

Independent
Financial
Review
Panel

**INDEPENDENT FINANCIAL
REVIEW PANEL**

ANNUAL REPORT

YEAR ENDING 31 MARCH 2013

INDEPENDENT FINANCIAL REVIEW PANEL (IFRP)

ANNUAL REPORT 2012/2013

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INTRODUCTION

The Independent Financial Review Panel published its first Determination in March 2012. This set out the level of salaries and allowances of Assembly Members for the remainder of the current Assembly mandate which we felt were fair, which reflected the responsibilities of Assembly Members and the various office holders and also which were compatible with the remuneration of comparable occupations in the private sector.

The Panel is required to keep under review the extent to which our Determinations meet their objectives. In the early part of the period covered by this Report, it became apparent that some Members had misinterpreted the paragraph in the Determination which deals with contracts with “connected persons”. The definition of “connected person” includes a political party of which the Assembly Member is a member.

The Panel spent a considerable amount of time exploring options for resolving this issue including consultations with MLAs and political parties. In December 2012, we issued a revision to the March 2012 Determination which clarified the existing ambiguity and also enabled Members to share specialist staff.

During the course of the year we started the process of carrying out a review of the Assembly Members’ Pension Scheme and we began an in depth review of the Office Costs Allowance including a detailed analysis of Members’ requirements and actual expenditure.

The Panel’s aim is to publish its next Determination approximately 12 months before the end of the current mandate. In the coming months we will focus initially on the review of the Pension Scheme including an extensive consultation exercise. We also plan to undertake some preparatory work in relation to the review of Office Costs Expenses.

A handwritten signature in black ink, appearing to read 'P. McCartan', with a stylized flourish at the end.

PATRICK MCCARTAN CBE
Chairman
Independent Financial Review Panel

THE INDEPENDENT FINANCIAL REVIEW PANEL (IFRP)

Background

The Panel was established in July 2011 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 functions of the Independent Financial Review Panel are to make determinations in relation to the salaries and allowances and also the pensions, gratuities and allowances 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.

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:



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

Patrick McCartan was until December 2012, Chairman of the Belfast Health and Social Care Trust. Other posts held by Mr McCartan include Chairman of North & West Belfast Health & Social Services Trust. Chairman of the NI Confederation of Health and Social Services Organisations, Chairman of the Labour Relations Agency, Chairman and Board member of Co-Operation Ireland, Chairman and Vice-Chair of St Columbanus College Bangor, member of CCMS, member of the Industrial Court for NI, a member of Industrial Tribunals and Fair Employment Tribunals and an Independent Expert for Equal Pay cases.

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 Board Member of the Industrial Development Board and the NI Economic Council. Mr McCartan is a Chartered Fellow of the Chartered Institute of Personnel Development. He was awarded a CBE for services to employment relations.



Dr Henrietta Campbell CB, MD, FRCP

Dr Campbell graduated from Queen's University Belfast with a degree in medicine. 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. Dr Campbell is a Board Member of the Food Standards Agency. 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. 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 a CB in the New Year's Honours List.



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 help establish and develop the newly formed Assets Recovery Agency 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. He was awarded an OBE in December 2000 in the New Year's Honours List.

REVISED DETERMINATION: DECEMBER 2012

The Independent Financial Review Panel published a Determination in March 2012 which dealt with the salaries, allowances, pensions and gratuities payable to members of the Assembly.

Under Section 2(3) of the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) Act 2011, the Panel is required to keep under review the extent to which, having regard to experience gained from the operation of its Determinations; changes in the functions of members of the Assembly and any other relevant circumstances, its Determinations appear to be achieving the objectives as set out in Section 2(2) of that Act.

During the course of a review of the implementation of its Determination, the Panel became aware that some Assembly Members had misinterpreted paragraph 9(10) of the Determination which states that:

“.....a member shall not be entitled to recover expenditurein relation to any contract for goods and services entered into with a connected person after 1 April 2012.”

The definition of “connected person” includes a political party of which the Assembly Member is a member.

The Panel was anxious to ensure full compliance by all Assembly Members with the Determination and to prevent claims for expenses where the goods and services were obtained from “connected persons” after 31 March 2012. To ensure the unambiguous interpretation of its intentions, talks were held with a number of political parties which included discussion of a proposal involving the pooling of Members’ support staff. This would allow a member of staff to be employed by one Assembly Member and to provide a service not only to that Member but also to a pool of Party colleagues.

The Panel agreed that, subject to certain safeguards, this arrangement would be an efficient and effective way of providing support to MLAs and would enable Members to share specialist staff in an efficient and effective manner. As the March 2012 Determination did not facilitate such an arrangement, the Panel decided to make a revised Determination which amended the March 2012 Determination. This not only provided for a pooling arrangement to be put in place but also clarified the apparent ambiguity of paragraph 9(10).

The revision to the March 2012 Determination was published on 10 December 2012. The new arrangements took effect on 1 January 2013. The Panel subsequently published a consolidated document which will apply to the end of the current mandate. This is available on the Panel’s website (www.ifrp.org.uk).

GOVERNANCE REPORT

Meetings of the Panel

A list of the meetings held by the Panel during the period 1 April 2012 to 31 March 2013 is attached at Appendix A.

Code of Conduct

The Independent Financial Review Panel is committed to reviewing its Code of Conduct annually. This was done at the Panel's meeting on 21 September 2012 when it was concluded that the Code of Conduct did not require amendment. No breaches of the Code of Conduct have occurred.

A copy of the Code of Conduct is available on the IFRP website (www.ifrp.org.uk).

Rules of Procedure

The Rules of Procedure set out the way in which meetings of the Independent Financial Review Panel are conducted. There was no deviation from these Rules during the period of this Report. The Panel's Rules of Procedure can be accessed on the IFRP website (www.ifrp.org.uk).

Declaration of Interests

The Independent Financial Review Panel (IFRP)'s Code of Conduct contains a commitment to maintain a Register of Interests. In addition, at each meeting of the IFRP, there is a standing agenda item to allow the Chair or members to declare any interests which they have in relation to the issues to be discussed.

The purpose of the Register is to provide information on any financial interests or other material benefits which the Chair or a member of IFRP receives which might reasonably be thought by others to influence his or her actions or decisions taken in his or her capacity as Chair or member of the IFRP.

The Chair and each Panel member is responsible for his/her own entry and for providing any additional information which may be relevant at meetings of the IFRP. Entries are amended on an ongoing basis as necessary.

The Register of Interests was updated in March 2013. A copy of this document can be accessed on the IFRP website (www.ifrp.org.uk).

FINANCIAL REPORT

The Panel's budget for the year to 31 March 2012 was £30889.45. This was adjusted as a result of in year monitoring to £21139.45. It was estimated that approximately £10976.24 would be required to meet the Panel's fees and expenses with the remaining £10163.21 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 during the period 1 April 2012 to 31 March 2013 is shown below.

COSTS INCURRED BY IFRP DURING THE PERIOD 1 APRIL 2012 TO 31 MARCH 2013

FEES	AMOUNT £	BUDGET 2012/2013 £
P McCartan	3524.00	
H Campbell	2580.00	
A McQuillan	2300.00	
TOTAL FEES	8404.00	10976.24
GENERAL ADMIN EXPENDITURE	4868.92	10163.21
TOTALS	13272.92	21139.45*

* Includes an in-year surrender of £9750

APPENDIX A

MEETINGS OF IFRP: 1 APRIL 2012 TO 31 MARCH 2013

FORMAL MEETINGS

Meeting Date	Main issues discussed
5 April 2012	Draft Annual Report; Implementation of March 2012 Determination
4 May 2012	Future Work Programme; Meeting with Director of Corporate Services
25 May 2012	Implementation of March 2012 Determination; Assembly Members' Pension Scheme
21 September 2012	Review of Code of Conduct Budget Report Evaluation of IFRP
26 March 2013	Analysis of research information re Office Costs Expenses Future Work Programme

OTHER MEETINGS AND WORKSHOPS

Meeting Date	Meetings/Issues discussed
1 May 2012	Meeting with MLA
9 May 2012	Meeting with Director of Corporate Services
1 June 2012	Meeting with Director of Corporate Services and Director of Legal Services
22 June 2012	Meeting with Clerk/DG Meeting with Director of Legal Services
6 July 2012	Implementation of March 2012 Determination Meeting with Clerk/DG and Director of Corporate Services
20 July 2012	Implementation of March 2012 Determination IFRP Budget Draft Annual Report
17 August 2012	Analysis of Office Costs Expenditure

	Draft Annual Report
10 September 2012	Meeting with Lord Roper
21 September 2012	Comparisons with National Assembly for Wales Secretary of State's consultation on operation of NI Assembly Future Work Programme
24 September 2012	Meeting with the Committee on Standards in Public Life
11 October 2012	Attendance by the Chairman at a Colloquium in Cardiff re Assembly Members' pensions
19 October 2012	Evaluation of IFRP Revised Determination Analysis of Office Costs Expenditure
23 October 2012	Meeting with Sinn Fein Whip
26 October 2012	MLAs' Pension Scheme Analysis of Office Costs Expenditure Revised Determination
19 November 2012	Chairman's attendance at IPSA seminar in London re MPs' pay and pensions
29 November 2012	Meeting with NI Commissioner for Standards in Public Life
30 November 2012	Analysis of Office Costs Expenditure Revised Determination
7 December 2012	Analysis of Office Costs Expenditure Revised Determination
8 February 2013	Consolidated Determination Analysis of Office Costs Expenditure IFRP Budget Report Future Work Programme
11 February 2013	Meeting with Chair of NI Assembly Secretariat Audit and Risk Committee
1 March 2013	Meeting with Chair and Chief Executive of NI Electoral Commission Update of IFRP Register of Interests Review of MLA Pension Scheme Analysis of Office Costs Expenditure Future Work Programme

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