw a major shift in the leading parties from both communities. The previously dominant nationalist party, SDLP, was replaced by Sinn Féin (SF), while the Ulster Unionist Party (UUP) was displaced as the main party representing unionists by the Democratic Unionist Party (DUP).
33. In 2004 a 'Comprehensive Agreement' endeavoured to offer a resolution through a review of the Good Friday Agreement. The Agreement attempted to propose institutional and procedural reform but consensus was not reached and subsequently the Agreement failed.
34. Following the passing of the Northern Ireland Act 2006, the Secretary of State created a non-legislative fixed-term Assembly, whose membership consisted of the 108 MLAs elected in the November 2003 election. The first meeting took place on 15 May 2006 with the remit to make preparations for the restoration of devolved government to Northern Ireland and for a fully restored NIA. Its discussions informed the next round of talks called by the British and Irish Governments, held at St Andrews in October 2006.<sup>5</sup>

<sup>4</sup> *Northern Ireland Assembly Briefing Paper, NIAR 231/2007*

<sup>5</sup> *NI Assembly Online, Suspension and Restoration of the Northern Ireland Assembly*  
[http://www.niassembly.gov.uk/io/summary/new\\_summary.htm](http://www.niassembly.gov.uk/io/summary/new_summary.htm)



35. The St Andrews Agreement<sup>6</sup> set out a revised pledge of the Belfast Agreement that contained four new commitments:
- promote the interests of the whole community represented in the NIA towards the goal of a shared future;
  - participate fully in the Executive Committee, North/South Ministerial Council and British-Council;
  - observe the joint nature of the Office of the First Minister and deputy First Minister; and
  - uphold the rule of law based as it is on the fundamental principles of fairness, impartiality and democratic accountability, including support for policing and the courts as set out in paragraph 6 of the St Andrews agreement.<sup>7</sup>
36. The St Andrews Agreement led to the establishment of the Transitional Assembly. It embarked on a programme of work designed to agree Standing Orders for a new NIA, to draft a Ministerial Code and, more generally, to prepare the ground for a nascent Executive Committee.
37. The Northern Ireland Act 2006 set out a timetable to restore devolution in Northern Ireland. It also set the date for the third election to the NIA as 7 March 2007.
38. The DUP and SF again had the largest number of MLAs elected. While power sharing was not restored by 26 March 2007, both Sinn Féin and DUP made a commitment to set up an Executive Committee.<sup>8</sup>

## Devolution Restored

39. On 8 May 2007, direct rule over Northern Ireland by Westminster officially ended as the First Minister and deputy First Minister were sworn in.
40. The St Andrews Agreement had indicated that the arrangements for devolution of policing and justice were likely areas for renegotiation and compromise.

## The Devolution of Policing and Justice

41. On 1 December 2009, a Bill paving the way for the devolution of policing and justice passed its final stage in the NIA. The Bill created a justice department and allowed a justice minister to be appointed with cross-community backing.

<sup>6</sup> Northern Ireland Office, *The Agreement at St. Andrews* [http://www.nio.gov.uk/st\\_andrews\\_agreement.pdf](http://www.nio.gov.uk/st_andrews_agreement.pdf)

<sup>7</sup> R. Wilford and R. Wilson (eds), *Northern Ireland Devolution Report, January 2007*

<sup>8</sup> NI Assembly Online, *Suspension and Restoration of the Northern Ireland Assembly* [http://www.niassembly.gov.uk/io/summary/new\\_summary.htm](http://www.niassembly.gov.uk/io/summary/new_summary.htm)

42. Following negotiations between the NI political parties at Hillsborough Castle, consensus on the devolution of policing and justice was achieved on 5 February 2010.
43. The Agreement set out a commitment to ensure the devolution of policing and justice powers by 12 April 2010.
44. The NIA's Department of Justice Bill, which was completed in December 2009, provided the arrangements for the appointment of a single Justice Minister following a nomination by any MLA. The Justice Minister was elected by a cross community vote in the Chamber.
45. As set out in the Agreement, the Police Service of Northern Ireland (PSNI) was presented with the operational responsibility for policing, and for implementing the policies and objectives set by the Department of Justice and the Policing Board.

## The Current Mandate (2011-2015)

46. The most recent NIA election took place on 5 May 2011, and the first meeting of the new Assembly took place on 12 May 2011.
47. New Parliamentary Constituency boundaries, which were created in 2008 and initially adopted in the General Election of 6 May 2010, were used in the 2011 NIA elections<sup>9</sup>
48. The NIA faces a number of challenges in the current mandate with the budget cuts made necessary by the UK wide Spending Review having a large impact on the work of the Assembly and the Executive Committee. Please see NIAR 176-11 for further information on the 2011-15 Budget<sup>10</sup>.
49. The mandatory reduction in spending across each of the government departments provides challenges in the current mandate. Maintaining a consistent and adequate service whilst under financial restriction remains a key priority of the Executive.
50. The Finance Minister has indicated that the next four years will be the most difficult financial circumstances to face a devolved government in Northern Ireland.
51. Other areas of challenge include the announced introduction of the Review of Public Administration (RPA) that will see a number of changes to the operation of the NI government such as the number of Councils. In addition, the Boundary Commission Review is proposing a reduction in the number of NI Westminster constituencies from 18 to 16<sup>11</sup> which is likely to result in reductions in the number of Assembly Members. The Panel is aware of this and the fact that decisions are unlikely to be taken in relation to this until 2014.

9 *Russell, R. 2011, Analysis of the NI Election. Available online at <http://assist.assemblyni.gov.uk/services/rsrchlib/products/researchpubs/dept/general/2011/russell5511.pdf>*

10 *RaISe Briefing Paper, Final Budget 2011-15 <http://www.niassembly.gov.uk/researchandlibrary/2011/4011.pdf>*

11 *Boundary Commission, Current Review <http://www.boundarycommission.org.uk/index/current-review.htm>*

## The Role and Functions of the Assembly

52. The following section provides a brief outline of the role of MLAs, the NI Executive and Committees. In addition, it briefly outlines support structures for elected officials.

### The Structure and Role of the Assembly

53. The Northern Ireland Assembly (NIA) is the devolved legislature for Northern Ireland. It is responsible for making laws on transferred matters in Northern Ireland and for scrutinising the work of Ministers and Government Departments<sup>12</sup>.
54. The NIA is a democratically elected body which is inclusive in its membership, capable of exercising executive and legislative authority, and subject to safeguards to protect the rights and interests of all sides of the community.<sup>13</sup>

### The Northern Ireland Executive (The Executive)

55. A First Minister is nominated by the largest party in the Assembly and a deputy First Minister is nominated by the second largest party. The posts of First Minister and deputy First Minister form a joint office. The other ministerial positions are then allocated between the parties through the d'Hondt system; together they are known as the Executive Committee.
56. The Executive sets out the Programme for Government which signifies an agreed policy agenda.
57. The Ministers from the Executive meet on a bi-weekly basis and exercise executive authority on behalf of the NIA. The Executive Committee discusses issues that involve two or more Ministers and also agrees on new legislation put forward by Ministers for consideration by the NIA.

### Members of the Legislative Assembly (MLAs)

58. The MLAs have differing individual priorities but ultimately have designated key functions.<sup>14</sup>
- Representing the interests of the people;
  - Holding the Executive to account;
  - Scrutinising the budget; and
  - Making and passing legislation.

12 *The Northern Ireland Assembly, the Work of the Assembly*, [http://www.niassembly.gov.uk/the\\_work.htm](http://www.niassembly.gov.uk/the_work.htm)

13 *The Good Friday Agreement, Strand 1, Article 1*. 1998.

14 Barry, R. & McAteer, S. 2010, *The Northern Ireland Assembly: An initial self-assessment*.

59. Representing the interests of the people is a key function for MLAs. It has been said their duties can be divided into the 5 C's; Chamber, Committees, Constituency Engagements, Casework and Campaigning.
60. As part of their scrutiny role, MLAs will sit on Committees (statutory committees or standing committees). The Committee system was designed to promote the power sharing philosophy by deciding its membership using the D'Hondt system and ensuring that the Committees would work in partnership with each of their associated Departments.<sup>15</sup>
61. Executive Departments can be held to account by the statutory committees who scrutinise government policy and finance.
62. The Good Friday Agreement states that

*"Committees will have a scrutiny, policy development and consultation role with respect to the department with which each is associated and will have a role in initiation of legislation."*
63. Statutory Committees are required to:
  - consider and advise on Departmental budgets and Annual plans in the context of the overall budget allocation;
  - approve relevant secondary legislation and take the committee stage of relevant primary legislation;
  - call for persons and papers; initiate enquiries and make reports; and
  - consider and advise on matters brought to the committee by its Minister.<sup>16</sup>
64. There are 12 statutory committees – one for each of the 11 Government Departments and one for the Office of the First Minister and deputy First Minister. On 12 April 2010, the Committee for Justice was established to scrutinise the work of the new Department of Justice.
65. The Northern Ireland Act 1998 and Assembly Standing Orders provide for the establishment of Standing Committees. These are permanent committees of the NIA and have specific roles assigned to them within Standing Orders. There are currently six Standing Committees consisting of the Assembly and Executive Review Committee, the Committee on Procedures, the Business Committee, the Public Accounts Committee, the Committee on Standards and Privileges and the Audit Committee.
66. MLAs usually meet in plenary every Monday and Tuesday. Questions for oral answer are taken in the Assembly between 2.30pm and 3.30pm on Mondays and from 2.00pm to 3.00pm on Tuesdays. Oral questions to the Assembly Commission are taken every twelve weeks from 3.00pm on a Tuesday. A rota is arranged for questions to allow MLAs

15 *McMahon, M. 2008 Government and Politics of Northern Ireland: Colourpoint Books*

16 *NI Assembly online, Statutory Committees, <http://www.niassembly.gov.uk/io/Statutory.htm>*

to scrutinise the work of each Department and the Office of the First Minister and deputy First Minister. The remainder of plenary time is taken up by debates, statements and consideration of legislation.

### Scrutinising and Making Laws

67. Scrutiny of proposed legislation is undertaken in committees and during Plenaries. As with the other devolved legislatures, legislation can be brought forward by Ministers, Committees or individual Members who initiate a Bill and present it to the Speaker for consideration by the Assembly. If the Speaker is content that the proposals are within the Assembly's competence the Bill is then introduced and debated in the Chamber<sup>17</sup>.
68. Please see NIAR 638-10 "Operational Aspects of the Northern Ireland Assembly" for further information.<sup>18</sup>

### Setting the Agenda

69. A number of key individuals and bodies within the NIA have leadership roles in driving the legislative and scrutiny programmes and ensuring that MLAs are able to fulfil their functions. These leaders are essential to the effective and efficient functioning of the institution as a legislature, and to moving forward cultural change and institutional development.
70. These bodies include the Assembly Commission, the Business Committee and Committee Chairs.

### The Assembly Commission

71. The Commission is the body corporate of the Northern Ireland Assembly<sup>19</sup>. It was established under The Northern Ireland Act 1998 which states that:

*"There shall be a body corporate known as the Northern Ireland Assembly Commission ("the Commission") to perform:*

*(a) the functions conferred on the Commission by virtue of any enactment; and*

*(b) any functions conferred on the Commission by resolution of the Assembly."*

72. The Commission has the responsibility, under section 40(4) of the Northern Ireland Act 1998, to provide the Assembly, or ensure that the Assembly is provided with the property, staff and services required for the Assembly to carry out its work.

17 Northern Ireland Assembly, *Assembly Legislation, Primary Legislation*, <http://www.niassembly.gov.uk/legislation/legislation2000.htm>

18 Available at: <http://assist.assemblyni.gov.uk/services/rsrchlib/products/researchpubs/dept/general/2011/mccaffrey2111.pdf>

19 Northern Ireland Assembly *Summary of the Northern Ireland Assembly* [http://www.niassembly.gov.uk/io/summary/new\\_summary.htm#5](http://www.niassembly.gov.uk/io/summary/new_summary.htm#5)

73. The Assembly Commission may delegate any of its functions to the Speaker or a member of staff of the Assembly and may determine its own procedures.
74. The Assembly Commission exists to support the NIA and its MLAs in their role as elected representatives and legislators and to facilitate engagement between the Assembly and the public.
75. The Commission comprises the Speaker, (Commission Chairperson) and five other MLAs. The Commission acts as the corporate body for the Secretariat. It sets out the Secretariat's strategic direction and purpose which its Director General is required to deliver. The Commission's direction and purpose is guided by its strategic priorities which are currently:
  - Supporting Assembly Business;
  - Engaging the Public;
  - Supporting and developing staff;
  - Ensuring the effective governance of the Secretariat; and
  - Accommodating the Assembly.

### **The Business Committee**

76. The Business Committee is a Standing Committee established in accordance with paragraph 10 of Strand One of the Belfast Agreement and under Northern Ireland Assembly Standing Order No.54. The Business Committee plays a central role in the management of the NIA's business and in advising on general practice and procedure in the NIA. Chaired by the Speaker with members made up of the Whips from the various political parties, the Committee has responsibility for organising business in Plenary.

### **The Speaker**

77. The Presiding Officer of the Assembly is known as "the Speaker". The Speaker presides over the proceedings of the Assembly, is Chairperson of the Business Committee and Chairperson of the Assembly Commission<sup>20</sup>.
78. The Speaker has a scrutiny role in relation to the competence of legislation prior to the First and Final Stages of a Bill. He selects amendments to Bills and Motions for debate and selects questions for oral answer. Following the first reading of a Bill the Speaker sends a copy to the Human Rights Commission and on the completion of all the Stages of a Bill he sends it to the Secretary of State requesting Royal Assent.
79. The Speaker receives VIP visitors from the British Isles and overseas to Parliament Buildings, including Heads of State, Ambassadors and senior politicians. The Speaker

---

20 *Ibid*

also hosts and attends a range of events designed to promote an understanding of the Assembly as an institution and to develop links with the wider Northern Ireland community as well as within the UK and internationally.

80. Standing Orders require the Assembly to elect two Deputy Speakers and one Principal Deputy Speaker, a post created by the Assembly in 2011.

### **Committee Chairs**

81. Much of the NIA's core business is conducted via its Committees. Committee Chairs therefore play an important role in taking forward the work of the NIA by managing the work of their Committees, steering and shaping Committee inquiries and representing their Committees in Plenary, in the media and in public life.

### **Financial Support available to political parties**

82. Political parties are provided with financial assistance by the Assembly Commission under the Financial Assistance to Political Parties Scheme 2007 for the purpose of assisting members of the Assembly who are connected to that party to perform their Assembly duties.

### **Financial Support available to MLAs**

83. In addition to their salaries and office holder allowances and in order to assist them to fulfil their Assembly and related constituency duties, members are provided with travel expenses and expenses to cover the cost of running their constituency offices including the cost of employing support staff.

### **Additional Support**

84. MLAs are provided with assistance by the Assembly Commission in a number of areas. MLAs meeting in plenary or in committee receive extensive support from committee staff including policy and financial briefings, legislative drafting and procedural advice as well as general logistical and administrative support. Committees are each supported by integrated teams of clerks, researchers and lawyers, so that they have a range of disciplines at their disposal.

### **The Secretariat**

85. The Northern Ireland Assembly Secretariat exists to:

*Support the Assembly and its Members in their role as elected representatives and legislators and to facilitate engagement between the Assembly and the public.*

86. The Secretariat is headed by the Direct General who also acts as the Clerk to the NIA and the Accounting Officer for the Secretariat.

87. The role of the Clerk/Director General comprises three important elements. First, as Clerk he is responsible for the provision of procedural advice to the Speaker and members of the Assembly. Secondly, as Director General he is responsible to the Assembly Commission for the management of the administrative support services to the Assembly. Thirdly, the Clerk/Director General is the Accounting Officer for the Assembly's budget.
88. The Secretariat ensures that the strategic priorities identified by the Commission are implemented.
89. The Secretariat has a number of Directorates all of which provide support to Assembly Members:
  - Director-General's Office;
  - Clerking and Reporting;
  - Information and Outreach;
  - Facilities/Office of the Keeper;
  - Corporate Services; and
  - Legal and Governance Services.



# The Panel's Methodology

## Overall Aim

90. The Panel's overall aim, which reflects its duties under Section 2 of the Independent Financial Review and Standards Act (Northern Ireland) 2011 is to ensure that members of the Assembly have:
- a level of remuneration which fairly reflects the complexity and importance of their role and does not, on financial grounds, deter people with the necessary commitment and ability from seeking election to the Assembly, and,
  - adequate resources to enable them to exercise their functions as members of the Assembly.
91. In addition, the Panel has a duty to ensure probity, accountability and value for money with respect to the expenditure of public funds.
92. In summary, the Panel aims to support the development of the overall capacity of the Assembly to serve the needs of the Northern Ireland public.

## Principles

93. At the outset the Panel agreed that:
- Relevant comparators in other legislatures should be sought in relation to MLA salaries.
  - MLA salaries should be benchmarked against Northern Ireland median salaries.
  - MLA expenses should be fair and sufficient for the purpose for which they are intended.
  - Pensions should not only reward MLAs in retirement but should be at a level to acknowledge insecurity of tenure.
  - Pension contribution rates and benefits should be comparable to those of other legislatures.
  - The overall level of remuneration paid to members should be sufficient to make a career in politics attractive to people with the right skills to deliver good and effective Government.
  - The level of expenses paid should be sufficient to enable members to properly discharge their duties in representing their constituents, to build capacity and offer value for money.
  - The Panel's approach would ensure probity and value for money in all systems, processes and procedures.

94. IFRP also decided that:
- In all its deliberations, the Panel would recognise current economic constraints. In so doing, it would consider the value and cost of the entire package (salaries, allowances and pensions).
  - The Panel would aim to ensure that its recommendations, taken as a whole, would properly reflect the current economic position, offer value for money and if at all possible, the cost of implementing their Report and Determination would not exceed the current budget allocation.

## Methodology

95. In setting about its work, the Panel sought to draw upon work already done in developing regimes for managing politicians' salaries and expenses in the Northern Ireland Assembly, other UK jurisdictions and in Dáil Éireann.
96. The Panel was provided with administrative support by the Assembly Secretariat which consisted primarily of secretarial and research services as well as advice on equality screening. Legal advice in relation to the Panel's deliberations was provided by the Director of Legal and Governance Services and the Panel decisions were also informed by discussions with the Chair of the Assembly Secretariat Audit and Risk Committee. The Clerk/Director General of the Northern Ireland Assembly and the Director of Corporate Services advised on the practical implications and costs of implementing the Report and Determination.
97. The Panel had access to a range of reports on MLA salaries and allowances including reports of the Senior Salaries Review Body (SSRB)<sup>21</sup>, the Annual Survey of Hours and Earnings<sup>22</sup>, the reports of the Remuneration Board for the National Assembly for Wales<sup>23</sup> and a considerable amount of background information regarding the role and responsibilities of Assembly Members and Office Holders, as well as in relation to the salaries and the financial support available to Members.

- 
- 21 *Review Body on Senior Salaries Report No 42: Initial pay, allowances, pensions and severance arrangements for Members of the Scottish Parliament, National Assembly for Wales, Northern Ireland Assembly: March 1999.*  
*Review Body on Senior Salaries Report No 48: Review of parliamentary pay and allowances Volume 2: December 2000*  
*Review Body on Senior Salaries Report No 52 Northern Ireland Assembly: Review of Pay and Allowances: May 2002*  
*Review Body on Senior Salaries Report No 67: Northern Ireland Assembly: Review of Pay, Pensions and Allowances 2008*
- 22 *Annual Survey of Hours and Earnings 1998-2011*
- 23 *"Fit for Purpose" March 2011 and Office Holder Remuneration July 2011*

98. The Panel commissioned a research project to determine the level of salaries of those in occupations with comparable responsibilities with a focus on the private sector in Northern Ireland. Following a procurement exercise, this research was undertaken by PricewaterhouseCoopers. A copy of this Report is attached at **Appendix E**. The Panel also had access to a wide range of pay and grading information from the public sector particularly relating to Health and Social Care, Education and the Northern Ireland Civil Service.

## Consultation

### Public Consultation

99. A public consultation was launched on 15 September 2011 to seek comments and views in relation to the level of salaries, office holder allowances, expenses and pensions paid to members of the Northern Ireland Assembly. An advertisement was placed in the Belfast Telegraph, the Newsletter and the Irish News and a press release was issued. The deadline for responses was 9 December 2011.
100. As part of this process, the Panel wrote to groups who fall within Section 75 of the Northern Ireland Act 1998 and to Northern Ireland business etc leaders. A list of those invited to submit comments is attached at **Appendix F**.
101. In order to facilitate public engagement with the Panel, information was placed on the IFRP website in relation to Assembly Members' salaries, allowances and expenses.
102. The Panel is grateful to those who responded to the public consultation exercise for their helpful comments. However, despite the large amount of media comment on these issues generally, it was concerned and disappointed by the very low number of individuals, businesses and organisations who responded to the consultation. Based on the various comments in the media on these issues, the Panel had hoped that the response rate to this public consultation would have been much higher.

### Assembly Members and Political Parties

103. In order to inform its deliberations, the Independent Financial Review Panel wrote to the leaders of the NI Assembly political parties, as well as individual Assembly Members, to invite them to submit their comments and/or engage with the Panel. The Panel also wrote to former Assembly Members who were either not re-elected or who retired at the May 2011 Assembly election. A total of 15 interviews took place with individual MLAs and former MLAs. The Panel also visited a number of constituency offices.
104. In a further attempt to engage with Assembly Members, a survey was undertaken by means of a questionnaire which was issued in October 2011 to all members. The responses were analysed and a report produced. A copy of this report is attached at **Appendix G**.
105. The Panel noted that despite its best efforts, it had received only minimal representations from female MLAs. It therefore wrote separately to all female MLAs to

seek their engagement with specific reference to the underrepresentation of women in politics in Northern Ireland and any barriers in the system of remuneration or allowances that might limit the ability to create a more representative Assembly. As a result, the Panel met with two female MLAs.

106. The Panel was disappointed by the volume of responses it received from those who were invited to submit comments and views. Whilst some individual members and former members were very helpful and candid in their responses, overall there was a lack of engagement with the Panel by Assembly Members and Assembly Political Parties. Relatively few MLAs responded or agreed to be interviewed. Only one Party responded to the consultation exercise. Their comments, albeit brief, were welcomed by the Panel. It was apparent to the Panel that this is a matter of extreme sensitivity to Political Parties and MLAs. Whilst the Panel understands the reasons for their concerns, for the Panel to be as effective as possible and to ensure fairness, it is vital that in the future Parties and Members find ways to engage more fully. The IFRP is hopeful that this will happen.

### **Decision Making Process**

107. At the end of the consultation and information gathering stage, the Panel met on a number of occasions across several weeks to consider all the material and develop its Determination. Throughout this process the Panel had close regard to:
- its statutory remit;
  - the objective evidence it had gathered on relevant pay levels, relativities and trends and
  - the results of its consultation.
108. In order to ensure that the Panel's first Determination is compliant with relevant legislation and within its legislative competence, a legal screening was undertaken by the Assembly's Director of Legal and Governance Services. Similarly the draft Report and Determination were scrutinised to ensure that they did not have a disproportionate impact on any of the groups specified in Section 75 of the Northern Ireland Act 1998.
109. The Panel was anxious that its decisions would withstand scrutiny and were robust and soundly based. The Panel therefore sought an independent validation of its recommendations and the evidence on which these were based. This was undertaken by Professor Monojit Chatterji who is currently Bonar Professor of Applied Economics at the University of Dundee, a Bye-Fellow and Director of Sidney Sussex College Cambridge, Chair of the National Joint Council of the UK Fire and Emergency Services and a member of the Remuneration Board of the National Assembly for Wales. Professor Chatterji was previously a member of the School Teachers' Review Body and the Economics Group, Office of Manpower Economics.
110. At the conclusion of this process the Panel met again and agreed the measures it intended to implement, the form of its Determination and the content of this Report.

# Decisions of the Panel

## Members' Salaries

### Background

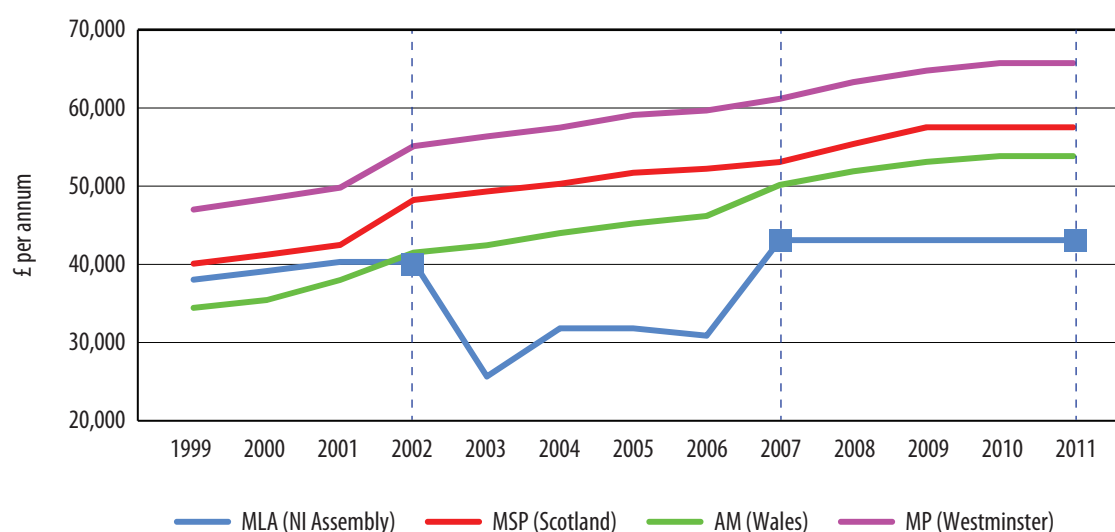
111. It was decided in 1999 to link the salaries of members of the Northern Ireland Assembly to those of the members of the House of Commons. At that time it was thought that 82% of the Westminster salary would be an appropriate rate. Since then there has been a substantial widening of that differential to the present point where MLAs are paid to the present level of 65% of the Westminster rate.
112. The current rate of MLA salaries has increased only marginally since 2002. An increase was recommended by the Senior Salaries Review Body Report 2008 but the Assembly failed to reach an agreement on the implementation of this Report. Consequently the MLA salary has fallen considerably behind in comparison with other legislatures in Scotland, Wales and Westminster.
113. The following table compares the salaries currently paid to Members of Parliament with those of the devolved Assemblies:

*Table 1*

Parliament/ Assembly	Current Salary	% of MP	Salary per constituent
Westminster	£65,738	100.0	£0.65
Scotland	£57,521	87.5	£1.44
Wales	£53,852	81.9	£1.08
Northern Ireland	£43,101	65.6	£2.64

114. The following Table shows the divergence in these salary rates since 1999.

*Table 2: Comparison of MLA Salaries with Other Legislatures: 1999 - 2011*



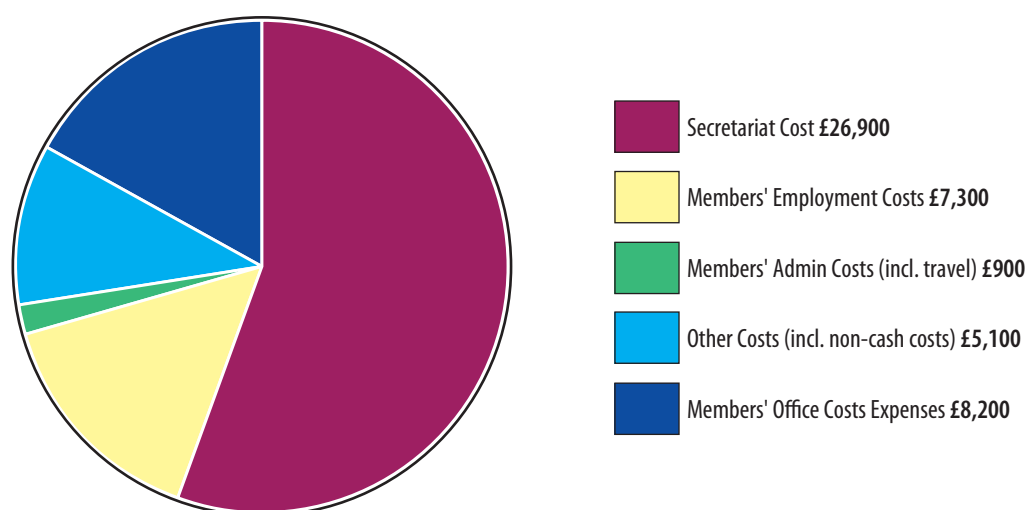
115. The lower level of MLA salaries during the period 2002 to 2007 was due to the suspension of the Assembly. Care should be taken in evaluating this graph as increased devolution of powers has led to changes in the levels of responsibilities in all of the bodies concerned. However, the overall trend is that the salaries of MLAs have fallen significantly in comparison to those of other legislatures.

## Deliberations

116. In considering Members' salaries the Panel first considered the strategic role of the Assembly in the Government of Northern Ireland and the roles of MLAs and that of Office Holders as set out in the Northern Ireland Act 1998. It may be administratively attractive to simply link the salary of an MLA to that of a Member of Parliament and to ensure that reviews only take place at the same time as those in London. It was decided by the Panel that this would not be appropriate as it would not take account of local conditions such as the relative earnings in Northern Ireland, the political structures in Northern Ireland and the different levels of responsibility of MLAs.
117. The Panel decided to use a double benchmark approach and that the pay levels of Assembly Members should take into account local labour market considerations and comparable pay rates whilst retaining some relativity with other devolved administrations and Westminster. It therefore:
- sought to set the base salary for MLAs on a weighted comparison against jobs of similar responsibility in Northern Ireland;
  - used this approach to set the salary levels for three key posts - MLA, Committee Chair and Minister, and
  - set salaries for other posts based on its best assessment of the relative weight of those roles to the three key posts chosen.

118. In setting the new remuneration levels the Panel also had regard to:
- a number of public statements made by political parties during the currency of the review;
  - the one submission received from a political party, and
  - the views expressed by individual MLAs including senior members of the Assembly Parties.
119. These made it clear that politically it was extremely important that politicians should be seen to show leadership at a time of restraint in public sector pay and when Government budgets were under huge pressure.
120. The Panel therefore decided that, in developing proposals it should have close regard to the current overall economic situation in NI and the rest of the UK, the state of Government finances and overall Government pay policy in the UK and especially Northern Ireland.
121. The Panel also concluded that an essential criterion in developing its Determination should be that any package of proposals, taken overall and across the current mandate of the Assembly, should be completely compatible with resources available in the fixed budget allocated to the NI Assembly for 2011-15. This reduces in cash terms by 9% from £48.4m in 2010/2011 to £44.1m in 2014/2015. The breakdown of the budget in 2010/2011 was as follows:

**Table 3: Budget 2010/11 (£'000)**



## Assembly Members' Salaries

122. Against this background, the IFRP decided to proceed by examining the position of the salary base for the MLA, and to identify whether it was positioned appropriately in the Northern Ireland context. Getting the base right in comparison with current earnings levels in the local economy sets the whole system of Assembly Members' pay and

allowances on a platform which is fair, can be more easily understood and to which everyone can relate.

123. The Panel selected a number of methods to compare the MLA base salary with earnings in Northern Ireland occupations with a broadly similar level of responsibility. In particular it:
- commissioned a research report on comparable private sector earnings in Northern Ireland (**Appendix E**).
  - researched NI earnings levels and changes from 2002 – 2011;
  - compared pay and grades in a wide range of public sector occupations, and
  - conducted a role relativities and pay comparison exercise with the Parliaments in Westminster, Edinburgh and Cardiff.
124. It is also important to note the way in which MLA salaries have fared in comparison with earnings in the labour market from which they are drawn. The following table is based on relevant earnings movements since the last major review of MLA salaries in 2002 (SSRB Report No 52) and the Northern Ireland labour market average earnings as recorded in the ASHE Surveys.

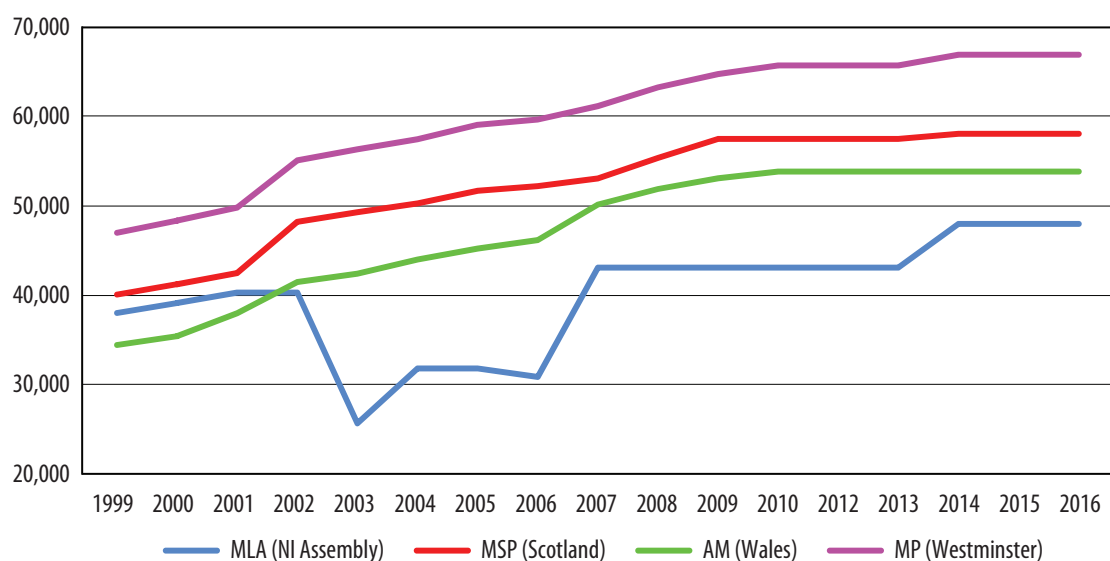
**Table 4: Growth in MLA Salary and Median Earnings NI ASHE Surveys 2002-2011**

Gross Annual	2002	2007	2011	% Growth (over 9 years)
MLA Salary	£41,321	£43,101	£43,101	4.3%
Median NI earnings	£14,627.60	£17,154.80	£18,720	26.6%
Median as a % of MLA salary	35.4%	39.8%	43.43%	
MLA Salary Erosion (over 9 years)				22.3%

125. The above data indicate an erosion of MLA salaries of 22.3% when compared with the growth in average earnings in Northern Ireland over the nine year period.
126. The revised salary level increases the MLA salary from 65% to 73% of that of a Member of Parliament but still represents an effective downgrading over the last 10 years of the pay of the MLA relative to that of other Parliamentary posts in the UK. It also still falls below the job evaluation/grading contained in the 2008 Report of the Senior Salaries Review Body (SSRB) No 67.



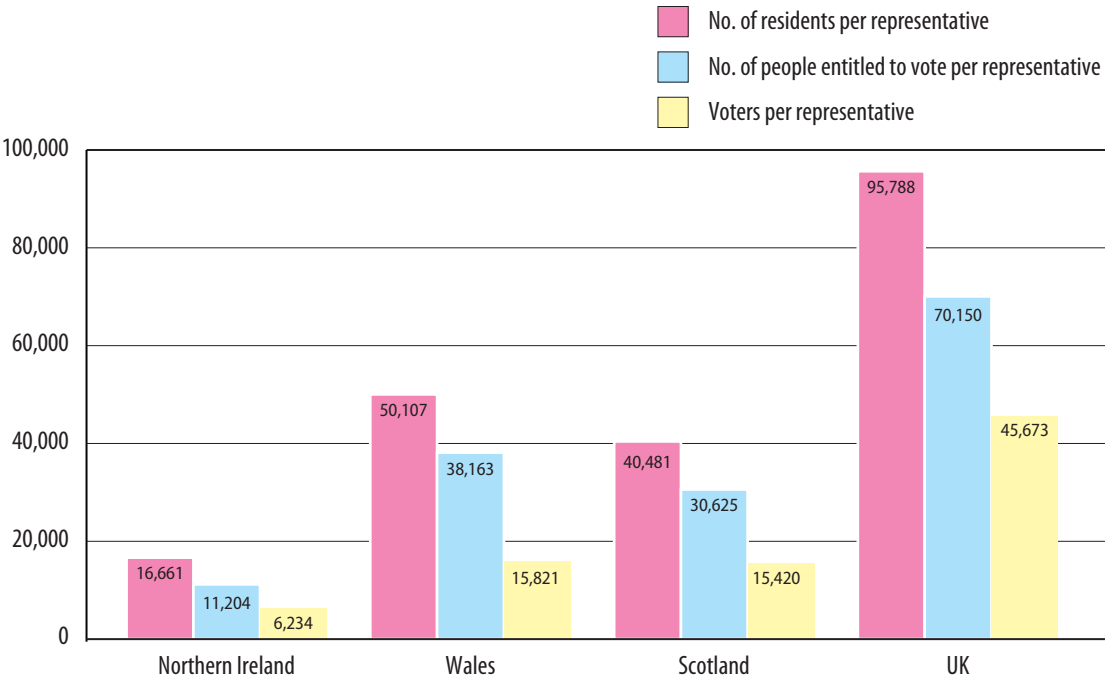
Table 5: Comparison of MLA Salaries with Other Legislatures: 1999 - 2015 (Projected)



127. A significant issue in the Panel's evaluation, which is based on roles and earnings in 2011/2012, is that the Assembly continues to have six members per constituency.
128. In paragraph 2.4 of the SSRB 2008 Report No 67, reference is made to the evaluators having revised downwards their assessment of the MLA role because they perceived the MLAs current legislative powers were *"relatively restricted and not being used to the full"*. This was due to the comparisons they were making at that time with the MSP (Scotland) role and the AM (Wales) role.
129. The Panel considered that legislative responsibility is not the most appropriate means of differentiating between the roles of the MLA, MSP and AM since there is likely to be significant comparability in the breadth and depth of knowledge required when dealing with legislation. In addition, it considered the number of legislative acts in the NI Assembly (70) compared with those in the Scottish Parliament (72) during the 2007-2011 mandate, although the volume of legislation is not an indicator of its complexity.
130. The 2008 evaluation assessed the role of MLA as requiring *"... experienced political leaders"*. However the Panel considered that this criterion is less significant in 2012 as it found the use of *"experienced"* and *"leaders"* at odds with the election of six MLAs per constituency. The Panel agreed with the 2008 SSRB Report that *"... (MLAs) must be excellent communicators but the constituency and policy canvas against which each operates is restricted, partly because of the large number of members"*.

131. The IFRP recognises that there is a considerable difference in scale in the post of MLA when compared with MSP and AM. This is best illustrated by reference to the number of constituents per elected representative as follows:

Table 6



132. Every MLA has a representational role for the whole of the population of Northern Ireland and not just those who voted for them. It should also be noted that MLAs interviewed and surveyed by the IFRP recently have indicated that almost 50% of their time is devoted to dealing with constituents’ problems, with a much smaller amount of their time devoted to plenary business (23%) and scrutiny of Ministers and Departments in Committee (16%).
133. The major difference that the Panel identified between the roles of MLAs, MSPs and AMs is therefore one of size and volume. The nature and complexity of much of the work undertaken in these three legislatures is broadly comparable although there are differences in the extent of the powers devolved and these have changed over time in all three bodies. However in Northern Ireland there are so many members for the size of the electorate that the overall scope and depth of the individual responsibility of each MLA is less than in other legislatures.
134. The Panel’s evaluation, using the data from 2008, and based upon the MLA role in the 2011 – 2015 mandate as described to the IFRP in the evidence gathered in its consultation exercise, is that the role should now be assessed as being at a lower level than evaluated previously. In coming to this decision the Panel was fully aware that policing and justice powers were devolved to the Assembly during this period and this was factored into its decisions.

135. The Panel therefore differs from the finding of the SSRB 2008 Report No 67. It considers that the MLA role is currently at least three steps below that of the MP, more than one step below the role of MSP and one step below that of an AM. The relativity of the various roles is demonstrated in the following chart:

**Table 7: Role Relativities – Westminster, Edinburgh, Cardiff and Belfast - 2011**

Job Level	Westminster	Edinburgh	Cardiff	Belfast
1	Prime Minister			
2	Cabinet Minister Speaker	First Minister		
3			First Minister	
4		Lord Advocate		First Minister/ deputy First Minister
5	Minister of State	Presiding Officer		
6	Parliamentary Under Sec.		Presiding Officer, Assembly Minister.	Speaker
7		Minister, Deputy Presiding Officers.	Deputy Presiding Officer.	Minister
8	Member of Parliament (MP)		Subject Committee Chair	
9			Assembly Commissioner	Junior Minister, Statutory Committee Chair, PAC Chair.
10		Member of Scottish Parliament (MSP)		Principal Deputy Speaker, Deputy Speaker
11			Member of National Assembly for Wales (AM)	Member of Assembly Commission
12				Member of Northern Ireland Assembly (MLA)

136. This role relativities study is not a quantitative assessment of roles. Rather it is a set of qualitative assessments which are based on all the information gathered and examined by the Panel from each of the Parliaments, their information services and the independent reports listed in the following publications
- House of Commons Library Standard Note SN/PC/05837 (30 March 2011);
  - Office-Holder Remuneration, Report of the Remuneration Board of the National Assembly for Wales, (July 2011);
  - SPICe Briefing, Parliamentary Pay and Expenses, The Scottish Parliament (9 September 2010)

137. This research informed the Panel's decision that the appropriate level of salary for an MLA is £48,000. This would uplift the current salary of £43,101 by 11.36%. The Panel considers that this is a fair and equitable rate for the role of an MLA as performed today and that there is justification for the payment of this salary level from 1 April 2011. However, taking into account the current economic and budgetary constraints, the expressed views of many Parties and Members and Government Pay Policy, the Panel has decided that any increase should not be implemented until 31 March 2013. This decision represents a salary increase of 1% each year since 2002 which is well behind the average rate of growth in earnings in Northern Ireland and inflation over the nine year period 2002 to 2011.
138. Whilst the Panel will consider each future Determination in light of circumstances at the time, it believes that it should clearly state at this stage that it is very unlikely that it will revise upwards this relative weighting of the job of MLAs in Northern Ireland while there remain six members per constituency.

***Taking all the factors into account, the Panel has decided that the salary of Assembly Members should be increased to £48,000 with effect from 1 April 2013.***

## Option for voluntary salary sacrifice

139. Parties have stated publicly that there should be no salary increase for MLAs. The Panel understands and respects those political positions but wishes to make it clear that, in its professional judgement £48,000 is a fair and equitable salary for the job of MLA in Northern Ireland today and that members should be paid at that level.
140. Should any Assembly Member not wish to receive their full salary entitlement they should notify the Clerk/Director General of the Assembly in writing stating the amount of gross salary they wish to receive.
141. Salary will continue to be paid to the Assembly Member at the reduced rate until the Clerk/Director General is notified in writing of any change the Member wishes to make.

## Office Holder Allowances

142. In addition to their basic salary as an MLA, holders of posts with various responsibilities in the Assembly and Executive are paid additional sums to reflect those responsibilities. These are called 'Office Holder Allowances'
143. The Panel has sought to develop a clear pattern of remuneration for Office Holders that:
- is based upon the evidence from its research and comparison with other similar institutions in the UK;
  - fairly rewards Office Holders for their responsibilities and workloads;

- creates a clear hierarchy of posts based upon the evidence that the Panel believes reflects its discussion with MLAs and some Office Holders on the roles of various posts;
- protects and enhances the Assembly in its role of holding the Executive to account through a clear focus on fair remuneration for certain posts which, in the Panel's assessment, play critical roles in this vital process;
- recognises those posts where the responsibility is vested in a single individual in comparison to those posts where responsibilities are shared.

## First Minister/deputy First Minister

144. The Panel accepts the previous assessments of these roles as being clearly within the range of Cabinet Ministers in Westminster. Their leadership, management and problem solving skills are of the highest responsibility and are frequently exercised at local and international levels on behalf of all Northern Ireland citizens, as well as giving leadership and policy direction to the Northern Ireland Executive.

***The Panel has decided to make no substantial changes to the allowance for First and deputy First Minister other than to round up this allowance to £72,000 with effect from 1 April 2013.***

## Speaker

145. The role of Speaker in the Assembly is unique. It carries the full dignity of the Assembly and a heavy burden well beyond that of chairing plenary sessions of the Assembly. It is crucial to the business of the House and the Commission. The role is also central to good governance and is responsible, more than any other, for building, maintaining, and promoting public confidence in the integrity of the whole House and maintaining good governance and good relations within the Assembly. The Speaker also chairs the Assembly Commission which is, in effect, responsible for the entire support to, and administration of, the Assembly and holds the Clerk/Director General, accountable for control of the Assembly's £48m budget.
146. Previous evaluations have placed the role of Speaker as above that of Minister. The Speaker is required to work across the whole body politic to ensure his decisions are scrupulously fair to all. The post requires a specific knowledge of all the business before the House as well as the determination of good governance in procedural matters. He is directly accountable for his rulings and decisions to the House, and must interpret and ensure the whole House adheres to, the Standing Orders and the Standards and Privileges required of Members.
147. Since he is in an elected position, he must maintain the confidence of the whole House for fairness and impartiality, being apolitical in his decisions at all times. He is also the public voice of the Assembly, and he is required to represent the Assembly nationally and internationally and to receive all VIP visitors to Parliament Buildings.

148. An added aspect of the post of Speaker is that, in contrast to Westminster, he is unable to stand unopposed in elections, but must run for office, standing as a candidate for MLA. In a multi-seat constituency, this can be difficult. The Speaker is unable to take a party political stance whilst in office, or to vote or take part in debates in the House or to take a public platform or stance on controversial issues.
149. It is true to say of the role of Speaker that the less you see or hear, the more you get by way of good governance, effective politics, and productive internal and external relationships. The Panel agrees with previous evaluations of this role that the post of Speaker should be graded above that of Minister but below First Minister and deputy First Minister.

***The Panel has decided to re-grade the role of Speaker as one step higher than the post of Minister and as a consequence, to increase the allowance paid to the Speaker to £44,000 with effect from 1 April 2013.***

## Minister

150. The Panel accepts that the role of Minister in the NI Assembly is a fundamentally important one. The post requires individuals to have a major grasp of politics, as well be able to take significant responsibility for leading change in society through a range of leadership and communication skills. Ministers need to be able to conceptualise changes and implement strategies and policies to give them effect. These responsibilities and skills require a degree of collaborative, influencing, and motivational approaches which make the posts very demanding. This is well recognised in previous evaluations and we see little reason to differ.
151. However, it is apparent there are significantly different levels of demand on these posts, partly due to the scope of their responsibilities and the size of their portfolios, both within the Assembly and in relation to those of other devolved UK legislatures.
152. The Panel did consider whether it should introduce different levels of Allowance for different Ministers based upon the overall weight of their specific portfolio. Having listened to views and representations on this especially on the need to maintain overall equality and balance of the weight of Ministers' views within the Executive, the Panel has not attempted to differentiate between posts on this occasion.
153. However, in its research for future Determinations, the Panel will wish to consider recognising any different levels of ministerial posts based upon size, type and range of effect, or accountability, as well as complexity. These issues will be subject to consultation prior to the decisions or Determination of the Panel and will also be guided by any changes the Executive may have agreed in the overall shape and form of Ministerial responsibilities.

***The Panel has decided to make no substantial changes to the allowance for Ministers other than to round up this allowance to £38,000 with effect from 1 April 2013.***

## Junior Minister

154. The IFRP has examined in detail the role of Junior Minister as set out in the 2008 Senior Salaries Review Body (SSRB)<sup>24</sup>. We have also noted the Determination made by the First Minister and deputy First Minister in December 1999 under Section 19 of the Northern Ireland Act 1998<sup>25</sup>. In addition, the Panel has noted the First Minister's response at Question Time on 11 June 2007 to questions raised concerning the appointment of Junior Ministers on 8 May 2007.
155. Based upon its consultations and observations, the Panel considers this post to be of some importance, with wide ranging remits. In determining the appropriate level of role relativity and Office Holder Allowance for this post, the Panel took into account the following:
- there are four Ministerial posts in the Office of First Minister and deputy First Minister (OFMdFM);
  - the Junior Ministers' role is to assist the First Minister and deputy First Minister, who are responsible for the executive decisions and functions;
  - whilst Junior Ministers attend meetings of the Executive, they have no vote;
  - the OFMdFM has the smallest budget of all Executive Departments;
  - there are no other Junior Ministers in the NI Assembly;
  - Junior Ministers are considered "essential to improving relationships and communications with the House, to facilitate the business of the House and the Executive, and to take forward the work areas that have been assigned to them." (Questions to the First Minister 11 June 2007);
  - Junior Ministers are required to attend a wide range of meetings in the Assembly and external meetings in support of the First Minister and deputy First Minister; and
  - There are no Junior Ministers in the National Assembly for Wales.

***After careful consideration, the Panel has decided that, while these skills and roles are important and should be recognised, they do not warrant payment of an allowance at the current level. The Panel has concluded that the responsibilities of a Junior Minister equate with those of a Statutory Committee Chair as they both require the exercise of skills which the Panel has assessed as being of a similar value. The Panel has decided to reduce the allowance for a Junior Minister to £12,000 with effect from 1 April 2012.***<sup>26</sup>

24 2008 Review No 67 by the Senior Salaries Review Body

25 Northern Ireland Act 1998 (Chapter 47)

26 See "Salary Protection" on page 38

## Principal Deputy Speaker and Deputy Speaker

156. The Panel notes that the role of the Deputy Speakers requires significant skills in terms of managing Plenary Business. It also recognises that occasionally the Deputy Speakers represent the Assembly or receive important guests when the Speaker is not available.
157. However, the Deputy Speakers have none of the responsibilities of Speaker beyond that of chairing the Assembly when in plenary session and we note that that, on contentious matters, the Speaker will normally take the Chair personally. The responsibility of Deputy Speaker is also shared among a number of individuals.

***The Panel has decided to make no substantial changes to the allowance for the Principal Deputy Speaker and Deputy Speakers other than to round up this allowance to £9,000 with effect from 1 April 2013.***

## Commission Member

158. The role of Assembly Commission member was evaluated by the Senior Salaries Review Body in 2008 (SSRB Report number 67) as comparable with that of Statutory Committee Chair.
159. The role of the Assembly Commission is an important one for the whole of the Assembly and its property, staff, and services. It is the corporate body of the NI Assembly and can be challenged in the courts. It has legal responsibilities in relation to legislative compliance, the employment of the Secretariat staff, all aspects of corporate governance and the total budget of the Assembly. Although it does not meet in public session, it publishes the minutes of its meetings and an Annual Report and Resource Accounts.
160. The Commission also maintains strong working links with other legislatures.
161. Until the formation of the IFRP, the Commission also had the full responsibility for determining the salaries of MLAs, Office Holders, Office Costs Expenses, and Pensions, subject to ratification by the Assembly. The role of the Commission as a Corporate Body is critical to the Assembly but the Panel notes that that responsibility is shared across all Commission members led by the Speaker. Whilst the Panel considers the role of an individual Commission Member to be deserving of an additional allowance, it notes that responsibility is shared by a number of individuals. The Panel regards the role of an individual Commissioner as being one step below that of a Statutory Committee Chair and one step above that of an MLA. Further and future evidence will be considered for the Panel's next Determination.

***The Panel has decided that the allowance for a member of the Assembly Commission will be reduced to £6000 with effect from 1 April 2012.<sup>27</sup>***

---

27 See "Salary Protection" on page 38



## Statutory Committee Chair and Chair of the Public Accounts Committee

162. The Panel largely agrees with the evaluation of the role of Statutory Committee Chair by the Senior Salaries Review Body (SSRB)<sup>28</sup> which states that the Committee Chair role is significantly above that of the MLA.
163. The Panel considers that Statutory Committee Chairs play a vital role in managing the effective discharge of the business of the Committees. To deliver this requires the ability to deal with policy issues and material across the whole breadth of the Department's and Committee's business. At times it may require collaboration with other Committees and a good Committee Chair must have the ability to address both operational and strategic issues within their area of responsibility. Currently only one Standing Committee Chair, that of the Chair of the Public Accounts Committee, is considered to merit an allowance. The Panel agrees with this grading.
164. Whilst the Panel accepts the need and reasons for the allowance for Committee Chairs as argued in the Hay Group evaluation quoted in the 2008 SSRB Report, it disagrees with the level of comparability with an MP.

***The Panel has decided to make no substantial changes to the allowance for Statutory Committee Chairs and the Chair of the Public Accounts Committee other than to round up this allowance to £12,000 with effect from 1 April 2013.***

## Statutory Committee Deputy Chair

165. The Panel finds little to justify the need for this role to be remunerated. In general, Committees are chaired by the MLA appointed as Committee Chair. The Deputy Chair is therefore only occasionally required to exercise any responsibilities above those of an MLA sitting as a Committee Member.
166. The Panel recognises that there may be good developmental reasons for appointing some members as Deputy Committee Chairs to allow them to gain broader experience in a given field but does not consider that this should attract remuneration.
167. The Panel does however recognise that a situation might arise where a Committee Chair is on prolonged absence for some reason.

***The Panel has decided to withdraw the allowance for Deputy Chairs of Statutory Committees with effect from 1 April 2012.<sup>29</sup>***

<sup>28</sup> 2008 Report of the Senior Salaries Review Body (No 67)

<sup>29</sup> See "Salary Protection" on page 38

## Salary Protection

168. For those members of the Assembly who were Junior Ministers, Commission members or Deputy Chairs of Statutory Committees at 1 March 2012, their earnings will be protected at current levels until they cease to hold office or until 31 March 2015, whichever is the sooner as follows:

Office	1 April 2012		1 April 2013		1 April 2014	
	Salary £	Allowance £	Salary £	Allowance £	Salary £	Allowance £
Junior Minister	43,101	19,609	48,000	14,710	48,000	14,710
Commission Member	43,101	11,331	48,000	6,432	48,000	6,432
Deputy Chair	43,101	5,667	48,000	768	48,000	768

169. These measures will give salary protection for a limited period to those Office Holders in post at 1 March 2012 who would otherwise face a disproportionate reduction in their earnings.

## "Double Jobbing"

### MLA /Councillor salary and expenses

170. Currently 33 MLAs are also Local Government Councillors, and they receive a basic annual allowance of £9,738 plus expenses for their councillor duties. This is paid by the local council and is in addition to their MLA salary.
171. Arrangements vary from Council to Council but such Members may also receive additional amounts from their Councils for holding specific offices or responsibilities and some are also in receipt of allowances for sitting on public bodies. In addition, there may be an overlap in expenses entitlements, including IT and telephone charges, as well as travel and they may have access to secretarial and other services from their Council.
172. The Panel has been advised that the Executive has recently announced plans for legislation to eliminate 'Double Jobbing' on Councils. This will be subject to the approval of the Assembly. Whether or not MLAs should also be permitted to be Councillors is not a matter for the IFRP but its remit does extend to determining what Salaries, Allowances and Expenses should be paid to MLAs who may also spend considerable working time on Council duties.
173. In our survey of MLAs and from our discussions with them during the Consultation process, it was apparent that up to 50% of MLA's time was spent on constituency issues and that a high proportion of that time was spent representing constituents on issues

that could relate to Council matters. The Panel has been given no evidence which enables it to distinguish any significant difference in the constituency work undertaken as an MLA and the constituency work they undertake as a Councillor. In this case the Panel is following the similar arrangements already implemented by the Assembly in relation to Members of Parliament who are also MLAs.

***The Panel has decided that the salary of a Member of the Assembly who is also a councillor and who is in receipt of the basic councillor allowance will be abated from 1 July 2012 by one half of the councillor basic allowance which is payable at that date and by the remainder of the councillor basic allowance which is payable at that date from 1 April 2013.***

## General Issues in relation to Salaries

174. Throughout the course of its work, the Panel has also considered a number of other issues which flow from its specific remit and which it has identified from its research. These are as follows:

### **Register of Members Interests**

175. The Panel noted that a number of MLAs have declared outside interests including professional and business interests. However, some have not declared the amount of any income they receive in relation to these interests, instead stating that their income cannot be confirmed until their end of year accounts have been completed.
176. The Register of Interests requires that full up to date returns are made by each MLA showing the latest declared income returned to HMRC. This information would help inform the Panel's assessment of the overall time required of each MLA for Assembly duties and constituency work and would assist its consideration of an appropriate level for the salary and allowances of MLAs.
177. The Panel urges the Standards and Privileges Committee to address this issue at an early stage.

### **Payment of salaries**

178. During its work the Panel became aware it is current practice for some MLAs that their salary is not paid direct to the individual members but rather paid into one pooled account held by their Party who then make payments to the members. The Panel considers it inappropriate to operate this administrative practice in a legislative assembly. In this context the Panel notes that:
- the Assembly Secretariat is legally responsible for paying a salary to the individual Member and remains at risk until that money is delivered into the possession of that Member through the banking system;

- in terms of openness and transparency there should be a clear audit trail for the payment of all salaries and expenses from the Assembly to the Member;
- the primary responsibility of individual MLAs is to their constituents and the people of Northern Ireland and not to their Party.

179. The Panel recognises that once a salary is paid into the individual account of an MLA that becomes their personal money and the Panel has no interest or concern whatsoever as to how it is spent. However, we do believe that the current arrangements are inappropriate and in our Determination have provided that:

***With effect from 1 July 2012 all payments for salaries are to be paid into a personal bank account nominated by the Member and in the name only of the Member and / or their spouse or cohabiting partner. That account must be with a financial institution within the UK or Ireland.***

## Travel & Subsistence Expenses

180. MLAs are entitled to claim travel and subsistence allowances for a range of purposes in connection with their duties as a Member and when conducting constituency work. These fall into three broad areas:
- (i) mileage allowances for travel (and other travel expenses)
  - (ii) subsistence allowances for meals
  - (iii) hotel expenses when staying away from home
181. Mileage allowances have not changed for many years but the costs of motoring have increased significantly. The Panel is aware that this is a major issue especially for MLAs in more rural constituencies and whose base is further from Stormont. Accordingly, in line with recent changes in expense allowances across the public sector it has decided to increase the amount paid to Members for using their private vehicles on Assembly business from 40p per mile to 45p per mile for the first 10,000 miles with effect from 1 July 2011. Mileage above that level will continue to be paid at 25p per mile.
182. The Panel has also considered the level of allowances paid for subsistence and hotel expenses. Again these have not been reviewed for some time but the Panel believes that the current levels of allowances for accommodation are simply too high in the current financial climate. It has therefore decided to adjust the amounts payable in line with the figures set out in the table below. These new figures will apply to all expenditure incurred after 14 March 2012.

Table 8

Allowance	Former rate	New rate
Overnight stay in the UK and the Republic of Ireland	£18.30 towards the cost of meals and other living expenses for each night of the stay	£25 towards the cost of food and non alcoholic drinks for each night of the stay
Overnight accommodation including breakfast in the Greater London area	Up to a maximum of £175 per night	Up to a maximum of £150 per night
Overnight accommodation including breakfast in the remainder of the UK and the Republic of Ireland	Up to a maximum of £300	Up to a maximum of £120 per night
Overnight stay outside the UK and the Republic of Ireland	£18.30 towards the cost of meals and other living expenses for each night of the stay	£25 towards the cost of food and non alcoholic drinks for each night of the stay
Overnight accommodation including breakfast outside the UK and the Republic of Ireland	Up to a maximum of £300	Up to a maximum of £150 per night

183. The new rates are based on those payable to Members of Parliament at Westminster.

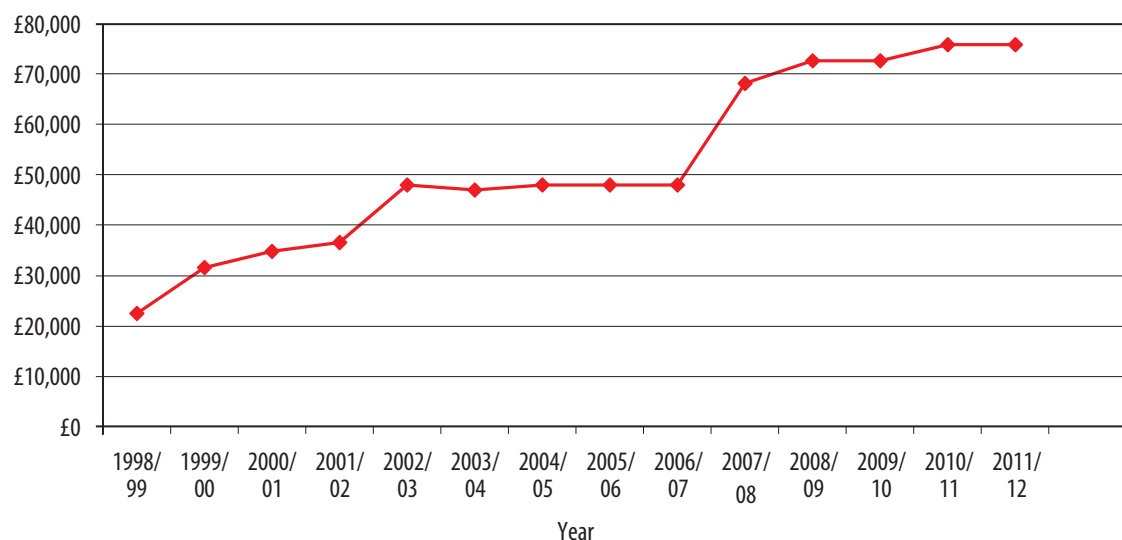
## Office Costs Expenses (OCE)

### Background

184. Office Cost Expenses allowance is paid to meet the expenses incurred by an Assembly Member in connection with their Assembly duties. OCE is not an automatic entitlement that is paid to a Member by virtue of membership of the Assembly. It can only be paid to a Member who has actually incurred allowable expenditure and is designed to reimburse costs incurred on representative and constituency work.
185. The Office Costs Expenses allowance is intended to be used to allow Members to obtain research, secretarial and administrative support for their work in the Assembly and in their respective constituencies. It can be used to employ staff, lease premises and pay office costs but it cannot be claimed without valid proof of the costs incurred.
186. It should be noted that OCE is specifically NOT to be used for party political purposes. Political Parties are financed separately through the Financial Assistance for Political Parties Scheme (FAPP), which does not fall within the remit of the IFRP but remains a matter for the Assembly.

187. Unlike MLAs salaries, OCE has grown significantly over the years as is demonstrated by the following graph:

*Table 9: Rate of Office Costs Expenditure: 1998/99 to 2011/12*



188. Given the amount of public money involved in OCE – which exceeds the bill for MLAs salaries – it is vital that this money is not only spent prudently but is **seen** to be spent prudently and effectively and that it is auditable to full public accounts standards.
189. The IFRP has been able to conduct initial research into the operation of the current OCE system, through examining the publication of each MLA's OCE claims for the 2010/11 year. The Panel noted that each MLA is entitled to claim up to £75,857 each year, and, in the year 2010/11, over 97% of this was drawn down. The Panel has noted that:
- the issue of the management of OCE has been the cause of public concern;
  - it is vital that the rules around OCE allow MLAs access to effective support but that all expenditure is open, transparent and used only for the purposes for which it is intended.
190. In 2010 the Assembly Commission (which was responsible for managing this area before IFRP was created) issued a new framework for managing OCE. Introduction of this was not without some technical problems but it did introduce more rigorous controls and audit systems. It is fair to say that the impact of this is still to be assessed.
191. The Panel was reassured to note that MLAs have accepted the obligation to be personally accountable and to adhere to the Ten Principles which the Assembly Commission developed in conjunction with Party Leaders at a collective meeting on 18 June 2009. These Ten Principles, which incorporate the "Nolan" Principles, underpin the basis on which Office Costs Expenses allowance is paid to Members. A copy these Principles is attached at **Appendix D**.

192. The Panel also notes that, in general terms, there has been no evidence of the same problems of dishonesty and inappropriate behaviour which have characterised the operation of the expenses system by some MPs and former MPs at Westminster. However, having carried out a preliminary examination of this area, the Panel has a number of concerns which are as follows:
- the overall level of OCE given the relatively small numbers of constituents per MLA compared to other legislatures;
  - the overlap with other areas where Members may also receive substantial support, for example, on stationery and pre-paid envelopes from central stores;
  - the effectiveness of some of the controls on expenditure and the measures needed to ensure that OCE is used to assist Members in the Assembly only and not for wider party political purposes;
  - the need to ensure absolute transparency in such expenditure to promote accountability and to maintain the reputation of the Assembly;
  - the wide variation in costs relating to the rental of office premises;
  - the continued failure by a small number of MLAs to provide employment contracts for their staff, despite the requirement on all MLAs to do so; and
  - issues of value for money and probity in expenditure especially where MLAs hold more than one elected public office.
193. The Panel's intention – shared with the Commission and Members – is that the NI Assembly should at all times comply with best practice and the highest standards of probity and transparency in public life as described in the Ten Principles.
194. From its limited work to date, the Panel has concluded that a thorough and detailed review of Office Cost Expenditure is needed to ensure that MLAs have adequate resources to support their work as elected representatives. This will require careful consideration and cannot be completed within the time available for the Panel's first IFRP Determination. However, the Panel is of the view that it can now take a number of general and specific measures from 1 April 2012 which will:
- take account of the current economic climate;
  - ensure that MLAs continue to receive the support needed to do their jobs effectively;
  - improve efficiency;
  - increase transparency;
  - promote value for money; and
  - be consistent with the budgetary restraints similar to those being experienced by the whole spectrum of Government.

## Specific Proposals on OCE

### General Reduction in Amount of OCE

195. *The Panel decided that the overall amount of OCE provided to MLAs should be progressively reduced in a manner similar to that applied to other areas of Government expenditure following the 2010 Spending Review. This will be achieved by:*
- *The annual indexation of the total amount of Office Costs Expenses will cease with effect from 1 April 2012.*
  - *The total amount which can be claimed under Office Costs Expenses will reduce to £73,583 with effect from 1 April 2012; £71,378 with effect from 1 April 2013 and £69,238 with effect from 1 April 2014. This amounts to a year on year reduction of approximately 3% which is consistent with the budget reductions being applied to the overall Assembly budget agreed by the Assembly on 23 March 2011.*
196. The savings arising from the implementation of these actions are shown in Table 11 on page 53.

### Office Consumables Provided Free of Charge at Parliament Buildings

197. The stationery store at Parliament Buildings makes available various items of stationery and consumables to Members and Parties. These include:
- Stationery
  - Paper
  - Printer cartridges / inks
  - Prepaid envelopes
198. It has been practice in the past to record all items drawn from stores by individual MLAs although these were free of charge to Members. The total amount of "free" office consumables issued to Members amounted to approximately £220K per year or just over £2,000 per MLA. This is skewed by some very heavy users, with the majority of MLAs using consumables of a value of between £1,000 and £1,500.
199. The Assembly has considerable buying power and is likely to be able to purchase these supplies at a substantial discount. The Panel therefore encourages MLAs to obtain as much material as possible from this source but believes that this should not be issued in addition to the substantial sums already paid to Members under the Office Costs Expenses allowance.

*The Panel has decided that the cost of all 'office consumables' and other supplies per Member in excess of £1000 drawn from the central stationery store at Parliament Buildings will be funded from Office Costs Expenses with effect from 1 April 2012.*



### Constituency office rents

200. The issue of the level of constituency office rents has long been a matter of concern publicly and within the Assembly Commission. This concern has focused on the need to ensure:
- that the rental charge should be fair for the premises involved;
  - that the amount spent on rent should be reasonable to meet the requirements of an MLA;
  - probity in all rental arrangements by the identification of the ownership of the property being rented.
201. The Panel has visited a number of constituency offices and sought to probe this issue in its discussions with Members. It is apparent that:
- MLAs need an office base in their constituency;
  - the current arrangements vary widely from constituency to constituency;
  - in some constituencies all the MLAs from the same Party share premises and work efficiently on a collective basis to offer a 'one stop shop' for constituents. In some cases, these premises are also shared with the MP and local councillors. The Panel considers that this offers good value and must be in the interest of constituents;
  - in other constituencies, MLAs maintain multiple offices or MLAs will not share offices even with members of their own Parties. The Panel fully understands that sometimes MLAs feel that they have an electoral base in a particular part of the constituency but the Panel does not feel it appropriate that this should result in lower efficiency or higher overall costs.
202. The Panel is of the view that there may be advantages in sharing constituency offices for example:
- it maintains continuity and stability as constituents know where they MLAs are based;
  - it offers value for money for constituents and the public, and
  - it has the potential of offering a better service and economies of scale.
203. The Panel also considered the ownership of premises rented by MLAs. Currently there appears to be a wide variation. Offices may be:
- owned by the Party;
  - owned by persons associated with the Party;
  - owned by the MLA, or
  - rented from a commercial landlord.
204. The Panel understands the public concern where money may be paid to a political party or persons associated with a Party for the rent of such premises. This needs the

utmost transparency so that it can be clearly seen that public money is not being channelled improperly to political parties or any other individual or organisation.

205. In 2010 the Assembly Commission sought to address the issue of the variation in rents being paid for constituency offices by changing the rules to provide that office premises must be valued by an independent valuer and restricting payment to a 'fair market rent' ie the rent that would be paid for those premises if they were let commercially.
206. ***The Panel consider this is a fair, pragmatic and sensible approach. It therefore intends to continue this approach for the remainder of this mandate.***
207. ***In addition to this, in respect of any new leases, the Panel is introducing two new measures with immediate effect as follows:***
- ***No rental or lease agreement for premises may be entered into which lasts more than 4 months after the projected end of a mandate. This will minimise winding up costs in the event that a member later retires or is not re-elected;***
  - ***The ultimate financial beneficiary of rent paid for premises must be visible and resident (or, if a company, registered) within the European Union. Responsibility for ensuring this will lie with the MLA entering the lease arrangement.***
208. From the beginning of the next mandate **all** lease agreements for which OCEs are claimed must comply with these arrangements. This matter will be addressed in the Panel's next Determination.

### **Employment of family members**

209. In the current Assembly, a number of MLAs employ one or more family member(s) funded from OCEs. The employment of family members paid from public funds is a matter of public concern and the Panel therefore decided to address this issue. The Panel notes the practice in other legislatures that the employment of family members is restricted to not more than one per member. The Panel can confirm its intention to introduce a similar restriction in the Northern Ireland Assembly in its next Determination to take effect from the start of the next mandate.
210. ***The Panel decided that:***
- ***allowances in respect of the employment of family members will remain unchanged for the current Assembly;***
  - ***as from the commencement of the next mandate, allowances will be provided only in respect of one family member, and,***
  - ***allowance will be provided only if the family member is employed to provide research, secretarial, clerical or administrative assistance and has:***
    - ***a contract of employment signed by the employing Member which clearly indicates the terms and conditions of employment, the salary to be paid,***

*a job description of the post held by the employee and the location(s) at which the employee will be based, and,*

- *provided the Assembly Finance Office with details of a bank account in their (the employee's) name to which their salary should be paid.*

### **Business Relationships with Family Members, Political Parties and Connected Parties**

211. A further issue of concern in the payment of Office Costs Expenses arises where MLAs may purchase services from their Party or from individuals or companies closely connected with the Party (a "connected person"). The extent and nature of these arrangements seem to vary from MLA to MLA and Party to Party.
212. This is a significantly different circumstance from that of office rental where the product provided is clear and can be openly and objectively valued by an independent valuer appointed by the Assembly. To retain confidence in the probity and value for money of expenditure in this area the Panel considers it vital that there should be the clearest possible transparency and that MLAs should not be entitled to make payments from OCE for services obtained from their political parties or persons, companies or organisations associated with the MLA, their families or those political parties.
213. The Panel is conscious that contracts may have already been entered into by MLAs in the current mandate but considers that it essential that this issue is addressed at the earliest possible stage.
214. ***The Panel has decided that no MLA may reclaim costs from OCE for any contract for goods and services with a 'connected person' where that contract is signed on or after 1 April 2012.***
215. ***For this purpose "connected person" in relation to a Member means:***
- ***A family member or***
  - ***A person with whom the member is "Connected" within the meaning of section 252(2)(b), (c), (d) and (e) and section 254 of the Companies Act 2006 or***
  - ***A political party of which he is a Member***
  - ***Any organisation or entity in which the Member or a family member has a beneficial interest or in which the Member's political party has a beneficial interest.***
216. Responsibility for compliance with this provision and for transparency in conformance with the Ten Principles will lie with the individual MLA. Members will be required to make a clear declaration of compliance with these rules on each claim form for OCEs.

### **Procurement of Goods and Services**

217. The Panel considers that in the current financial climate it is essential that MLAs show leadership in achieving value for money in all of their expenditure.

218. **For this reason, for all expenditure from OCE relating to goods and services, MLAs will be required, after 1 April 2012, to follow the procedures in relation to procurement thresholds similar to those used by the Assembly Secretariat. A copy of these are attached at Appendix H.**

## Payment of Expenses

219. In terms of Members' Expenses, the Assembly Secretariat has in place a number of effective financial controls designed to manage expenditure and prevent financial losses. Under these, for example, all payments for:

- MLA Office Staff Salaries
- individual Purchases over £500
- rent
- regular payments e.g. for utilities

are paid direct to the relevant staff member or supplier. This provides better control and less administration for the MLA.

220. ***To further enhance these controls, the Panel's Determination provides that:***

- ***each MLA will be required to maintain a bank account with effect from 1 July 2012 in their sole name into which all payments for OCE due to the Member will be paid;***
- ***salary payments to an MLA's staff member will only be paid where the staff member has:***
  - ***a contract of employment signed by the employing Member which clearly indicates the terms and conditions of employment, the salary to be paid, a job description of the post held by the employee and the location(s) at which the employee will be based;***
  - ***provided the Assembly Finance Office with details of a bank account in their (the employee's) name to which their salary should be paid.***

## **Office Costs Expenses of Assembly Members who are also Members of Parliament**

221. The Panel considered whether the MLAs (currently 8) who are also MPs should continue to receive up to £37,928 per annum in Office Costs Expenses in addition to their Westminster Office Costs Expenses of up to £109,548 per annum.
222. Government has already legislated to remove the overlap in salaries for individuals who are elected as both MPs and MLAs. As previously stated, the Panel recognises that whilst it has no remit in respect of expenses claimed from the Westminster Parliament, it does have a remit in relation to securing value for money in the provision of OCE by the NI Assembly.

223. Given the clear overlap between the roles and responsibilities of MLAs and MPs in respect of constituency work, the Panel sees no justification for this duplication of expenses which has the potential for total Office Costs Expense claims in excess of £145,000 per MLA/MP per annum.
224. The Panel is aware of the commitment of the political parties concerned to eliminate “double jobbing” in Northern Ireland. It is also aware of the contractual commitments which may already have been entered into by MLA/MPs and has therefore decided to address this issue in a phased manner.
225. Currently the amount of OCE payable to an MLA who is also a Member of Parliament is reduced by 50%. The Panel’s Determination reflects its decision that this will be further reduced in a progressive manner over the next two years.
226. ***The Panel decided that for MLAs who are also MPs, their MLA Office Costs Expenses will be reduced progressively as shown in the table below.***

**Table 10: Office Costs Expenses for Assembly Members who are also MPs**

Effective date	Percentage of OCE payable	Amount of OCE payable
Current	50.0%	£37,928
1 April 2012	37.5%	£27,594
1 April 2013	25.0%	£17,844
1 April 2014	12.5%	£8,655

### **Temporary Secretarial Expenditure**

227. MLAs are currently entitled to an additional allowance for temporary support staff where cover is required for the absence of a staff member funded through OCE.
228. The Panel has decided to continue the allowance for temporary support staff but to extend the qualifying period from two weeks to four weeks.

### **Disability Expenditure**

229. The IFRP Determination has made no alterations to provision in the previous Determination (the Northern Ireland Assembly (Members’ Expenditure) Determination 2010) in relation to the Disability Expenditure.

### **Recall Expenditure**

230. The IFRP Determination has made no alterations to provision in the previous Determination (the Northern Ireland Assembly (Members’ Expenditure) Determination 2010) in relation to the Recall Expenditure.

### Childcare Expenses

231. The Panel notes that younger men and women are underrepresented amongst the elected members of the Assembly. Therefore the Panel has determined that an Assembly Member may claim a Childcare Allowance in respect of childcare expenditure which they have incurred. The Panel has adjusted the rates to £40 per week until the child reaches 5 years of age or starts school, whichever is the earlier, and thereafter to £20 per week until the child reaches the age of 14 with effect from 1 April 2012.
232. In order to maximise the benefit to Members and to minimise the cost to the public purse, the Panel has decided to offer Members a second option. It will ask the Commission to establish a Childcare Voucher Scheme which fully complies with the rules of HMRC, for a child or children up to the age of 14.
233. With both options, the Member will only be eligible for a childcare allowance where the actual childcare expenditure is equal to or greater than the amount specified in the IFRP Determination.
234. ***The Panel has decided that Members shall be given the choice of two methods of claiming childcare expenses which are either:***
- ***£40 per week until the child reaches 5 years of age or starts school, whichever is the earlier, and thereafter to £20 per week until the child reaches the age of 14 with effect from 1 April 2012, or,***
  - ***childcare vouchers from a scheme that is established by the Commission, which is compliant with all the relevant obligations specified by Her Majesty's Revenue and Customs (HMRC).***

### Resettlement Payment

235. The IFRP Determination has made no alterations to provision in the previous Determination (the Northern Ireland Assembly (Members' Expenditure) Determination 2010) in relation to the Resettlement Payment.

### Ill Health Retirement Payment

236. The IFRP Determination has made no alterations to provision in the previous Determination (the Northern Ireland Assembly (Members' Expenditure) Determination 2010) in relation to the Ill Health Retirement Payment.

### Winding Up Allowance

237. The IFRP Determination has made no alterations to provision in the previous Determination (the Northern Ireland Assembly (Members' Expenditure) Determination 2010) in relation to the Winding Up Allowance, with the exception that this will be payable only for a period of up to four months from the end of a mandate.

## Publication of Expenses

238. The Panel notes that, at Westminster, copies of all expenses incurred by MPs are published online including copies of the relevant receipts. The Panel considers that transparency in these matters is one of the surest means of building public confidence in the probity of their public representatives and promoting a culture of accountability.
239. **This is not a matter within the control of the Panel but it recommends that the Assembly Commission introduce such a system at the earliest possible date.**

## Pension

240. The IFRP recognises that Public Sector Pensions are a matter for concern. In reviewing MLAs' pensions, the Panel has consulted widely, including with the Assembly Pension Trustees, and has received a number of submissions including some from public sector unions.
241. The Panel's Determination has also taken into account recent reports from the Assembly Members' Pension Scheme and from the schemes in the other legislatures. We have also had the considerable advantage of studying a recent report from the Government Actuary Service in relation to the current and projected future funding of the Scheme.
242. The Panel's overall assessment is that a career in politics in NI may be of relatively short duration. Aside from the normal risks of losing one's seat, the nature of NI politics in the past has often made it very difficult for former MLAs to obtain employment elsewhere or even return to their former professions. It is therefore our assessment that a fair and reasonable pension scheme is an essential part of the remuneration package that may allow good and competent candidates to consider running for public office.
243. Our overall conclusions are that:
- the MLA Pension Scheme is in reasonable financial order and appears to be prudently administered by the Trustees;
  - the Pension Scheme is an essential component of the Pay and Allowances support for all MLAs who choose to contribute, and for those who would aspire to be MLAs;
  - the accrual rates of 1/50th and 1/40th should be retained;
  - the contribution rates for MLAs should be increased from 1 July 2012 by an additional 1% to 7% (for the 1/50th scheme), and to 12.5% (for the 1/40ths scheme);
  - the employer's contribution payable by the Assembly Commission should remain at the current level, and should be kept under annual review to be adjusted as appropriate to provide for the scheme planning to meet its liabilities within a reasonable timescale as recommended by Trustees and actuarial valuations.
244. The Panel notes that currently pensions in payment and in deferment are increased in line with the Retail Price Index (RPI). The Panel considers that this position is no longer

sustainable in view of the change in the indexation arrangements in relation to public sector pensions to be line with the Consumer Price Index (CPI).

245. Currently the Pension Scheme includes a right for an individual to take benefits on an unreduced or favourable basis if the sum of their age and their service is 80 or more and the individual has more than 15 years qualifying service. This provision opens the Scheme to potential claims of age discrimination and the Panel has therefore decided that this should cease.
246. The Panel believes that this Pension Scheme continues to offer excellent benefits and value for money for Assembly Members.
247. ***The IFRP has decided that:***
  - ***the contribution made by an MLA to the Pension Fund will be increased by 1% from 1 July 2012;***
  - ***all pensions in payment and in deferment will be increased in line with the Consumer Price Index (CPI) as published in November of the previous year with effect from 1 April 2012, and***
  - ***the provision in the Pension Scheme which provides for Favourable Early Retirement will cease with effect from 1 April 2012.***
248. The Panel considers that the future of the Pension Scheme may benefit from the examination of an amalgamation with another similar scheme. The Panel suggests that the Trustees further examine this matter.



# Costs

## Financial Impact of the Determination for the period 1 April 2012 to 31 March 2015

249. The estimated costs and savings over the current mandate of implementing the Independent Financial Review Panel's Report and Determination are as follows:

**Table 11**

Category	Cost	Saving	Total
MLA Salaries	£1,029,000	NIL	
Salary abatement for councillors	NIL	£763,000	
Office Holder Salaries	NIL	£147,000	
Employers Pension Contributions	£244,000	£216,000	
Employers National Insurance	£142,000	£126,000	
<b>Subtotal: Salaries</b>	<b>£1,415,000</b>	<b>£1,252,000</b>	<b>Cost of £163,000</b>
Reduction in level of OCE (MLAs who are not MPs)	NIL	£1,338,000	
Reduction in level of OCE (MLAs who are MPs)	NIL	£455,000	
Annual allowance for Office Consumables	NIL	£199,000	
Motor mileage allowance set at HMRC rate	£120,000	NIL	
Increase in childcare rates	£6,000	NIL	
<b>Subtotal: Expenses</b>	<b>£126,000</b>	<b>£1,992,000</b>	<b>Saving of £1,866,000</b>
<b>ESTIMATED CASH SAVINGS</b>	<b>£1,703,000</b>		
Removal of indexation of OCE	NIL	£1,446,000	
Removal of Indexation of Childcare Allowance	NIL	£8,000	
<b>Subtotal: Removal of indexation</b>	<b>NIL</b>	<b>£1,454,000</b>	<b>Saving of £1,454,000</b>
<b>Total Estimated Financial Impact of Determination</b>	<b>Total Saving of £3,157,000</b>		

# Independent Financial Review Panel Costs at 29 February 2012

Category	Expenditure	Budget
Meetings	£24,790.43	
Specialist advice	£6,780.00	
Other costs	£4,431.83	
<b>Total</b>	<b>£36,002.26</b>	<b>£45,000</b>

## Issues for the Next Determination

250. Unless there are exceptional circumstances which necessitate a further Determination in the current mandate, the Panel's second Determination will relate to the next Assembly mandate.
251. There are several issues which the Panel wishes to ensure are considered in its second Determination. They include:
- The review of MLAs' Remuneration and Expenses in the light of any changes in government structures.
  - A differentiation in Ministerial allowances and Committee Chair allowances to reflect size and responsibilities of Departments.
  - Incentives for Efficiency and Effectiveness.
  - Review of Office Cost Expenditure including employment practices.
  - Relationship between Office Costs Expenses and the Financial Assistance to Political Parties allowance (FAPP).
  - Further reduction of OCEs for MLAs who are also MPs to zero at 1 April 2015.
  - Review of the Pension Scheme.
  - Review of ill health retirement arrangements.
  - Review of Childcare Allowances.
  - The arrangements relating to Travel and Subsistence allowances.
  - Options for an Intern Scheme for MLA support involving third level students.



# Appendices

- A:** Membership of the Independent Financial Review Panel
- B:** The establishment of the IFRP
- C:** Assembly Members' Code of Conduct
- D:** The Ten Principles
- E:** Comparable Private Sector Earnings  
(PricewaterhouseCoopers Report)
- F:** Consultees
- G:** Survey of Assembly Members
- H:** Procurement Guidance
- J:** Meetings of the Panel
- K:** Reference Material



# Appendix A

## Membership of the Independent Financial Review Panel

252. The Chair and Panel members were appointed by the Assembly Commission on 1 July 2011 for a five year term. The Panel consists of:

**Chair: Patrick McCartan CBE, MSc (Dist), FCIPD**

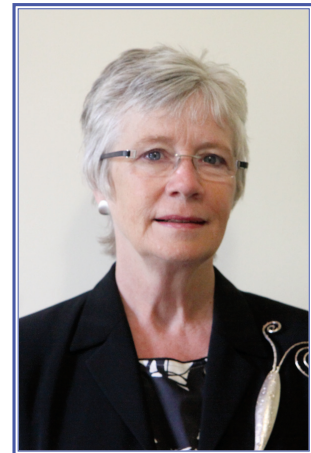
253. Patrick McCartan is Chairman of the Belfast Health and Social Care Trust. He is a previous Chairman of North & West Belfast Health & Social Services Trust.
254. In 2005 he became Chairman of the NI Confederation of Health and Social Services Organisations and is a National Trustee of the NHS Confederation.
255. He was also Chairman of the Labour Relations Agency from 2002 to 2008 and was awarded the CBE for services to employment relations. He is a former Chairman and Board member of Co-Operation Ireland. He was Chairman and Vice-Chair of St Columbanus College Bangor and is a former member of CCMS.
256. Mr McCartan spent 12 years in a senior academic post in the University of Ulster; he spent 18 years as a senior trade union official and ten years in the Civil Service. He is a former member of the ICTU Executive Committee and member and Chairman of ICTU – NI Committee and was a founder Board Member of the Industrial Development Board and the NI Economic Council.
257. Mr McCartan has more than 35 years' experience as a negotiator, and arbitrator/mediator and consultant in conflict resolution in employment matters. He served as a member of the Industrial Court for NI, as a member of Industrial Tribunals and Fair Employment Tribunals and as an Independent Expert for Equal Pay cases.
258. He is a Chartered Fellow of the Chartered Institute of Personnel Development. He currently chairs conflict resolution in public transport in NI (Translink and UNITE), and in Banking (Ulster Bank / IBOA and SIPTU), and (Bank of Ireland and IBOA).



## Members

### **Dr Henrietta Campbell CB, MD, FRCP**

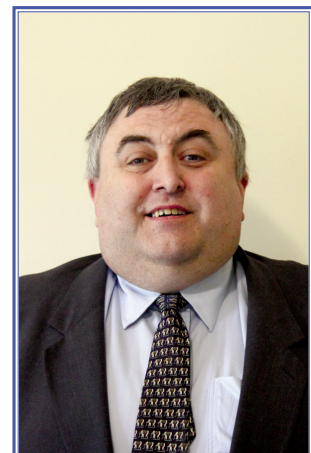
259. Dr Campbell studied medicine at Queen's University Belfast, graduating in 1973. Following a career in General Practice she was appointed Chief Medical Officer in the Dept. of Health and Social Services in Northern Ireland in 1995, a post she held until 2006. In recognition of her contribution to medicine in Northern Ireland, Dr Campbell was awarded an honorary doctorate by Queen's University Belfast, and in 2000 was awarded CB in the New Year's Honours List.



260. Dr Campbell is a Board Member of the Food Standards Agency and Chair of the NI Food Advisory Committee. She was a UK Electoral Commissioner from 2006 to December 2011 and a member of the Prison Services Pay Review Body from 2006 to March 2011. Dr Campbell is a Board member of Oxfam Ireland and has worked on a voluntary basis with a number of Northern Ireland charities. She is married and has three children and three grandchildren.

### **Alan McQuillan OBE BSc (Hons) MBA**

261. Mr McQuillan is an independent management and security consultant. He was Acting Deputy Chief Constable in PSNI until 2003 when he retired to join the newly formed Assets Recovery Agency. He helped establish and develop the Agency across the UK and in 2007 was appointed as Director to manage its merger with the Serious and Organised Crime Agency.



262. He has worked on a voluntary basis with a number of third sector organisations in Northern Ireland. He has also undertaken a number of international consultancy assignments for the European Union, UK Foreign and Commonwealth Office and the International Monetary Fund.
263. Mr McQuillan was Chairman of the Northern Ireland Assembly Secretariat Audit and Risk Committee from 2009 to 2011. He holds a BSc (Hons) Degree in Physics from Queen's University, Belfast and a Masters in Business Administration from the University of Ulster.

### **Meetings**

264. Details of the meetings of the Panel are attached at Appendix J.



## Appendix B

# Information and timeline on the establishment of the Independent Financial Review Panel

265. The establishment of the Independent Financial Review Panel took place as follows:

### **May 2007**

266. Prior to the restoration of devolution in May 2007, the Secretary of State for Northern Ireland wrote to the SSRB (Review Body on Senior Salaries) and requested them to conduct a review of MLA salaries, allowances and pension benefits in the Northern Ireland Assembly. This was taken forward by the new Assembly Commission following restoration of devolution.

### **November 2008**

267. SSRB Report was published which recommended that the Assembly should, in the future, accept the recommendations of any independent review on salaries, allowances and pensions, without modification.

### **June 2009**

268. Following individual meetings with Party Leaders and a collective meeting on the 18 June 2009, there was general agreement that the Assembly Commission should consider an independent mechanism for the future determination of salaries, pensions and financial support for Members.

### **December 2009—March 2010**

269. After considering the SSRB Report the Assembly Commission supported the SSRB recommendation that the Assembly should consider setting up a wholly independent process for determining MLA salaries, allowances and pensions. The Assembly Commission moved to make the necessary legislative changes to facilitate this process.

### **April 2010**

270. The Northern Ireland Assembly Members Act 2010 received Royal Assent. This Act amended the Northern Ireland Act 1998 and allowed the Assembly to delegate the determination of salaries, allowances and pensions to an independent body.

### **June 2010**

271. The Assembly Commission launched a public consultation on the establishment of an independent body to be responsible for determining MLA salaries, allowances and pensions. All responses received supported the establishment of this independent body.

### **November 2010**

272. On 15 November 2010, the Assembly Members (Independent Financial Review and Standards) Bill NIA 3/10 was introduced into the Assembly and went through its Second Stage on 23 November 2010.
273. The Bill began its Committee Stage on 24 November 2010, going to an Ad hoc Committee set up to consider it.

### **December 2010**

274. The Northern Ireland Assembly Commission published its Report on the Financial Support and Pensions for Members of the Northern Ireland Assembly. This report made reference to the establishment of an independent body, separate from the Assembly, to set the pay and pensions levels for MLAs and was debated and agreed in Plenary on 13 December.

### **January 2011**

275. On 19 January 2011, the Ad hoc Committee published its report on the setting up of the Independent Financial Review Panel. The Bill also made provision for an Assembly Commissioner of Standards.

### **February 2011**

276. The report on setting up the Independent Financial Review Panel was debated in Plenary on 8 February 2011 and the Bill completed its Consideration Stage that day.

### **March 2011**

- 277. On 1 March 2011, the Bill to set up the Independent Financial Review Panel completed its Final Stage.
- 278. On 29 March 2011, the Bill received Royal Assent and became an Act.
- 279. Advertisements for members of the Independent Financial Review Panel were placed in National, Irish Republic and local Northern Ireland newspapers as well as on the Assembly website week beginning 4 April 2011.

### **May 2011**

- 280. Interviews were held for the three members of the Independent Financial Review Panel during the week beginning 23 May 2011.

### **July 2011**

- 281. The Chair and members of the Independent Financial Review Panel were appointed on 1 July 2011.

# Appendix C

## Assembly Members' Code of Conduct

### **Personal Conduct**

282. Members shall observe the following principles of conduct, which include principles based upon the general principles of conduct identified by the Committee on Standards in Public Life as applying to holders of public office, and further principles agreed by the Assembly:

### **Public Duty**

283. Members have a duty to uphold the law and to act on all occasions in accordance with the public trust placed in them.
284. Members have a general duty to act in the interests of the community as a whole.
285. Members have a special duty to their constituents and are responsible to the electorate who are the final arbiter of their conduct as public representatives.

### **Selflessness**

286. Members should take decisions solely in terms of the public interest. They should not act in order to gain financial or other material benefits for themselves, their family, their friends or associates.

### **Integrity**

287. Members should not place themselves under any financial or other obligation to outside individuals or organisations which might reasonably be thought by others to influence them in the performance of their duties as a Member of the Assembly.

### **Objectivity**

288. In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, Members of the Assembly should make choices on merit.

### **Accountability**

289. Members are accountable for their decisions and actions to the people of Northern Ireland and must submit themselves to whatever scrutiny is appropriate to their office.

### **Openness**

290. Members should be as open as possible about 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 it.

### **Honesty**

291. Members should act honestly. They have a duty to declare any private interests relating to their public duties. Members should take steps to resolve any conflicts between their private interests and public duties at once and in a way that protects the public interest.

### **Leadership**

292. Members should promote and support these principles by leadership and example in order to establish and maintain the trust and confidence of the people of Northern Ireland, and to ensure the integrity of the Assembly and its Members in conducting business.

### **Equality**

293. Members should promote equality of opportunity and not discriminate against any person by treating people with respect regardless of race, age, religion, gender, sexual orientation, disability, political opinion, marital status and whether or not a person has dependents.

### **Promoting Good Relations**

294. Members will act in a way that is conducive to promoting good relations by providing a positive example for the wider community to follow by acting justly and promoting a culture of respect for the law.

### **Respect**

295. It is acknowledged that the exchange of ideas, and opinions on policies may be robust but this should be kept in context and not extend to individuals being subjected to unreasonable and excessive personal attack. Members should keep in mind that rude and offensive behaviour may lower the public's regard for, and confidence in, Members and the Assembly itself. Members should therefore show respect and consideration for others at all times.

### **Good Working Relationships**

296. (a) Between Members

Members should work responsibly with other Members of the Assembly for the benefit of the whole community. Members must treat other Members and the staff of other Members with courtesy and respect. Members must abide by the Assembly Standing Orders and should promote an effective working environment within the Assembly.

297. (b) Between Members and Assembly staff

The relationship between Members and Assembly staff must at all times be professional, courteous and based on mutual respect. This also applies to contract staff at the Assembly.

# Appendix D

## The Ten Principles Developed in Conjunction with Party Leaders

### Principle 1

298. MLAs have a duty to observe the seven Nolan principles of public life in all aspects of incurring and claiming expenditure. (The Nolan Principles are set out below.)

### Principle 2

299. MLAs have the right to be properly supported in carrying out their Assembly duties.

### Principle 3

300. Any amount claimed must be in respect of expenditure that has been wholly, exclusively and necessarily incurred in respect of a Member's Assembly duties.

### Principle 4

301. The system for claiming expenditure incurred by MLAs in performing their Assembly duties should be based on the recovery of actual expenditure, not on entitlement to allowances.

### Principle 5

302. Openness and transparency about expenditure incurred by Members will predominate, subject only to data protection, security considerations and inordinate or disproportionate costs.

### Principle 6

303. Resources provided to enable MLAs to undertake their Assembly duties must not, directly or indirectly, benefit party political funding or be used for party political activities.

### Principle 7

304. Arrangements should be avoided which may give rise to an accusation that an MLA – or someone close to an MLA – is obtaining an element of profit from public funds, or that public money is being diverted for the benefit of a political organisation.

### Principle 8

305. MLAs will seek to ensure that any expenditure incurred provides value for money for the tax-payer.

### Principle 9

306. MLAs will take personal responsibility for ensuring that any claims made in their name for expenditure incurred in respect of their Assembly duties are correct and proper.

### Principle 10

307. For all expenditure claimed, MLAs must act within the spirit of the rules as well as within the letter of the rules. The Commission will publish the rules and detailed guidance on the system for claiming expenditure, and the Assembly officials will provide any further guidance that may be required by Members.

## The Nolan Principles

308. **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.
309. **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.
310. **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.
311. **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.
312. **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.
313. **Honesty :** Holders of public office have a duty to declare any private interests relating to their public duties to take steps to resolve any conflicts arising in a way that protects the public interest.
314. **Leadership :** Holders of public office should promote and support these principles by leadership and example



# Appendix E

## Comparable Private Sector Earnings

Report by PricewaterhouseCoopers.

### *Independent Financial Review Panel*

### Remuneration Benchmarking

January 2012

This document has been prepared only for the Independent Financial Review Panel and solely for the purpose and on the terms agreed with the Independent Financial Review Panel. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

If you receive a request under freedom of information legislation to disclose any information we provided to you, you will consult with us promptly before any disclosure.

© 2011 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom), which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.



# *1 Introduction*

## *Context*

1. The Independent Financial Review Panel has been established to make determinations in relation to:
  - the salaries and allowances payable to members of the Northern Ireland Assembly under section 47 of the Northern Ireland Act 1998, and
  - the pensions, gratuities and allowances payable under section 48 of that Act.
2. The Panel's objectives are to:
  - secure for members of the Assembly a level of remuneration which fairly reflects the complexity of their role and does not deter, on financial grounds, people with the necessary ability and commitment from seeking election to the Assembly; and
  - ensure probity, accountability and value for money with respect to the expenditure of public funds.
3. The Panel is independent and is not subject to the direction or control of the Northern Ireland Assembly or the Assembly Commission.

## *Terms of Reference*

4. The Panel wishes to commission research to compare the current salaries of Assembly Members with a range of salaries and rewards for comparable occupations in both the public and private sectors in Northern Ireland. The research is not required to address Assembly Members' Office Costs' Expenses or Pensions.
5. The report should make appropriate comparisons with private and public sector occupations which relate to:
  - Assembly Members;
  - Assembly Members who also hold a Ministerial post (excluding First Minister and deputy First Minister); and
  - Assembly Members who chair a Statutory Committee.
6. The report should include justification for the use of the comparators selected. The report is not required to make recommendations but to provide data to inform the work of the Panel.

## Remuneration Benchmarking

## 2 Our Approach

### Introduction

1. To undertake this assignment in a robust and transparent manner, we implemented an approach which had two phases of work:
  - ‘As Is’ Analysis; and
  - Remuneration Benchmarking

### ‘As Is’ Analysis

2. This phase had two interconnected steps:
  - 1) Undertaking desk research on all relevant written material to ensure we had a clear understanding of the Northern Ireland Assembly, the current remuneration arrangements and the context in which they sat. Documentation and information reviewed included:
    - i. A summary of results of the Independent Financial Review Panel Survey of Assembly Members (October 2011);
    - ii. Review Body on Senior Salaries (SSRB) – Northern Ireland Assembly: Review of Pay, Pensions and Allowances (2008); and
    - iii. Hay Group Review of Pay, Pension Scheme and Allowances of the Northern Ireland Assembly (2008).
  - 2) Consultation was undertaken with the Independent Financial Review Panel to understand their views on the roles of:
    - i. Assembly Members;
    - ii. Assembly Members who also hold a Ministerial post (excluding First Minister and deputy First Minister); and
    - iii. Assembly Members who chair a Statutory Committee.

### Remuneration Benchmarking

3. The remuneration benchmarking phase had two steps:
  - i. Job evaluating the roles based on the evidence gathered at ‘As Is’ Analysis phase to match the NI Assembly roles to roles in the Northern Ireland private and public sectors on the basis of job size and/or on the basis of a similar level of skills and competencies needed to carry out roles; and
  - ii. Provision of a range of benchmark pay data for the comparable roles in the Northern Ireland private and public sectors.

## Remuneration Benchmarking

### 3 Remuneration Benchmarking

#### Context

1. We have set out below the current pay of the roles in scope. Our terms of reference are to provide benchmarking data on base salary. We are not required to make recommendations based on the benchmarking data.

Role	MLA Salary	Additional Office Holder Salary	Total Pay
Minister	£43,101	£37,801	£80,902
Committee Chair	£43,101	£11,331	£54,432
MLA	£43,101	-	

#### Benchmarking

2. With regard to meeting the terms of reference we believe that there are two strands to undertaking meaningful and robust marketplace comparative analysis:
  - The first is understanding the responsibility level and scope of the roles to enable an accurate match versus roles with similar demands; and
  - The second is choosing appropriate marketplace comparators organisations which contain roles with similar demands.
3. We have set out below our benchmarking approach and data under two headings:
  - 1) Job Matching; and
  - 2) Comparator Organisations.

#### (1) Job Matching

##### Introduction

4. On the surface the role of an MLA appears to have little in common with roles in the general Northern Ireland private and public sectors. This has been a common issue in other parliamentary pay reviews and the typical approach adopted, for example, by the Senior Salaries Review Body, is to job evaluate the roles. Analytical job evaluation enables parliamentary roles to be broken down into a series of common factors. The common factors provide a baseline for measurement and comparison with marketplace roles. Job evaluation is focused on the size of the job and does not take cognisance of relative performance within the role.
5. To size the roles we have used the PwC Job Evaluation Scheme which is widely used in the private and public sectors. It has been previously been used by the Senior Salaries Review Body in reviewing parliamentary pay, for example, at the Westminster Parliament and in other complex pay projects, for example, reviewing the pay of the UK Judiciary.
6. The PwC job evaluation scheme has a competency-based approach to job evaluation which is ideally suited for measuring the skills and competencies needed to carry out roles in a parliamentary environment, rather than the outputs such as specific tasks or numbers of people managed or the size of budgets which is required by some job evaluation schemes.

## Remuneration Benchmarking

7. Subsequently the PwC job evaluation scheme enables us to make marketplace comparisons with jobs in other professions which require a similar level of skills and competencies.

### Our Understanding of the NI Assembly Roles

8. From our document research and consultation we have set out below a summary of our understanding of the role of MLA and subsequently that of Committee Chair and Minister. The summary also references the role descriptions developed for the 2008 review of NI Assembly pay, pensions and allowances by the Senior Salaries Review Body.
9. These comments should be seen in a wider context:
  - It must be recognized that the nature of parliamentary jobs is unique and formal and agreed role profiles typically don't exist for the offices covered by the review;
  - Different role holders will seek to represent their electors and carry out their duties in very different ways;
  - 36 MLAs are also Local Government Councilors; and
  - Under the current NI Assembly system 49 MLAs are on some form of higher allowance.
10. The role of an MLA is based around three primary areas:
  - i. Constituency work and representation;
  - ii. Legislative duties and responsibilities; and
  - iii. Committee membership and holding to account executive departments.
11. Consequently there is a range of different requirements however the core focus of the role is typically centered on constituency work, for example, casework on behalf of constituents. There is a requirement for broad knowledge on a range of constituency issues across all parts of the public service and demonstration of the necessary leadership skills in the local community. The execution of this part of the role may be impacted by a number of factors inclusive of the impact of local government and the working relationship with Members of Parliament within the same constituency.
12. Members require a broad range of local and national knowledge to contribute to the debates on legislation and interpretative skills are required to be applied to the scrutiny of legislation, departments and policy in Statutory Committees. The Statutory Committee work, of which all MLAs participate (with one exception), is important in holding government departments to account through challenge and investigation and MLAs also contribute to the development of legislation through the Committee structure. Committee decision making is made on a collective basis. Communication, influencing and relationship building skills are important keystone skills for MLAs and are used in a range of scenarios, for example, influencing executive decisions, working with lobbyists and contributing to speeches and debates.
13. Statutory Committee Chairs, in addition to the core MLA responsibilities, have significant additional demands. There is the requirement to set a strategic programme for the Committee for the year, co-ordinate with other Committees and there is material interaction with external stakeholders, for example, interest groups, community stakeholders. There is the requirement to have the capacity to develop a greater breadth and depth of knowledge of the Committee business and the skill to drive committee business forward, marshalling Committee Members towards enabling meaningful debate.
14. The duties and responsibilities of a Minister are bound by the rules and procedures of the Ministerial Code. The role of a Minister is a significant leadership and political role, with an important impact on life in Northern Ireland through effectively heading up of a Government Department. The role requires comprehensive political understanding and skills to develop and manage a major portfolio of public services in a collegiate manner with colleagues, guide change and have a high profile representational

## Remuneration Benchmarking

role working with external stakeholders inclusive of those from other administrations. We are aware that there are different 'sizes' of Ministerial job depending on portfolio and we have job evaluated the core competency requirements of the executive role.

**Job Evaluation**

15. As previously noted the PwC job evaluation scheme evaluates the skills and competencies that the role holder requires to carry out the role effectively. These skills and competencies are measured and allocated to levels under the following headings:

Factor	Descriptor
Knowledge	This factor measures the breadth and depth of knowledge required to do the job. Knowledge is the information that the jobholder is required to use in carrying out his/her work. It can be acquired through experience as well as education and training.
Specialist skills	Specialist skills are acquired through natural ability, training, experience or practice. Specialist skills are distinct from knowledge, although they involve the use of knowledge to produce outcomes.
People skills	These are the skills required in getting things done with and through people. These skills are used when working within organisations, for example, in line management, team working and communicating with colleagues. They are also used in working with suppliers, customers, other partners, and with the media and general public.
External Impact	This is the extent to which the jobholder has an impact on customers, suppliers or others outside the organisation, distinguishing between jobholders who have a direct and an indirect external impact.
Decision Making	The complexity of decision making, including the range of factors to be taken into account and the extent to which information is likely to be ambiguous or conflicting. In considering the responsibility for decision making, it is necessary to take account of the range of information that has to be dealt with by the jobholder, and the extent to which this information may be conflicting or unclear. The seniority of the jobholder in the organisation is also important; those in senior positions will generally have a higher level of responsibility for decision making than subordinates because they will be responsible for the decisions of their subordinates.
Creative Thinking	Thinking ahead, seeing the big picture and developing and implementing new ideas. This factor measures the extent to which the jobholder is required to be creative, rather than making choices within existing customs, rules and procedures.

16. Based on our understanding of the roles, we have 'sized' the roles:

Job	Factor 1 - Knowledge		Factor 2 - Specialist Skills		Factor 3 - People Skills		Factor 4 - External Impact		Factor 5 - Decision Making		Factor 6 - Innovation / Creative Thinking		TOTAL
	Level	Score	Level	Score	Level	Score	Level	Score	Level	Score	Level	Score	
MLA	11	100	10	120	10	120	10	120	7	95	7	110	665
Chair of Statutory Committee	13	115	11	130	11	130	11	130	8	106	8	127	738
Minister	17	149	13	152	13	152	12	140	13	176	9	146	915

## Remuneration Benchmarking

17. Having completed the job evaluation we have matched the NI Assembly roles to roles in the Northern Ireland private and public sectors on the basis of a similar level of skills and competencies needed to carry out roles, categorized by level of responsibility.
18. The section below, Comparator Organisations, sets out the benchmark pay data for the comparable roles in the Northern Ireland private and public sectors.

**(2) Comparator Organisations****Private Sector**

19. In making remuneration comparison it is worth taking account of the fact that private sector market pay levels are influenced by a number of interrelated factors including:-
  - (a) Job level and responsibility;
  - (b) Organisation size and type;
  - (c) Industry sector;
  - (d) Turnover and profitability; and
  - (e) Geographic location
20. The Northern Ireland private sector is dominated by 'micro businesses' with 89% of local private sector companies having 10 employees or less. In contrast only circa 40 companies in the Northern Ireland private sector employ more than 1000 employees.
21. As remuneration can be materially influenced by a number of factors inclusive of organisation size and type we believe that it may be informative to set out two private sector data samples:
  - the holistic Northern Ireland marketplace i.e. a broad sample encompassing organisations of all sizes and degrees of complexity; and
  - Northern Ireland organisations with 250 employees or more across all sectors. We have also included data on blue chip companies who may employ less than 250 locally but are part of global reward systems.
22. Our primary data source is the PwC Northern Ireland remuneration database which is correlated to the PwC job evaluation scheme. It contains data on 300 local organisations which is collected under contractual conditions of anonymity. The basis for the data has been the PwC NI Salary Survey which has collected data on an annual rolling basis for 30 years. The data is inclusive of salary uplifts, salary levels, pension eligibility and contributions, terms & conditions of employment and wider employment benefits. This is underpinned by the wide range of bespoke and sectoral remuneration surveys undertaken each year within the private sector and further supplemented by publically available remuneration information.
23. For each role we have set out a basic salary spread under the headings of lower quartile, median and upper quartile. Using the lower quartile and upper quartile removes extremely low or high salaries.

**MLA**

	<b>Lower Quartile</b>	<b>Median</b>	<b>Upper Quartile</b>
NI Assembly	-	£43,101	-
Holistic NI marketplace	£41,000	£48,500	£56,400
NI organisations with 250 employees or more	£44,350	£53,000	£59,000

## Remuneration Benchmarking

**Chair of Statutory Committee**

	<b>Lower Quartile</b>	<b>Median</b>	<b>Upper Quartile</b>
NI Assembly	-	£54,432	-
Holistic NI marketplace	£48,850	£55,000	£62,600
NI organisations with 250 employees or more	£53,000	£59,500	£65,000

**Minister**

	<b>Lower Quartile</b>	<b>Median</b>	<b>Upper Quartile</b>
NI Assembly	-	£80,902	-
Holistic NI marketplace	£65,000	£73,800	£105,000
NI organisations with 250 employees or more	£72,000	£90,000	£130,000

24. It must be recognised that at senior level in the private sector there is eligibility for a range of benefits which can be material in any total remuneration calculation. The benefits can include short and long term variable pay arrangements, company cars, pension schemes and healthcare benefits.
25. In line with the terms of reference we have provided basic salary data only; as MLA pension arrangements are being considered separately by the Independent Financial Review Panel. However we believe that it is worth highlighting an indicative median value of the benefits as a percentage of base salary for the private sector roles. This is set out in the table below:

<b>Private Sector Median Benefits Value as a Percentage of Base Salary</b>	
MLA	17%
Chair of Statutory Committee	20%
Minister	32%

26. Annual bonuses are still seen as a key part of the NI private sector marketplace however the absolute size of bonus payment has generally decreased as company performance has declined in the current economic environment. In turn the vast majority of pension arrangements within our private sector sample are defined contribution schemes. Defined contribution schemes, in the current economic environment, are under increasing pressure as the returns are completely at risk versus investment performance and are generally in decline. The MLA pension arrangements are defined benefit with a guaranteed return. The MLA pension arrangements are material in the total remuneration calculation and should be taken cognisance of when reviewing base salary arrangements.

**Public Sector**

27. Policy towards the public sector in recent years has created a spectrum of organisational types with a spread of control from the centre of government. In terms of remuneration policy they can be grouped broadly into three groups:
1. Central departments and agencies where the standard Civil Service pay arrangements apply;



## Remuneration Benchmarking

2. Organisations with greater autonomy to determine their own pay arrangements at senior level but within the auspices for national frameworks; and
  3. Organisations furthest removed from centre which can determine their own pay arrangements throughout the organisation
28. We have set out benchmarking data for each of the three groupings to demonstrate the range of commensurate public pay arrangements:
- Central departments and agencies – Northern Ireland Civil Service;
  - National frameworks – NHS Agenda for Change; and
  - Organisations furthest from centre – Organisation specific pay arrangements.
29. The data in each case reflects pay settlements as per 2011.

**MLA**

	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
NI Assembly	-	£43,101	-
Northern Ireland Civil Service	£44,796	£48,715	£50,796
NHS Agenda for Change	£45,254	£50,351	£55,945
Organisation specific pay arrangements	£49,400	£52,000	£54,600

**Committee Chair**

	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
NI Assembly	-	£54,432	-
Northern Ireland Civil Service	£52,127	£57,527	£62,407
NHS Agenda for Change	£54,454	£59,799	£67,134
Organisation specific pay arrangements	£54,600	£57,200	£59,800

**Minister**

30. It is difficult to provide a meaningful spread of data in a standardised format for the role of Minister. This is due to the extremely broad banded and overlapping nature of Northern Ireland Senior Civil Service and Northern Ireland Health & Social Care Senior Executive pay and the highly personalised nature of the organisational specific arrangements which exist, which do in some cases, take cognisance of UK industry pay trends.

# Appendix F

## Consultees

315. The Independent Financial Review Panel conducted a wide scale consultation exercise to provide as many people as possible with the opportunity to offer comments on the level of the remuneration, expenses and pensions of Members of the Northern Ireland Assembly. During the consultation process, the following were contacted by the Panel:

- All Political Parties in the Northern Ireland Assembly.
- Individual Northern Ireland Assembly Members.
- Former Assembly Members.
- Government Departments.
- The Northern Ireland public.
- The following business organisations:
  - Confederation of British Industry (NI).
  - Institute of Directors.
  - British Institute of Management.
  - NI Chamber of Commerce.
  - NI Independent Retail Trade Association (NIRTA).
  - Construction Employers Federation.
  - NI Engineering Employers Federation.
  - Federation of Small Businesses.
  - Business in the Community.
  - The Labour Relations Agency.
  - NI Hotels Federation.
  - National House Building Council.
- 65 members of the Northern Ireland business community.
- The following trades unions:
  - NI Committee of the Irish Congress of Trades Unions (NIC ICTU).
  - Unison.
  - Unite.
  - NIPSA.
  - Ulster Teachers Union.

316. 113 groups and organisations representing those specified in Section 75 of the Northern Ireland Act 1998.

# Appendix G

## IFRP Survey of Assembly Members (October 2011)

### Summary of Results

317. A survey of Assembly Members was conducted by the Independent Financial Review Panel (IFRP) during October 2011. A total of 31 out of the 108 questionnaires were completed – a response rate of only 29%. While the response was disappointingly low, it is similar to the poor response rate of 31% achieved in the last Members Survey conducted earlier in the year.
318. It should be noted that the survey results remain valid and informative as all Members were given the opportunity to respond, although it does mean that it would be meaningless to attempt any breakdown of the results in relation to office holders or any other categories. The additional comments (presented in Annex A) are also informative.
319. The main results are as follows:
- MLAs reported working an average of around 56 hours per week. Almost half of this time (48%) involves constituency work, 23% is spent on plenary work, 16% on Committee work, with an average of 13% of time spent on 'other' work.
  - Nine out of the 31 MLAs were also Councillors. Other responsibilities reported by respondents included the District Policing Partnership (2), Assembly Private Secretary (1) and various community groups (1).
  - On their reasons for becoming an MLA, 'support for your constituents/the public' emerged as the primary reason, 'contribution to your party' was second, 'contribution to the Assembly' was third, with 'self development' and 'financial reward' ranked as the least important reasons.
  - Consistent with this, the main reason given for taking up a position of office (or wanting to do so in the future) was 'support for your constituents/the public', with 'contribution to the Assembly' ranked second, 'contribution to your Party' third, and 'self development' and 'financial reward' again last.
  - The most important area of work in carrying out their role, as an MLA, was 'protecting/promoting the interests of your constituency', with 'dealing with constituency casework' second, 'contributing to the work of the Assembly in Plenary sessions' third, 'contributing to the work of the Assembly in Committee(s)' fourth, and 'representing and supporting your Party' the least important.

- On the issue of whether or not MLAs felt that their salary reflected the responsibilities of their role, most of them (77%) said that the salary should be higher, while five (17%) said yes, it did reflect their responsibilities, and two (7%) said that the salary should be lower.
- Most of the respondents felt that all positions of office should receive an additional allowance. Support was almost unanimous for additional allowances for Ministerial positions (97%), and also high for the Speaker's position (84%) and for Committee Chairs (87%), but not just as high for the positions of Deputy Speaker (70%), Deputy Committee Chair (68%) or Member of the Commission (61%). A number of suggestions were also made in relation to payment of allowances for some Office Holder responsibilities that are not currently paid (see Annex A).
- In response to the question for office holders on whether or not their additional allowance is appropriate, six out of the ten respondents said yes, it was. The other four said that the allowance should be higher.

## Comments

### Reasons for becoming an MLA

- The desire to challenge the inherent undemocratic nature of the structures whereby even an opposition is denied and pursuant to the system of mandatory coalition the electorate are effectively denied the opportunity to change their government. These are prime motivators for me.
- To play a part in making a difference for constituents especially in rural areas who for too often are marginalised.

### Role of an MLA

- It would be wrong to put any of the above before another. It all has to be worked together.
- In promoting interests of constituency I would include constituency work, although much of this can be done by my support staff.
- In addition I am Party Whip and attend and contribute to the Business Committee.

### Average week of an MLA

- NIABT, A&Gs UNSCR1325, Children, Co-operatives partly-related Assembly work. Assembly-related media work.
- Take part in the many events in Stormont and constituency related to committee business weekly.

- Administration - dealing with correspondence by post and emails re: general enquiries, public campaigns etc. (10 hrs). Managing the constituency office - dealing with invoices, HR issues etc. (2 hrs).
- These figures are very variable/ no allowance for weekend work.
- Party work: 10 hours. Very hard to divide it up. Reading/mail/documents is ongoing all the time. Over the weeks I average 72 hours each week. The above does not include party work which is very much part of all of the above and should not be excluded!
- I normally work 70 plus hours a week starting at 7-7.30am until 10.00pm most nights Monday thru Friday. I try to keep Saturdays as free as possible.
- Cross Party Working Groups.
- Every week is different; so hard to answer.
- In addition I have 2 staff to manage and monitor in my role as an MLA. As Chief Whip I also have responsibility for management and monitoring of Assembly Party Group Staff [4] and interns.
- Travel.
- I also serve as a councillor; 20 hrs per week.
- It is difficult to say. I would work over 100+ hrs a week average on a crossover of all the above. I reside within my constituency/community and many people would call to my door with constituency queries 24/7.

### **Office Holder Responsibilities**

- Represent Party on these issues. Colleagues seek regular meetings with constituents on related issues. Considerable media issues.
- The main role is to provide active leadership and direction for the committee during its deliberations. This requires a thorough reading of all the papers and a proper understanding of their implications. You do have to act as a bridge between the Assembly and the relevant department, in particular, the relevant minister.
- Pre-meeting preparation with Committee Clerk; chairing weekly meetings; representing committee at events; meeting stakeholders; speaking on behalf of committee at plenary sessions; meetings with the ministers/senior departmental officials for briefings.
- Running the Commission.
- Many more meetings expected of an office holder. More lobbying and responsibility to ensure party members are kept fully informed of all issues within Committee, etc.
- Occasional Chairpersonship; additional preparation/liaison with Clerks; attendance at events and public speaking.

### **Skills required for Office Holder roles**

- Communication. Consensus building. In-depth knowledge of subject matter. Confidentiality when appropriate. Inter-personal skills for constant meetings with a cross-section of community.
- Preparation must be good and comprehensive. The ability to read quickly and absorb thoroughly information supplied. Good analytical tools. Good chairmanship, in as far as giving everybody a fair hearing, but at the same time maintaining proper control of the meeting. The ability to communicate and the ability to listen.
- Understanding of committee's remit and responsibilities; understanding work of department; communication skills; leadership skills.
- Management skills; financial background; personnel skills; business experience.
- Common-sense and determination to ensure that what is good for the people of NI is brought to the fore and legislated for.
- Strategic Planning; Analytical Planning; Organisational Skills and Presentation.

### **Reasons for taking on Office Holder role**

- I would do the role if there was no financial remuneration.
- I would have done it whether or not I got a financial reward.
- Since I reject the system as constructed I have no desire to sustain it by holding office within it.
- I never came into politics for financial gain but to serve my community and Party.

### **Any other Office Holder responsibilities for which allowance should be paid**

- Party Whips – sliding scale based on size of Party/same as Chair of Committee/£5,000.
- Deputy Whip – £2,500.
- Assembly Private Secretary – £10,000.
- Party Leader – £16,000.
- Policing Board Nominee – £15,000/same as Independents who sit on the Board/£10,000.
- Audit Committee Chair (8 hours + responsibility).
- Standing Committee Chairs – £2,000.

## Other Comments

- This is supposedly a “Legislative Assembly”, but so far in 11/15 term we haven’t legislated - no bills, no programme for govt, so no justification for a pay rise, rather on the basis of productivity a strong case for reduction. We are not comparable to Scotland - its parliament works! 2. The ability of many MLAs suggests they are already overpaid - out of the 108, how many outside Stormont could earn £43,000 pa? 3. In these austere times, with working families hurting and many without work, increasing salaries for MLAs would be wholly inappropriate. 4. Though I disagree with any increase, any upward adjustment should be self-financing through reduction in the number of MLAs.
- The basic salary is not appropriate as it is too low. Having said that I would still seek re-election because money is not the dominant factor in wanting to be elected to the Assembly. Poor salary is I believe a marginal issue for most Assembly members. It does not stop people standing for the Assembly but it could inhibit future young professionals from seeking election.
- I feel it would be easier to justify additional support and resource, e.g. OCE, than a huge salary rise, given the public perception of the efficiency of the NIA, not least the last election turnout percentage.
- The post of Assembly Member has failed to attract public esteem for several reasons. This has to change in the best interests of Northern Ireland.
- I believe if we are going to encourage high skilled personnel to the Assembly, they must be suitably incentivised.
- You have no private life and everything you can do is open to an overbearing level of scrutiny. Politics must attract the very best from society whether business/social or any other. Once in politics in Northern Ireland you can be blighted from any other work. This must all be remunerated/compensated for.
- OCAs are probably insufficient to maintain an office, paying rent, rates, heat, light and adequate staff salaries. I believe we do not/cannot pay our support staff enough. In some rural constituencies it is necessary to have more than one office and this exacerbates the problem
- Most Assembly Members while given poor press work extremely hard for their constituents. This is demonstrated by the vote made every 4 years. Therefore anyone who holds an Assembly post deserves to be paid in accordance with that work.
- There is an old saying ‘ If you pay peanuts you get monkeys’. The salary of an MLA is well below that of a middle ranking civil servant or even middle ranking police officers - C/Insp./Supt. It does not compare with private or public sector equivalent.
- I would prefer an increase in OCA to a pay rise.

- I am not aware of any Member that seeks election to the NIA for financial gain. The hours are long but I, personally, do not mind the long unsociable hours. The salary has though fallen behind colleagues in other devolved institutions over the years.
- OCA needs increasing and staff of MLA's need to be linked to a grade within the Civil Service to keep quality staff in place i.e. Graduates need £20K+.



# Appendix H

## Procurement Thresholds

Estimated Value	Action
Up to £2,000	Written evidence that Value For Money has been achieved.
£2,000 - £15,000	Detailed specification and written quotes from at least three sources.
£15,000 - £25,000	Detailed specification in line with complexity of requirements and written quotes from at least five sources.
£25,000 - £113,000	Detailed specification in line with complexity of requirements. Fully advertised competition.

# Appendix J

## Meetings of the Independent Financial Review Panel: July 2011 to February 2012

### Formal Meetings

Date of meeting	MAIN issues discussed
11 July 2011	Governance Arrangements; Information Management; Rules of Procedure; Code of Conduct; Forward Work Programme.
2 August 2011	Service Level Agreement with NIA; Previous reviews of Assembly Members' pay and allowances; Members' current pay and allowances; Consultation/Evidence gathering requirements.
1 September 2011	Research requirements; Procurement; Consultation exercise; Consideration of information provided.
7 October 2011	Financial issues re Members' salaries, allowances and pensions; Reports of meetings with Members; Consideration of research and reference information; Structure and contents of first Report and Determination.
27 October 2011	Discussion with Director of Corporate Services re Members salaries and Office Costs Expenses; Consideration of research and reference material; Forward Work Programme.
21 November 2011	Consideration of report on Workshop held on 10 November 2011 and Report on responses to Members' Survey; Analysis of information provided.
6 January 2012	Formal meeting to discuss initial proposals.

320. Minutes of formal meetings are available on the IFRP website following their approval at the next formal meeting of the Panel [www.ifrp.org.uk](http://www.ifrp.org.uk).

## Other Meetings and Workshops

Date of meeting	Details of Meeting
23 August 2011	Meeting with Rt Hon George Reid, Chair of the Remuneration Board for the National Assembly for Wales.
8 September 2011	Meeting between Pat McCartan, Chair of IFRP and Trevor Reaney, Clerk/DG NI Assembly.
12 September 2011	Informal meeting and attendance at plenary session of the NI Assembly.
15 September 2011	Panel meeting with William Hay MLA, Speaker of the NI Assembly.
10 November 2011	Informal meeting to discuss further research requirements.
2 December 2011	Meeting with Price Waterhouse Cooper re research project.
8 December 2011	Informal meeting including meetings with Trevor Reaney, Clerk/DG NI Assembly and Trevor Lunn MLA, Chair of the NI Assembly Pension Trustees.
15/16 December 2011	Meeting with Professor Monojit Chatterji, Member of the Remuneration Board for the National Assembly for Wales.
4 January 2012	Meeting with PricewaterhouseCoopers.
13 and 27 January 2012 3, 10, 17 and 24 February 2012	Informal meetings to discuss Report and Determination.
20 January 2012	Meeting with Chair of Pension Trustees.
3 February 2012	Informal meeting to discuss Report and Determination.
7 February 2012	Meeting with Professor Monojit Chatterji in Edinburgh.

321. In addition, the Panel held informal meetings with MLAs including visits to constituency offices.

# Appendix K

## Reference Material

### Legislation

- Northern Ireland Act 1998.
- Northern Ireland Assembly (Members' Salaries) Determination 2000.
- Northern Ireland (St Andrews Agreement) Act 2006.
- Financial Assistance to Political Parties Scheme 2007.
- Assembly Members' Pension Scheme (Northern Ireland) 2008.
- Assembly Members' Pension Scheme (Northern Ireland) 2008 Notice of Amendment April 2009.
- Northern Ireland (Members' Expenditure) Determination 2010.
- Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011.

### NI Assembly Commission

- Review Body on Senior Salaries Report No 52 Northern Ireland Assembly: Review of Pay and Allowances: May 2002.
- Review Body on Senior Salaries Report No 67: Northern Ireland Assembly: Review of Pay, Pensions and Allowances 2008.
- Review of Pay, Pension Scheme and Allowances of the Northern Ireland Assembly: July 2008: by the Hay Group for the Office of Manpower Economics.
- Northern Ireland Assembly Commission: Report on the Financial Support and Pensions for Members of the Northern Ireland Assembly: December 2010.
- Northern Ireland Assembly Financial Support for Members Handbook March 2011.

### NI Assembly Pension Trustees

- The Northern Ireland Assembly Members' Pension Fund Annual Report and Accounts 2009-2010.
- The Northern Ireland Assembly Members' Pension Fund Annual Report and Accounts 2010-2011.
- Northern Ireland Assembly Members' Pension Scheme 2010/2011 Resource Accounts: Report by the Government Actuary's Department: 14 June 2011.

## Documents re other UK Legislatures

- Independent Review of Parliamentary Allowances: Report to the Scottish Parliamentary Corporate Body on the Reimbursement of Expenses for members of the Scottish Parliament: March 2008.
- Review of Parliamentary Pay and Pensions by Sir John Baker: June 2008.
- A Report to the Scottish Parliamentary Body on the Scheme for Reimbursement of Members Expenses by Sir Neil McIntosh CBE: December 2009.
- “Getting it Right for Wales” National Assembly for Wales Independent Review Panel: July 2009.
- The House of Commons “The Green Book: A Guide to Members’ allowances” Revised Edition July 2009.
- Scottish Parliament SPICe Briefing 9 September 2010: Parliamentary Pay and Expenses.
- National Assembly for Wales Consolidated Determinations on Members’ Pay and Allowances: 22 September 2010.
- Committee on Standards in Public Life Review of Party Funding: Issues and Questions: September 2010.
- Committee on Standards in Public Life Response to IPSA Annual Review of the MPs’ Expenses Scheme: February 2011.
- “Fit For Purpose” Report of the Remuneration Board of the National Assembly for Wales: March 2011.
- House of Commons Library Standard Note SN/PC/05837.
- Members’ Pay 2011.
- National Assembly for Wales Remuneration Board Determination on Members’ Pay and Allowances (No 2): July 2011.
- Office Holder Remuneration Report of the Remuneration Board of the National Assembly for Wales: July 2011.
- Annual Report of the Remuneration Board of the National Assembly for Wales 2010-2011: November 2011.
- One Stop Shop Guide to Salaries and Allowances 2011: Houses of the Oireachtas Commission.
- Independent Parliamentary Standards Authority (IPSA) Annual Review of the MP’s Scheme of Expenses and Costs Consultation Document: November 2011.
- Review Body on Senior Salaries Report No 42: Initial pay, allowances, pensions and severance arrangements for Members of the Scottish Parliament, National Assembly for Wales, Northern Ireland Assembly: March 1999.

- Review Body on Senior Salaries Report No 48: Review of parliamentary pay and allowances Volume 2: December 2000.
- Hutton Report on Public Sector Pensions 2011: Executive Summary.
- A Guide to the Scottish Parliament Pension Scheme.
- Review of the Parliamentary Contributory Pension Fund: July 2010: Report No 72 of the Senior Salaries Review Body.
- Review Body on Senior Salaries Report No 75: Review of the Northern Ireland Senior Civil Service Pay 2010: July 2010.
- National Assembly for Wales: Members Pension Scheme Handbook: April 2011.
- Independent Public Service Pension Commission: 10 March 2011.
- Houses of the Oireachtas Commission Guide to salary and allowances 2011.

### **Background information**

- HM Treasury Civil Service Pay Guidance 2011/2012.
- Hutton Review of Fair Pay in the Public Sector: March 2011.
- Employee jobs by Standard Industrial Classification Occupation Classification 2001–2011 Source: NI Statistics and Research Agency.
- NI Labour Market Report February 2011 Source: NI Statistics and Research Agency.
- Annual Surveys of Hours and Earnings (ASHE) 1998–2011.
- NI Assembly: Public Attitude Survey 2011.
- “Building a Better Future”The Northern Ireland Executive’s Programme for Government 2008–2011 Delivery Report: Progress at 31 March 2011.
- Northern Ireland Executive Draft Programme for Government 2011–2015.
- Northern Ireland Executive Budget 2011/2015 approved by the Assembly in March 2011.





Belfast: The Stationery Office

and available from:

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Fax orders: 0870 600 5533

E-mail: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone 0870 240 3701

**TSO@Blackwell and other Accredited Agents**

£15.00

ISBN 978-0-339-40382-6



9 780339 403826