

Independent
Financial
Review
Panel

Annual Report 2011/2012

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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

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

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Introduction

The Independent Financial Review Panel (IFRP) was appointed on 1 July 2011 following the Northern Ireland Assembly elections in May 2011. The Panel's remit is to decide the level of salaries and allowances of Members of the Assembly (MLAs) for each mandate with the aim of contributing to the Assembly being fit for purpose and delivering value for money. We are also required to keep under review the extent to which our Determinations are achieving their objectives.

The level of salaries and allowances being paid to MLAs had remained unchanged for some considerable time and the Panel was conscious of the need to produce an early Report and Determination to be applied for the remainder of the current mandate.

The IFRP published its first Report and Determination in March 2012. In so doing, the Panel, mindful of the economic climate, sought to set interim levels for the salary and supplementary allowances paid to office holders which are fair and appropriate to the responsibilities of an MLA and those with additional responsibilities such as Minister, Committee Chair etc. The Panel also carried out an analysis of the Office Costs Allowance required to enable Members to employ support staff and maintain constituency offices and we set out in our Determination the level of financial support we considered to be sufficient for this purpose. Pension arrangements were also reviewed and amended in line with forthcoming changes to public sector pensions.

The Panel is confident that our decisions were fair and soundly based, that they reflected the various responsibilities of Members of the Assembly and are compatible with the remuneration of comparable occupations in the private sector. The timetable for the publication of our first Report and Determination did not allow for the in depth review of the Office Costs Allowance which the Panel considers is essential. Further research will be carried out in relation to this allowance to inform the Panel's Determination for the next mandate.



Patrick McCartan CBE

The Independent Financial Review Panel (IFRP)

Statutory Remit

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 Panel is fully independent and is not subject to the control of either the Northern Ireland Assembly or the Assembly Commission.

Section 2(1) of the Act describes the functions of the Independent Financial Review Panel as:

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.

In exercising its functions, the Panel is required under Section 2(2) of the Act to:

- ensure probity, accountability and value for money with respect to the expenditure of public funds;
- secure for Assembly Members a level of remuneration which fairly reflects the complexity and importance of their functions and does not, on financial grounds, deter people with the necessary commitment and ability from seeking election to the Assembly, and,
- secure for Assembly Members adequate resources to enable them to exercise their functions as Members of the Assembly.

The Act also requires the Panel to keep under review the extent to which, having regard to:

- (a) experience gained from the operation of its Determinations,
- (b) changes in the functions of Members of the Assembly, and,
- (c) any other relevant circumstances,

its Determinations appear to be achieving the objectives in Section 2(2) of the Act.

Membership

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

- Patrick McCartan CBE, (Chairman)
- Alan McQuillan OBE
- Dr Henrietta Campbell CB

Biographies of the Panel are included at **Appendix A**.

Meetings of the Panel

A list of the meetings held by the Panel during the period 1 July 2011 to 31 March 2012 is attached at **Appendix B**.

Code of Conduct

A copy of the Code of Conduct agreed by the Panel is attached at **Appendix C**.

Rules of Procedure

The Rules of Procedure which set out the way in which meetings of the Panel are conducted is attached at **Appendix D**.

The IFRP Report and Determination 2012

Aim

In preparing its first Determination to apply for the remainder of the 2011/2015 Assembly mandate, the Panel's aim was 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.

The Panel was cognizant of its duty to ensure probity, accountability and value for money with respect to the expenditure of public funds.

Methodology

In its deliberations, the Panel took account of the economic climate, the impending changes to public sector pensions as well as pay constraints in both the public and private sectors. The Panel's first Determination contains interim decisions which relate to the remainder of the current mandate of the Assembly. More detailed research will be undertaken to inform the Determination for the next mandate.

The Panel drew on work already undertaken in relation to the salaries of politicians' salaries and expenses in the Northern Ireland Assembly, other UK devolved legislatures and in Dáil Éireann. The Panel's decisions were also informed by discussions with the Chair of the Assembly Secretariat Audit and Risk Committee and advice from senior Assembly officials on the legal and practical as well as the cost implications of implementing the Report and Determination.

The Panel had access to a range of reports on MLA salaries and allowances including reports of the Senior Salaries Review Body as well as the Annual Survey of Hours and Earnings, the reports of the Remuneration Board for the National Assembly for Wales and a considerable amount of background information regarding the role and responsibilities of Assembly Members and Office Holders, and also data in relation to the salaries and the financial support available to Members.

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. The Panel also had access to a wide range of pay and grading information from the public sector including that relating to Health and Social Care, Education and the Northern Ireland Civil Service.

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 was essential that the Panel's first Determination was compliant with relevant legislation and within the Panel's legislative competence. In order to ensure this, a legal screening exercise was undertaken on behalf of the Panel 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.

The Panel was anxious that its decisions would withstand scrutiny and were robust and soundly based. It therefore sought an independent validation of its recommendations and the evidence on which these were based. This was provided by Professor Monojit Chatterji, Bonar Professor of Applied Economics at the University of Dundee and a member of the Remuneration Board of the National Assembly for Wales.

Publication

The Clerk/Director General of the Northern Ireland Assembly was presented with a copy of the Report and Determination for the Assembly Commission on 14 March 2012. A copy was given to each Assembly Member and to senior Secretariat officials. The Report was launched at a press conference on 14 March 2012. Copies were sent to other UK legislatures, Dáil Éireann and to all those who responded to the consultation exercise.

Financial Report

The Panel's budget for the period 1 July 2011 to 31 March 2012 was a total of £45,000. This was adjusted as a result of in year monitoring to £42,116. It was estimated that approximately £20,000 would be required to meet the Panel's fees and expenses with the remaining £22,100 being used to fund other costs for example, external research, specialist advice, printing costs, travel costs etc.

A breakdown of the costs incurred by the Panel is set out below.

IFRP Costs Incurred by the Panel during the period 1 July 2011 to 31 March 2012

Category		Expenditure	Budget
Fees	Patrick McCartan	£10,176	
	Dr Henrietta Campbell	£7,500	
	Alan McQuillan	£8,880	
Specialist advice	£6,780		
Printing costs	£2,313		
General Business Expenditure (including travel costs)	£6,410		
Total		£42,059	

*Adjusted from £45,000 as a result of in year monitoring.

Appendix A

Membership of the Independent Financial Review Panel

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

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.

In 2005 he became Chairman of the NI Confederation of Health and Social Services Organisations and is a National Trustee of the NHS Confederation.

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.

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.

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.

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).

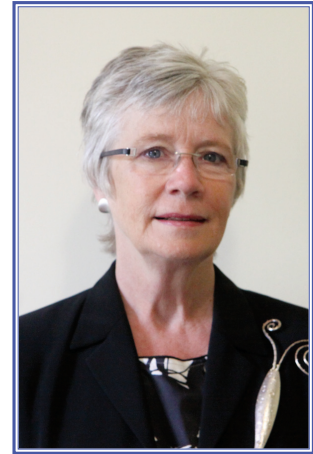


Members

Dr Henrietta Campbell CB, MD, FRCP

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 Department 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.

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

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.

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.

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.



Appendix B

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

Formal Meetings

Meeting Date	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 material; 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

Other Meetings and Workshops

Meeting Date	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 PricewaterhouseCoopers 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, 13, 17 and 24 February 2012	Informal meetings to discuss Report and Determination
20 January 2012	Meeting with Chair of Pension Trustees
7 February 2012	Meeting with Professor Monojit Chatterji in Edinburgh
9 February 2012	Meeting with an MLA and informal discussion
2 March 2012	Informal meeting to discuss Report and Determination
6 and 9 March 2012	Informal meetings to discuss Report and Determination and the launch of the Report
14 March 2012	Launch of IFRP Report

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

Appendix C

Code of Conduct

The Independent Financial Review Panel has adopted the following Code of Conduct:

In exercising its functions as described in the Northern Ireland Assembly Members (Independent Financial Review and Standards) Act 2011, the Panel shall at all times maintain its independence from the Northern Ireland Assembly in its deliberations and determinations. The members of the Independent Financial Review Panel shall comply with the general principles of conduct as identified by the Committee on Standards in Public Life in the following manner:

Selflessness

Panel members will act solely in terms of the public interest. They will not act in any manner which results in financial gain or other material benefits for themselves, their family, or their friends.

Integrity

Panel members will not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity

In carrying out its functions the Panel shall make determinations which are based on sound and balanced consultation and research and which are in the best interest of the people of Northern Ireland.

Accountability

Members of the Panel are accountable to the public for their decisions and actions and shall submit themselves to whatever scrutiny is appropriate to their office.

Openness

The Independent Financial Review Panel shall be as open as possible about the decisions that they take. They will give reasons for their decisions and will restrict access to information only for reasons of personal privacy or when it is in the wider public interest to do so.

Honesty

Members will declare any private interests relating to their responsibilities as members of the Independent Financial Review Panel and will take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Panel members will promote and support these principles by leadership and example.

Disclosure of Interests

The Independent Financial Review Panel will maintain a Register of Interests. In addition, at each meeting of the IFRP, there will be a standing agenda item to allow members to declare any interests which they have in relation to the issues to be discussed.

Review

This Code of Conduct will be reviewed annually.

Appendix D

Rules of Procedure

The information below describes the way in which meetings of the Independent Financial Review Panel (IFRP) are conducted.

Chairing of Meetings and Quorum

1. The IFRP will meet in an agreed location as IFRP may determine.
2. IFRP meetings will be chaired by the Chairperson.
3. If the Chairperson is unable to attend any meeting, he/she will nominate a member of IFRP to act as a deputy.
4. If the Chairperson has to leave before a meeting is concluded, he/she will nominate one of the remaining members to assume the chair for the remainder of that meeting.
5. The quorum of each meeting is two. The quorum is deemed to be present where members are linked by a video/telephone conferencing facility.
6. If, during a meeting, a quorum of members is not present, the secretary to IFRP must alert the Chairperson to the fact, and the Chairperson must suspend proceedings until a quorum is present, or adjourn the meeting to some future day.

Minutes of proceedings

7. The names of the members and all others present at each meeting will be entered in the minutes of proceedings.
8. The minutes of each meeting will be agreed/amended at the subsequent meeting.

Reports and Determinations

9. There will be clear evidence of the decisions and the decision making process in all Reports and Determinations of the Independent Financial Review Panel.
10. All written submissions made to the Independent Financial Review Panel as part of their consultation process will be published in accordance with the requirements of the Freedom of Information Act 2000 and the Data Protection Act 1998.

Voting Procedure

11. All questions in a meeting are decided by consensus and if this is unable to be achieved, by a simple majority. The Chairperson will not have a casting vote.

12. Where only two members are present, both must agree or the issue will be deferred until the next meeting.

Declarations of interest

13. At each meeting before proceeding to business, the Chairperson will invite members to declare any interests they may have which relate to the remit of the IFRP and in particular to those scheduled for discussion at that meeting.
14. When a person or a group is making representations to IFRP, a member is required to declare an interest when asking any questions which relate directly, or which might reasonably be thought by others to relate directly, to the financial or other interest he or she holds. Such a declaration must be made irrespective of any declaration having been made at an earlier meeting. One such declaration is sufficient for any questions asked of the same person/group.
15. In making any declaration a member should clearly identify the nature of the interest. Whilst the form in which a declaration of interest is made, and its extent, must be primarily for the individual member, a casual reference is not sufficient. A member should make a declaration in clear terms and should ensure that such a declaration is entered in the Minutes of Proceedings.

Public and Media Access

16. Unless agreed by IFRP, meetings will not be open to members of the public or media.
17. The Chairperson will act a principal spokesperson for IFRP. When necessary, the Chairperson will be consulted first in relation to any media enquiries received by the Secretary to IFRP. Should the Chairperson be unavailable, one of the other members will be contacted.
18. Should the Chairperson or any IFRP member be contacted directly by a member of the media, they may respond but should inform other members and the Secretary of their response.



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