The logo for the Independent Financial Review Panel is a dark blue rectangle with the text "Independent Financial Review Panel" in yellow, stacked vertically in the center.

Independent
Financial
Review
Panel

4 June 2014

Dear Consultee

CONSULTATION ON NI ASSEMBLY MEMBERS' CONSTITUENCY OFFICE RENTS

The Independent Financial Review Panel is currently undertaking research in preparation for its next Report and Determination which will take effect in the next mandate. We plan to engage in a series of consultation exercises in relation to the various elements which will be covered by the next Determination. The first of these, which relates to the Assembly Members' Pension Scheme, was completed recently.

Whilst preparing its 2012 Report, the Panel concluded that a review of Office Costs Expenses was required however, in the time available, this was not possible. The Panel made a number of general changes for the current mandate and undertook to carry out a more in depth review for its Determination for the next mandate. The Panel has decided to consult separately on the elements of expenditure which come within Office Costs Expenses. One of the elements of that expenditure relates to constituency office rents and it is these which are the subject of this consultation.

The Panel has prepared a consultation document a copy of which is attached. This document is also available on the Panel's website (www.ifrp.org.uk).

In order to inform our work, we will undertake a public consultation exercise. The Panel would welcome any comments which you may have in relation to this consultation document. You can reply to me at the address below or by email to info@ifrp.org.uk. Should you wish to respond electronically, please download the consultation questions by clicking on the following link or by typing it into your browser <http://ifrp.org.uk/?p=596>.

The deadline for responses has been set in the knowledge that that the Assembly will shortly be in recess for the summer months. I would be grateful for any

comments you may have by close of play on **Friday 19 September 2014 at the latest.**

Yours sincerely

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

PATRICK MCCARTAN CBE
Chairman

Independent
Financial
Review
Panel

INDEPENDENT FINANCIAL REVIEW PANEL CONSULTATION ON ASSEMBLY MEMBERS' CONSTITUENCY OFFICE RENTS

DEADLINE FOR RESPONSES:

5PM ON FRIDAY 19 SEPTEMBER 2014

A copy of this consultation document can be accessed on the IFRP website (www.ifrp.org.uk), by email (info@ifrp.org.uk) or by writing to the IFRP at:

Independent Financial Review Panel
Room 24
Parliament Buildings
Ballymiscaw
Stormont
Belfast
BT4 3XX

The Consultation Document can be made available in large type on request.

4 June 2014

NORTHERN IRELAND ASSEMBLY MEMBERS' CONSTITUENCY OFFICE RENTS

CONSULTATION DOCUMENT

FOREWORD

The Independent Financial Review Panel was established in July 2011 to independently set the Pay and Allowances of Members of and Office Holders in the NI Assembly. Our remit includes a range of subjects for example:

- MLAs Salaries
- Pensions
- Office Costs Allowance paid to MLAs to support their work in constituencies
- Travel expenses
- Additional Allowances paid to Office Holders within the Assembly and Executive (eg Ministers, Committee Chairs, the Speaker, etc)

The Panel publishes a Determination setting out its assessment of what monies should be paid to members and any restrictions on how they can be paid or spent. We normally only publish one Determination per mandate of the Assembly. Once the Panel publishes its Determination, MLAs have no right of appeal. Enforcement of the rules in the Determination is then a matter for the Assembly Commission which incorporates them into a Handbook for Members setting out detailed financial controls.

We are now starting to develop our plans for the Determination for the next Mandate of the Assembly which is scheduled to begin in May 2016. It is our intention to publish this well in advance of the start of the new mandate so all existing MLAs and those who might consider running for election to the Assembly can see what will be available to them should they be successful.

In developing its Determination the Panel is required 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.

In order to inform our deliberations, the Panel plans to carry out research into the way in which monies paid to Assembly Members are used. As part of that process we will look at external benchmarks and undertake a number of consultation exercises. We are currently analysing the results of our first consultation exercise which was in relation to the Assembly Members' Pension Scheme. This, the second one, focuses on the level of expenses available to MLAs to rent their Constituency Offices.

We would be very grateful if you would respond to this consultation exercise and help us to ensure that the monies from the public purse are used appropriately and effectively, that the expenditure represents value for money and importantly that Assembly Members have sufficient resources to fulfil their responsibilities to their constituents.

**PATRICK MCCARTAN CBE, Chairman, Independent Financial Review
Panel**

DR HENRIETTA CAMPBELL CB, Panel Member

ALAN MCQUILLAN OBE, Panel Member

INTRODUCTION

Office Costs Expenses are intended to be used to allow Members to pay for support for their work in the Assembly and in their constituencies. It generally covers the cost of employing staff, leasing premises and paying office costs. Office Costs Expenses cannot be claimed without proof of the costs incurred and these expenses which include the cost of constituency offices, must not be used for party political purposes.

In its 2012 and 2014 Determinations, the Panel reduced the total amount which can be claimed under Office Costs Expenses by 3% per year which was similar to the reductions applied to other areas of public sector expenditure following the 2010 Spending Review. For the financial year 2014/2015, an Assembly Member can claim a total of £69,238 in Office Costs Expenses.

Whilst preparing its 2012 Report, the Panel concluded that a detailed review of Office Costs Expenditure was required however in the time available to it this was not possible. However it made a number of general changes and undertook to carry out a more in depth review for its Determination for the next mandate. As a result of the initial work undertaken, the Panel has decided to consult separately on the elements of expenditure which come within Office Costs Expenses. One of the main elements of that expenditure relates to constituency office costs and it is these which are the subject of this consultation.

Prior to the appointment of the Panel on 1 July 2011, the Assembly Commission had undertaken research into the rental charges for constituency offices. This culminated in the decision of the Commission on 27 September 2011 to authorise the payment of constituency office rents according to the following formula:

a maximum amount consisting of an independent valuation of the rental value of the office premises with a variation of a maximum of an additional 10%, plus a further additional annual amount of £1600

In its first Determination published in March 2012, the Panel endorsed this approach and determined that this formula should apply for the remainder of the mandate. The Panel also addressed the matter of beneficial ownership of constituency office premises. The Determination required all MLAs to declare the ultimate financial beneficiary of rent paid for office premises and to declare that the owner is resident, or if a company, is registered, within the European Union.

The current formula for constituency office rents will cease at the end of the current mandate and will be replaced by a system based on the outcome of this consultation exercise. The Panel has noted that whilst the rental cost claimed by the majority of MLAs is less than £10,000 per annum, with some being considerably less, there is a significant number of MLAs who claim rental expenses well in excess of that amount. Total rental costs for the current mandate are estimated to be approximately £4.3m

The Panel recognises the need for MLAs to have accommodation in their constituencies to facilitate contact with constituents. The Panel is also mindful of the need to ensure that the system which it develops for the payment of constituency office rents is:

- fair and equitable,
- appropriate for the reasonable needs of MLAs,
- cannot be used for political party gain,
- demonstrates value for public money, and,
- incentivises reductions in the cost of rents and associated costs.

The proposals contained in this Consultation Document seek to achieve these aims.

CURRENT POSITION

Office Costs Expenditure (OCE)

All Members of the Assembly are entitled to claim an allowance called Office Costs Expenses (OCE). This is intended to cover the costs associated with their jobs as MLAs and allow them to properly represent their constituents.

There are a number of existing rules governing the way this money can be used. These are set out in the 2012 Report of the Independent Financial Review Panel and in the Financial Assistance to Members Handbook (**Annex A**) issued by the Assembly Secretariat. The core principles around OCE are that all expenditure must:

- be used only to support their role as an MLA serving their constituencies and not for any personal or party political purpose,
- comply with the principles agreed by the Party Leaders on ethics, transparency and value for money (**Annex B**); and,
- comply with the financial controls in the Handbook including the requirement to secure value for public funds in the procurement of goods and services.

Offices available to MLAs

MLAs currently have offices as follows:

- (i) all MLAs are allocated personal accommodation within Parliament Buildings.
- (ii) accommodation is provided for MLA/Party support staff;

- (iii) Members who are Office Holders within the Assembly eg Minister, Committee Chair, may also have a second office in Parliament Building associated with the duties of that role;
- (iv) using their OCE Allowance each MLA may also fund an office or offices based in their constituency where they deal with enquiries and complaints from members of the public.

The allocation of offices at (i), (ii) and (iii) are matters for the Assembly Commission and Secretariat. The Panel has no locus in these matters except to note their availability to Members as it may impact on a Member’s overall need for accommodation. However it is for the Panel to determine how OCEs should be used in relation to constituency offices and as this is an expensive and highly visible part of overall expenditure on OCE, the Panel has decided to devote a consultation exercise to a review of constituency office rental costs in preparation for its Determination for the next mandate.

As stated above, the rules governing the way Office Costs Expenses can be used are set out in the 2012 Report of the Independent Financial Review Panel and in the Financial Assistance to Members Handbook issued by the Assembly Secretariat. The extracts from these Documents which relate to constituency offices are attached at **Annexes A** and **C**.

In the current Mandate for the year ending 31 March 2013, Members spent the following amounts on constituency office costs:

Expense Types	Amount Spent during year ending 31 March 2014 £	Expenditure as a % of Total OCE
Rent	838,115	11.4
Rates	241,388	3.3
Utilities	159,152	2.2
Furniture and Office Equipment	76,401	1.0
TOTAL	1,315,057	17.8

Given that offices are designed to support MLAs in their work for constituents, the costs of this accommodation represents an extraordinarily high percentage of the overall OCE expenditure. Whilst the Panel recognises that rental costs may vary depending on location it is also mindful of the fact that every pound spent on rental and on office costs reduces the amount spent on services to constituents.

In assessing the requirement to spend money on office accommodation in constituencies the Panel considers that a number of factors are relevant:

- the size of the accommodation rented in relation to what is required to do the job;
- the cost of constituency offices in NI compared with those of the legislatures in Scotland and Wales;
- the value for money of rental costs;
- whether there is any evidence of the misuse of the premises or profits from the rentals being used for party political purposes;
- whether there is any evidence of connected persons benefitting from constituency office rental charges;
- the accessibility of the offices to constituents including opening times;
- whether the same or improved levels of service could be delivered to constituents by other means eg roving “surgeries”, home visits, telephone, internet or email;
- whether more use could be made of existing office space available to MLAs and their staff at Parliament Buildings at Stormont thus reducing the need for rented local offices.

Size of Constituency Offices

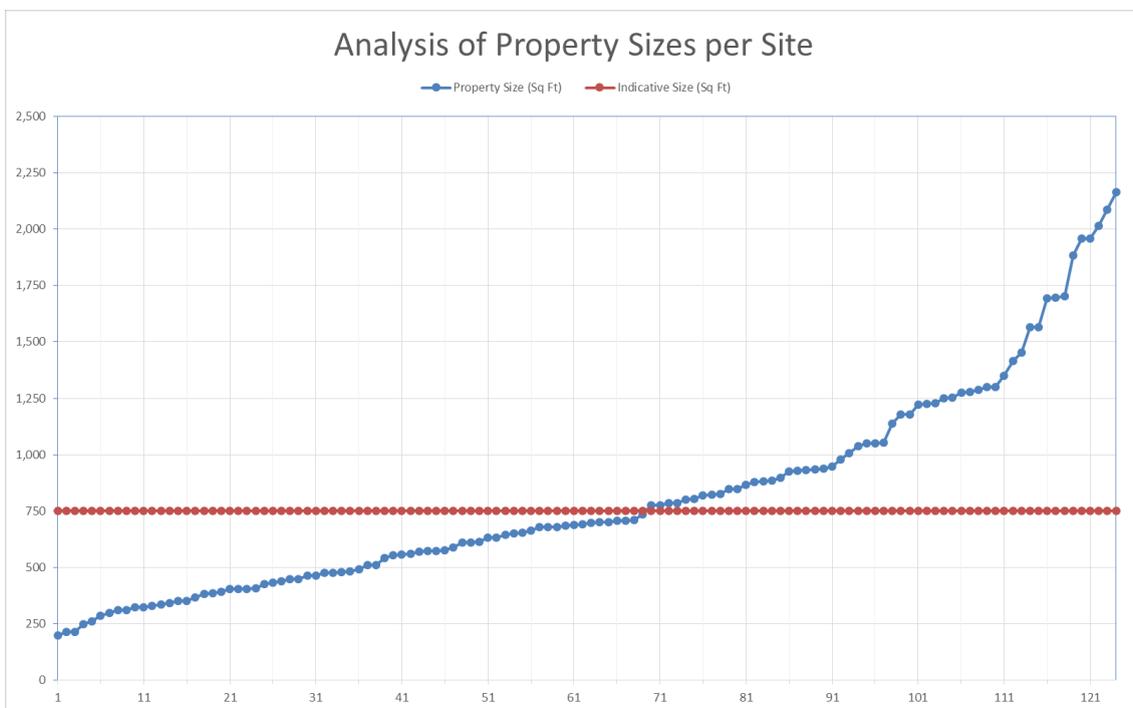
An analysis of the figures held by the Assembly shows that there are radical differences in the size of accommodation rented by MLAs. Some MLAs manage in premises of 350 to 400 square feet while others rent premises that are considerably larger.

We acknowledge that many factors can affect the size of rented accommodation including what is available in the local market but in our assessment the sizes of premises at the top end of these figures cannot be justified for a constituency office on any rational basis. The question is, what amount of space is reasonable for an office for an MLA?

As a starting point, the HSE Guidance on workplace size suggests a minimum floor space for staff of 4.6 sq m (48.6sq ft per) staff member. We realise that this is a minimum figure but it does give some guidance. Most MLAs employ around 2 staff in their office. A room for private meetings with constituents (say 100 sq.ft), a reception / waiting area for constituents as well as a personal office for the MLA will be needed. This can be summarised as follows:

Purpose	Size Sq. Feet
Accommodation 2 staff	100
MLA Personal Office	100
Private Interview room	100
Waiting Area for Constituents	100
Facilities / stores / Wasted Space	250
TOTAL	650Sq Feet

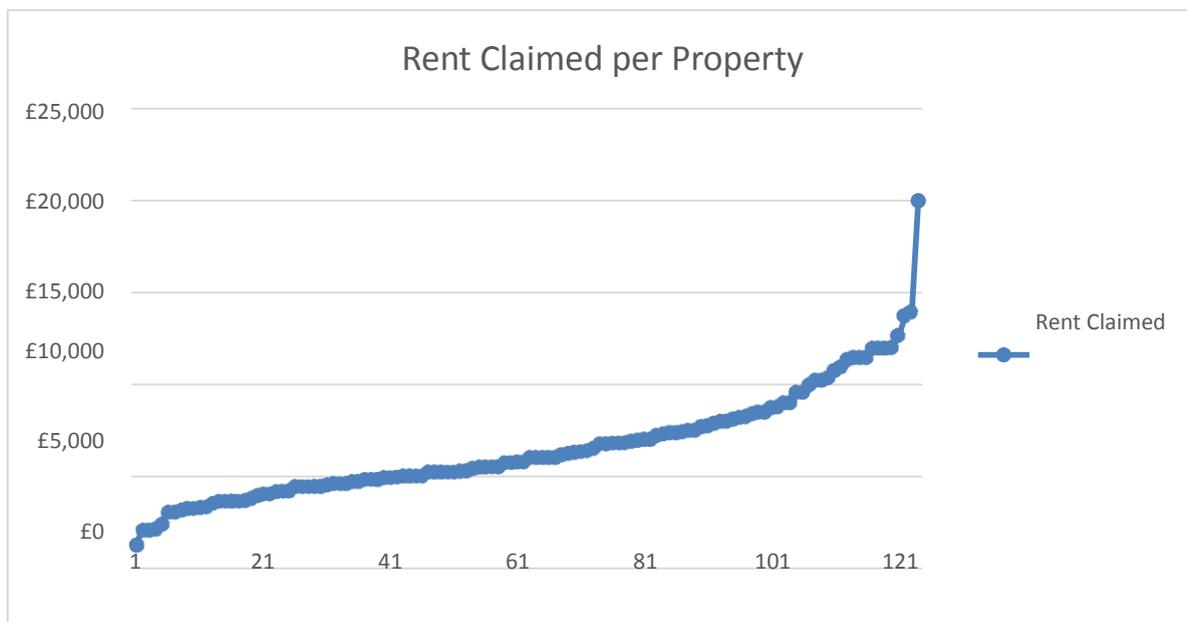
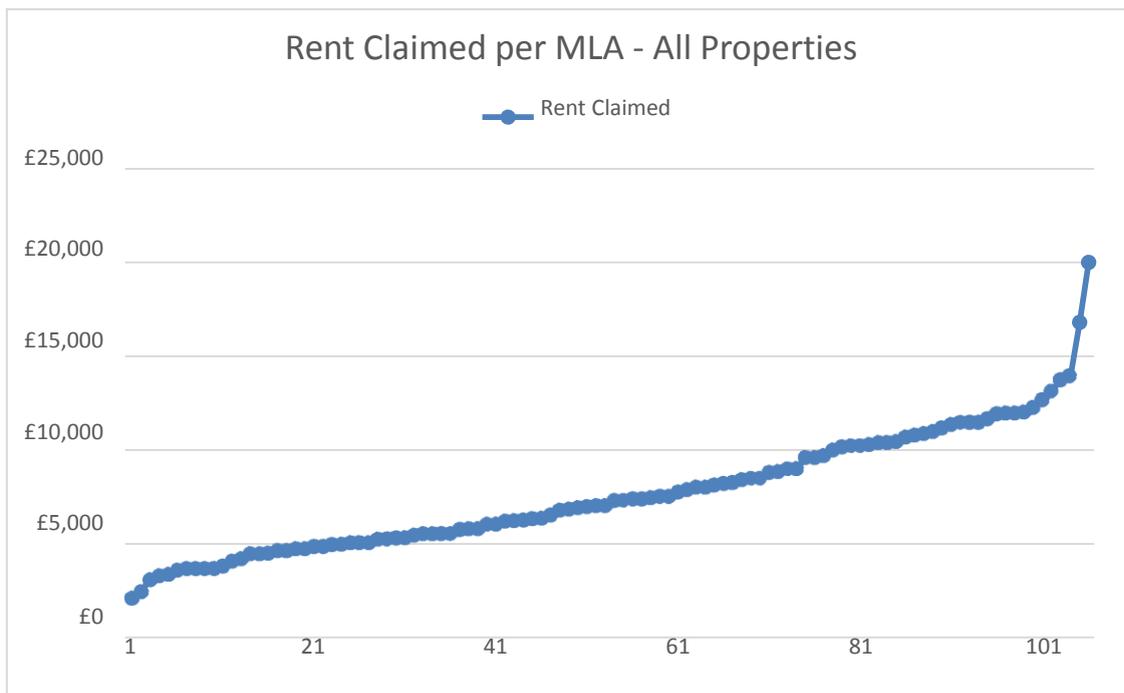
The table below demonstrates that around half of all MLAs renting accommodation manage with around 750 sq. ft. of space or less, others rent offices in excess of 2000 sq ft. .



Rental Costs

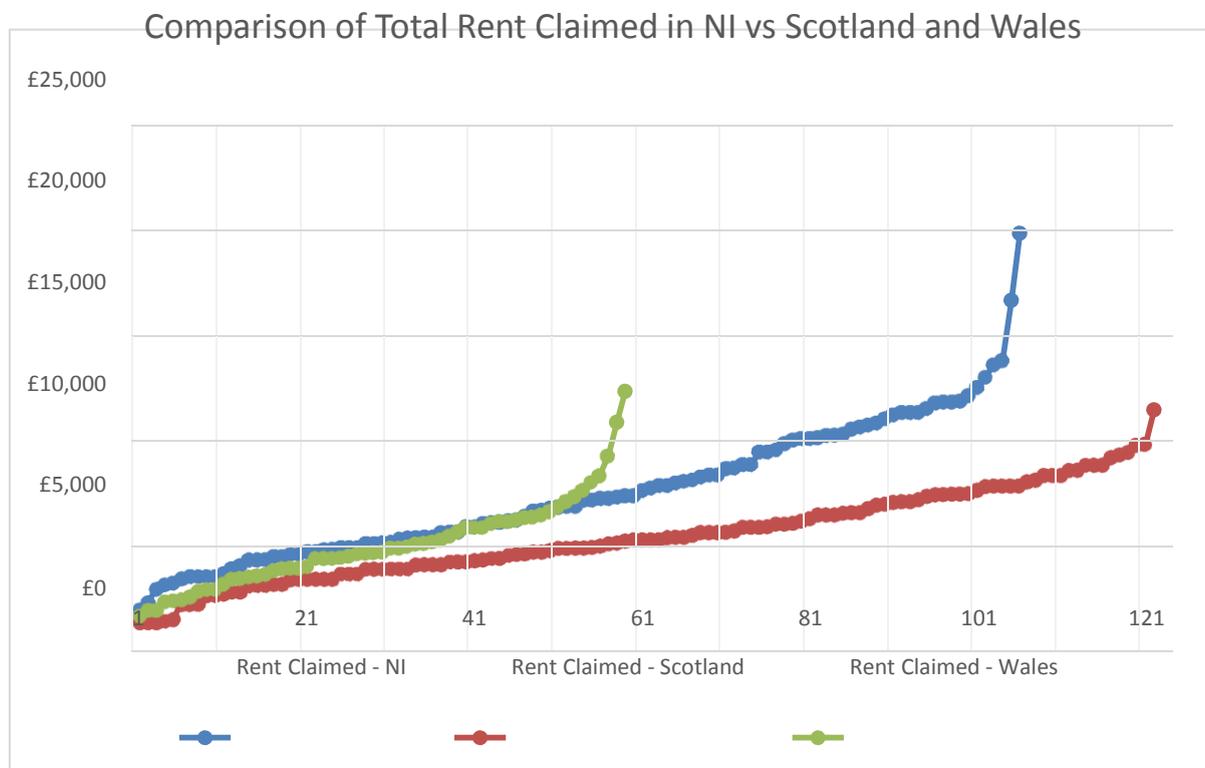
The two graphs below show the:

- (i) rent claimed per property
- (ii) total rent claimed per MLA - several MLAs rent more than one office in their constituency



There are always going to be some variations in the rents paid by MLAs in different areas. The Panel recognises that rents paid depend upon a range of factors including the location, the size and quality of the building, when in the economic cycle the rent is set and how often it is reviewed. However, even allowing for these, the variations in rentals paid seem significantly high.

Given the figures found in this analysis the Panel sought to benchmark these figures against other legislatures in Scotland and Wales. The figures are as set out in the table below:

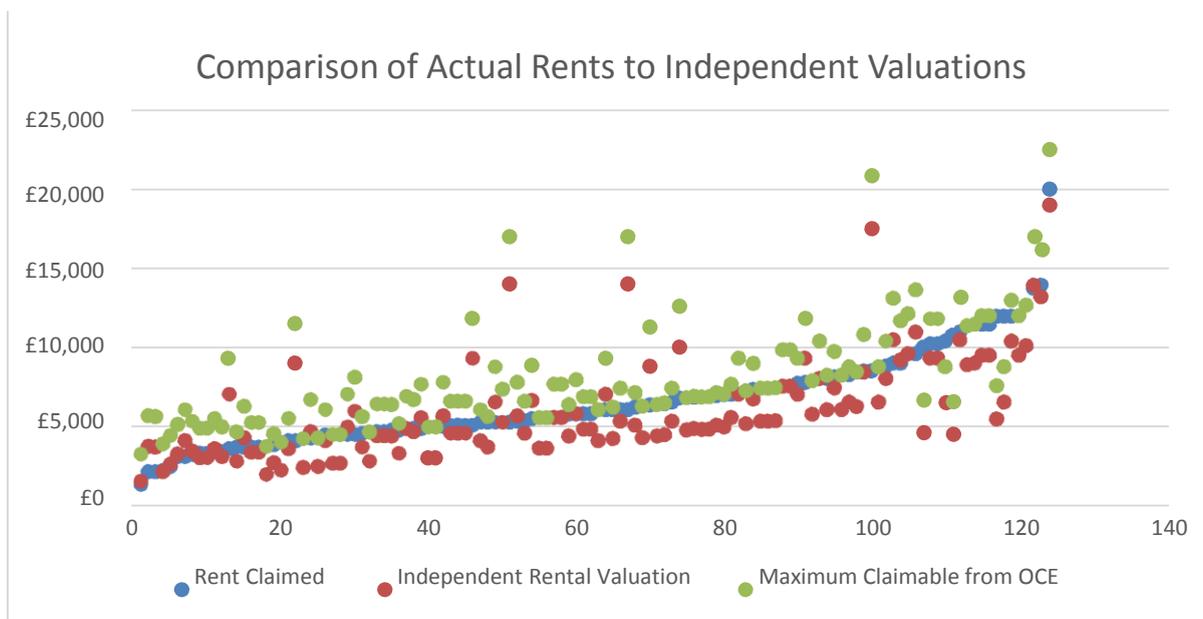


It is estimated that if average constituency office rents in Northern Ireland were equal to those of Assembly Members in Wales, the annual saving in constituency office rental costs would be £264K and £1.32million in a five year mandate.

If the average constituency office rents in Northern Ireland were equal to those of the Members of the Scottish Parliament, the annual saving in constituency office rental costs would be approximately £219K for one year and £1.095 million for a five year mandate

Taking into account the fact that MLAs in Northern Ireland serve considerably fewer constituents on average than members of other legislatures, it would appear that the costs incurred by some MLAs for accommodation in Northern Ireland may not offer value for public funds.

The Panel has noted that the majority of MLAs are paying rents which are above the level of the independent valuation approved by the Commission in September 2011. The graph below compares the valuation of constituency offices, the maximum amount which can be claimed and the actual amount claimed. It shows that a small percentage of MLAs have been able to rent properties at well below the Valuer's estimate of a market rent but many more are paying well in excess of the valuation rent and many of those are claiming the absolute maximum allowed under the rules.



PROPOSALS FOR NEXT MANDATE

The Panel is anxious that Assembly Members receive the support which they need to do their jobs effectively. However their research has indicated that there may be other ways of ensuring that Assembly Members are provided with support which are more efficient and which promote better value for money.

The Panel recognises that MLAs need adequate support to allow them to contact their constituents and to provide them with an effective service. In order to determine the appropriate level of that support, the Panel is considering the following proposals in relation to the rental of constituency offices:

Proposal 1

All constituency office leases should expire within one month after the end of a mandate. Currently all leases must be terminated within four months after the end of the mandate.

Rationale for Proposal 1

It is essential that no leases are entered into which carry forward to the next mandate to avoid a situation where the rental agreement does not comply with the Panel's Determination for the next mandate.

Proposal 2

There should be a cap on the total amount of rent which an Assembly Member can claim for a constituency office or offices. This will be set by the Panel and will be based primarily on need which the Panel estimates to be up to 800 sq ft of office space.

Rationale for Proposal 2

The cap should be determined based on the reasonable cost of renting up to 800sq ft of office space in an appropriate and accessible location in a constituency. This is considered to be adequate for an MLA and two staff, a meeting room, a waiting area for constituents and space for facilities/stores.

In order to save on rental costs, Members may wish to consider sharing offices with other elected representatives. They might also consider holding constituency surgeries or visiting constituents as an alternative to renting a second constituency office.

Proposal 3

Assembly Members should be required to declare the name of the ultimate financial beneficiary of rent paid for constituency offices and should also confirm that the ultimate financial beneficiary is not a political party or a connected person but is a resident or if a company, is registered, within the European Union. The Panel is considering an absolute ban on renting premises from any connected person.

Rationale for Proposal 3

The Panel is seeking to ensure manifest transparency and openness in the use of public funds. It is important there it can be clearly seen that public funds are not being channelled to a political party or to a family member or associate of a Member.

Proposal 4

Assembly Members will not be eligible to claim expenses for any constituency office(s) which does not comply with the rules in the Financial Assistance to Members Handbook relating to signage (Annex D).

Rationale for Proposal 4

The entire basis for funding for constituency office rents is that a Member is provided with premises to perform his/her duties as an MLA. The Financial Assistance to Members Handbook for example already places restrictions on the use of premises for other purposes and on signage.

The evidence we have seen suggests that in some cases and with some Parties this culture is not accepted. For example:

- *a number of constituency offices are branded with the Party name with no reference on the signage to the name of the MLA,*
- *in some cases the rules on Party logos etc are avoided by the MLA paying for the signage privately and not claiming it on expenses.*

This proposal is consistent with the Panel's commitment to ensure that public funds which are provided to support Assembly Members should not be used for party political purposes or used to promote a political party.

Proposal 5

Office Costs Expenses can only be claimed for constituency office rents if:

- **they are accessible to all constituents, including those with disabilities; whether they travel on foot, by public transport or by car;**
- **they are open at times which are convenient to constituents;**
- **the opening hours are publicised, and**
- **the MLA's contact details are publicised.**

Rationale for Proposal 5

Constituency offices exist to meet the needs of constituents and as such they must be easily accessible. There needs to be a balance between being in a prominent position and being accessible with higher priority being given to the latter.

COMMENTS

The Panel would be grateful for your views on their proposals. Please enter these in the spaces provided below.

Proposal 1

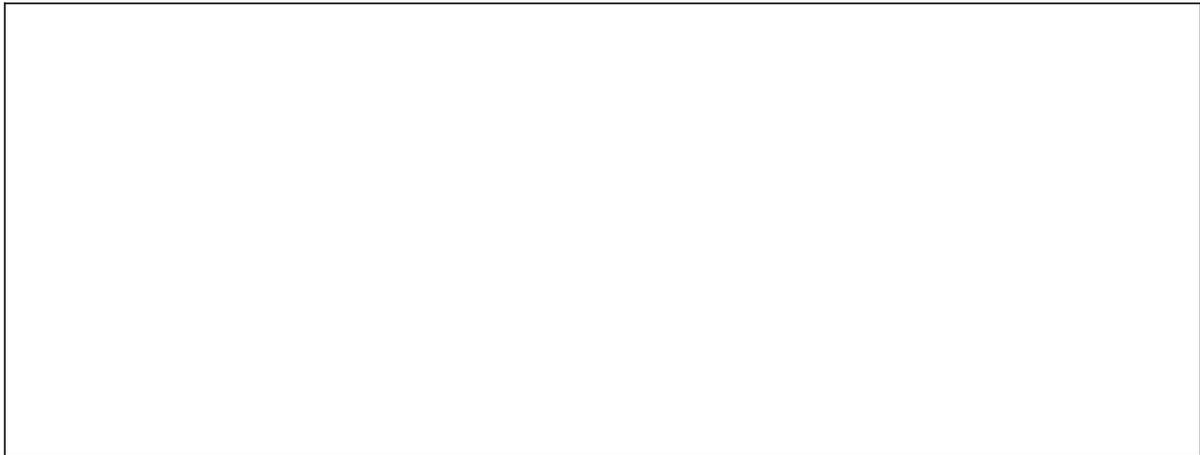
All constituency office leases should expire within one month after the end of a mandate. Currently all leases must be terminated within four months after the end of the mandate.

Proposal 2

There should be a cap on the total amount of rent which an Assembly Member can claim for a constituency office or offices. This will be set by the Panel and will be based primarily on need which the Panel estimates to be up to 800 sq ft of office space.

Proposal 3

Assembly Members should be required to declare the name of the ultimate financial beneficiary of rent paid for constituency offices and should also confirm that the ultimate financial beneficiary is not a political party or a connected person but is a resident, or if a company, is registered, within the European Union. The Panel is considering an absolute ban on renting premises from any connected person.



Proposal 4

Assembly Members will not be eligible to claim expenses for any constituency office(s) which does not comply with the rules in the Financial Assistance to Members Handbook relating to signage.



Proposal 5

Office Costs Expenses can only be claimed for constituency office rents if:

- they are accessible to all constituents, including those with disabilities; whether they travel on foot, by public transport or by car;
- they are open at times which are convenient to constituents;
- the opening hours are publicised, and
- the MLA's contact details are publicised.

Additional comments

Please state below any further comments which you wish to add.

Should you wish to respond electronically, please download the consultation proposals by clicking on the following link or by typing it into your browser <http://ifrp.org.uk/?p=596>

Alternatively you may send your response to:

Independent Financial Review Panel
Room 239, Parliament Buildings
Ballymiscaw
Stormont
Belfast BT4 3XX

You may wish to note that the names of respondees and in some cases, the full response, will be published unless you indicate when you submit your response that you do not wish this to happen.

NAME:.....

ORGANISATION (IF APPLICABLE):.....

.....

ADDRESS:.....

.....

It is not essential to include your details. You may respond anonymously if you prefer to do so.

NEXT STEPS

The Independent Financial Review Panel invites your views on the proposals listed above and any other additional comments which you wish to make. The responses and comments will help inform our decisions for our next Determination.

CONSULTATION RESPONSES

THE DEADLINE FOR RESPONSES TO THIS CONSULTATION IS 5PM ON FRIDAY 19 SEPTEMBER 2014. RESPONSES RECEIVED AFTER THIS DATE MAY NOT BE CONSIDERED.

DISCLOSURE OF INFORMATION

The Independent Financial Review Panel may publish or make available on request, any information provided to it in relation to this consultation exercise. In line with the provisions of the Data Protection Act 1998, information coning personal data will not be disclosed. You should be aware that your response, or an extract from it, may appear in a Report or may be included on a list of evidence submitted. In the event of a request under the Freedom of Information Act 2000, it may be necessary to disclose information which you provide.

If you are providing any information, other than personal data, which you feel is not suitable for public disclosure, you should identify that information and provide a reasoned argument against its disclosure. The Independent Financial Review Panel will take this into account when publishing information or when responding to requests for information.

CONTACT DETAILS

Independent Financial Review Panel
Room 239
Parliament Buildings
Ballymiscaw
Stormont
Belfast
BT4 3XX
Telephone: (028) 90521252

E-mail: info@ifrp.org.uk

THE TEN PRINCIPLES DEVELOPED IN CONJUNCTION WITH PARTY LEADERS

Principle 1

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

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

Principle 3

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

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

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

Principle 6

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

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

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

Principle 9

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

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

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.

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.

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.

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.

- 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.
- 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.
- Leadership :** Holders of public office should promote and support these principles by leadership and example

**EXTRACT FROM FINANCIAL ASSISTANCE TO MEMBERS
HANDBOOK: DECEMBER 2012**

25 Rental of a Constituency Office

- (1) OCE may pay for the rental of a property for use as a constituency office. It **must not** be used to purchase property.
- (2) A Member is not entitled to recover expenditure in respect of the rental of any property if the rental or lease agreement is with:
 - (a) a family member, or
 - (b) 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
 - (c) any person from whom the Member or his/her family member derives a financial benefit.
- (3) In a property rental situation, a Member must provide the Finance Office with sight of a final signed copy of the tenancy/lease agreement **before** payment of rent commences. A copy is kept by the Finance Office and the original returned. If a lease agreement is amended a new copy must also be forwarded to the Finance Office.
- (4) Where a Member wishes to claim rent payments from OCE the property will be subjected to an independent rental valuation at the time the lease is entered into, or reviewed and at the start of subsequent mandates. The maximum amount of OCE that may be claimed will be based on 110 percent of the independent market valuation of the property plus £1,600. Any amount in **excess** of this will become a matter for the individual Member. An independent valuation must be completed prior to any new lease or revised lease being signed.
- (5) While it is admissible for a Member to lease a constituency office from a party political organisation it must be on a formal commercial basis and will be subject to the same independent valuations as any other property.

- (6) Rental payments **must** be made directly to the landlord. The Finance Office will arrange regular direct payments to be made. To facilitate this payment method a Member should complete a Periodic Payment Form (Form C3), which is available on-line from the Finance Office pages of AsslSt. It must clearly state the address of the property for which the Periodic Payment is to be made.
- (7) A Member must avoid entering into a rental agreement that seeks advance payments in excess of six months rental.
- (8) If the lease agreement is reviewed, an amended Form C3 must be forwarded to the Finance Office before any change to the payment date or amount can be implemented.
- (9) Using the Periodic Payment Method of payment, payments will be made at the start of each month/quarter as required in the lease agreement, unless it is amended or terminated. Rent will not be paid in advance of the due date.
- (10) If, under exceptional circumstances, a Member has to enter into a new lease agreement in the final year of the mandate, he/she must contact the Finance Office prior to any agreement being signed.
- (11) A Member is reminded that all statutory obligations regarding accessibility to and Health and Safety in, their constituency offices must be met. This must be given due consideration when entering into a lease agreement. A Member must sign the annual declaration, confirming that **all** statutory obligations are being met. This declaration is available from the Finance Office.
- (12) The Third Principle states that “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.” Therefore a Member must not use an office, funded by OCE, for any other purpose, e.g. for council business, party political activities or canvassing during an election period. At the end of each financial year the Finance Office will seek a declaration from each Member that the office has not been used for any other purpose. If, under exceptional circumstances, a constituency office has been used for a wholly incidental purpose (e.g. a one off party meeting or AGM) the Member must declare this and reimburse the Assembly for the proportion of costs incurred in facilitating the incidental use. If the improper use continues on a regular basis OCE payments in respect of the office may stop.
- (13) During an election period separate guidance will be issued to each Member regarding the use of constituency offices. A Member will be asked to declare if the office or other resources will be used for the purposes of the campaign and a reimbursement towards the OCE costs will be sought from the Member.

- (14) Accommodation which is leased by a Member as a constituency office **must not** be sublet. However an office may be shared by more than one Member for Assembly business. In these circumstances each Member must have a separate lease agreement lodged with the Finance Office or be a joint signatory to the original lease agreement.
- (15) If the expenditure of the office is to be assigned to more than one Member, each Member must give their consent in writing for all office expenditure to be apportioned by an agreed ratio, which represents the usage of that office. A MSF2 form should be completed. Any changes to the cost sharing agreement must be notified immediately to the Finance Office. The Finance Office will contact each Member at the start of each financial year to confirm they are still content with the cost sharing arrangements. If a Member is also a Member of Parliament at Westminster (MP), he/she must complete an annual declaration, stating what percentage, if any of his/her office costs are attributable to holding that office. This percentage will be applied to all claims submitted.
- (16) A Member who rents a constituency office with a MP or a Member of the European Parliament (MEP) must enter into a written agreement with the MP or MEP as to the apportionment of costs and the terms of the agreement must be approved by the Finance Office. If a Member is an MP or MEP and they wish to claim the rental payments of the office from OCE, he/she must declare in writing that the rental payments are not being paid from any other parliamentary funding.
- (17) A Member may incur legal costs as a result of renting a constituency office, eg in negotiating rental payments or drafting a leasing agreement, these can be claimed from OCE.

EXTRACT FROM THE REPORT OF THE INDEPENDENT FINANCIAL REVIEW PANEL: MARCH 2012

Constituency office rents

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.

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.

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 their 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.

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.

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.

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.

The Panel consider this is a fair, pragmatic and sensible approach. It therefore intends to continue this approach for the remainder of this mandate.

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.

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.

EXTRACT FROM THE FINANCIAL ASSISTANCE TO MEMBERS HANDBOOK: DECEMBER 2012

Office Signage

- (18) While office signage could be considered as a type of advertising, it is recognised that expenditure on office signage is of a much higher value and more permanent in nature.
- (19) The cost of signage for a constituency office may be claimed from OCE provided, in the case of new external signage, the Finance Office is given evidence that the landlord has been consulted, that the lease agreement has not been breached and, if appropriate, the relevant planning permission has been sought. Office signage is considered to include all permanent signage on the exterior of a property and window graphics or frosting. It does not include non-permanent window displays which facilitate the display of advertising or promotional material. These are categorised as general advertising.
- (20) All Members **must** obtain prior approval from the Finance Office before undertaking the production and installation of office signage in order to establish that the content of the signage is admissible and that the cost will be met from OCE.
- (21) When submitting a claim for payment a photograph of the final signage or graphics, must be forwarded with the appropriate claim form.
- (22) The rules for office signage differ from those detailed in paragraph 29 (1) - (17) for general advertising and Members should ensure that they are familiar with the rules for both categories.

Content of Office Signage

- (23) Party logos, which have been registered with the Electoral Commission, are admissible on office signage and references to the Party to which a Member belongs may also be included in Office signage. The restrictions,

detailed in paragraph 29.0 (7), on the size of Party emblems will not apply to office signage.

- (24) However to be admissible from OCE, the office signage must clearly and prominently identify the name of the Member to whom the constituency office belongs.
- (25) As with general advertising the inclusion of any inadmissible items on an office sign will render a claim for payment void and it will be returned to a Member unpaid. However, it is recognised that a Member may seek to minimise the costs of constituency offices funded from the public purse by sharing an office with an MP. In these circumstances it is admissible for the name of the MP to be included on the office signage and it will be permissible for a contribution to be made towards the total cost of the signage by the MP. Costs for office signage will be attributed between an MLA and an MP in the same ratio as declared by Members for all other office costs. For the avoidance of doubt references to any other elected representatives (such as Party councillors) are inadmissible and, as such, will render any subsequent claim for expenditure void for payment.
- (26) Stand-alone flags and emblems are inadmissible on office signage.
- (27) Strap-lines are inadmissible on office signage, unless they are an intrinsic part of a registered Party emblem. As the cost associated with amending office signage can be substantial, Members are encouraged to avoid the inclusion of a strap-line even where it forms a part of the Party emblem.
- (28) References to Party contact details, including websites and email addresses will not be admissible, except where the website address is an intrinsic part of a registered emblem.
- (29) Contact information for councillors is inadmissible on office signage.