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# Introductory Provisions

## Glossary and Explanation of Terms

### Abbreviations

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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AM</td>
<td>Assembly Member (National Assembly for Wales).</td>
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<tr>
<td>CARE</td>
<td>Career average revalued earnings.</td>
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<tr>
<td>COE</td>
<td>Constituency Office Expenditure.</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index.</td>
</tr>
<tr>
<td>DEL</td>
<td>Departmental Expenditure Limit.</td>
</tr>
<tr>
<td>DFM</td>
<td>deputy First Minister.</td>
</tr>
<tr>
<td>ESE</td>
<td>Employee Support Expenses.</td>
</tr>
<tr>
<td>GAD</td>
<td>Government Actuary’s Department.</td>
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<tr>
<td>ESRI</td>
<td>Environmental Systems Research Institute.</td>
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<tr>
<td>FAPP</td>
<td>Financial Assistance for Political Parties scheme.</td>
</tr>
<tr>
<td>FM</td>
<td>First Minister.</td>
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<tr>
<td>FTE</td>
<td>Full time equivalent.</td>
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<tr>
<td>HMRC</td>
<td>Her Majesty’s Revenue and Customs.</td>
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<td>ICT</td>
<td>Information and communication technology.</td>
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<tr>
<td>IPSA</td>
<td>Independent Parliamentary Standards Authority.</td>
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<tr>
<td>IT</td>
<td>Information technology.</td>
</tr>
<tr>
<td>LRA</td>
<td>Labour Relations Agency.</td>
</tr>
<tr>
<td>MEP</td>
<td>Member of the European Parliament.</td>
</tr>
<tr>
<td>MLA</td>
<td>Member of the Legislative Assembly.</td>
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<tr>
<td>MP</td>
<td>Member of Parliament (House of Commons).</td>
</tr>
<tr>
<td>MSP</td>
<td>Member of the Scottish Parliament.</td>
</tr>
</tbody>
</table>
NAW National Assembly for Wales.
NIAMPS Northern Ireland Assembly Members’ Pension Scheme.
OCE Office Cost Expenditure.
OFMDFM Office of the First Minister and deputy First Minister.
P.A. per annum.
PSNI Police Service of Northern Ireland.
SSRB Senior Salaries Review Body.
TD Teachta Dála (Member of Dáil Éireann).
TSE Travel and Subsistence Expense.
UK United Kingdom.

Other Terms
2016 Determination: the Northern Ireland Assembly Members’ (Salaries and Expenses) Determination 2016.
A Fresh Start: A Fresh Start: the Stormont Agreement and Implementation Plan, published by the Northern Ireland Office on 12th November 2015.
The Executive The Executive Committee of the Assembly constituted under section 20 of the 1998 Act.
Assembly: the Northern Ireland Assembly.
Associated person: A person is associated with a Member if that person is –
(a) a political party,
(b) a member, employee or officer of a political party,
(c) an association, whether incorporated or not, the purpose of which is wholly or mainly –
(i) the advancement of political opinions,
(ii) the advancement of culture or heritage, or
(iii) the advancement of religion,
(d) a person who is, or was within the last five years –

(i) a Member of the Assembly, the European Parliament, the Houses of Parliament, the Scottish Parliament, National Assembly for Wales, Dáil Éireann, or Seanad Éireann

(ii) a councillor,

(iii) an employee of a Member of the Assembly,

(iv) an employee of the Commission,

(v) an employee of a Northern Ireland department,

(vi) an employee of a district council,

(vii) a family member of a Member of the Assembly, or

(viii) a candidate for election to the Assembly.

Connected person: A person is connected with a Member if that person is –

(a) a family member of the Member,

(b) a political party of which the Member is a Member,

(c) a person with whom the Member is connected within the meaning of section 252(2)(b)-(e) of the Companies Act 2006.

Fourth Assembly: The Assembly elected on 5th May 2011 which will be dissolved on or around 29 March 2016.

Fifth Assembly: The Assembly which will be elected on 5th May 2016 and which will be dissolved on or around April 2021.

Sixth Assembly: The Assembly elected after the Fifth Assembly (see above).

Member: Member of the Northern Ireland Assembly.

Secretariat: persons whom the Commission employs to provide the Assembly with the services it requires to discharge its functions.

The Commission: The Northern Ireland Assembly Commission, the Assembly’s corporate body.


Foreword

1. The role of the Independent Financial Review Panel is to set the level of salaries, pensions and expenses that are payable to Members of the Northern Ireland Assembly. The Panel does so by producing Determinations which give legal effect to its decisions. This report sets out the detail of, and rationale for, the salaries, pensions and expenses that the Panel has determined will be payable to Members of the Fifth Assembly, which is due to be elected in May 2016 and sit until 2021.

2. The Panel is required to fulfil its role with a view to ensuring probity, accountability and value for money in regard to the expenditure of public funds and to secure for Members adequate resources to enable them to exercise their functions as Members of the Assembly while at the same time not deterring people with the necessary commitment and ability from seeking election to the Assembly.

3. Effective and honest government is vital for Northern Ireland and those involved in politics need to have a fair system that rewards them and that supports them in their work. From its inception in 2011, the Panel has sought to develop such a system and this report explains the detail of our Determination for the new mandate in 2016-21 which is now delivered to the Speaker and the Assembly Commission.

4. In terms of the package of personal remuneration available to MLAs the Panel consulted widely and sought to benchmark this against those paid in other legislatures
in the UK and Ireland, against public sector pay and against the wider jobs market in Northern Ireland. The Panel also considered Members’ pensions in the context of changes in public pensions, increasing life expectancy and issues of future affordability.

5. From all of this the Panel has developed a package with a modest immediate increase in MLA salaries and the possibility of future inflation linked increases – but offset by major changes in the pension package with increased contributions for many MLAs and a move to a Career Average Related Earnings (CARE) pension system. The Panel believes that in the current economic environment, this is fair and affordable and will secure for Members adequate resources to enable them to exercise their functions as MLAs whilst not deterring people with the necessary commitment and ability from seeking election.

6. MLAs also provide a range of important services to constituents and are able to claim expenses to reimburse their costs. When the Panel was established in 2011, the Fourth Assembly was already in place and the Panel was thus unable to fully review the regime for Members’ expenses before issuing its first Determination in 2012. The Panel has now remedied that and has undertaken a complete and radical review of expenses designed to ensure that MLAs have the resources they need to do their jobs.

7. The Panel wishes to emphasise that many MLAs exercise care with their expenses and work hard to deliver value for money. The Panel is concerned to build upon best practice both in this and other legislatures to provide a system of financial support which assists MLAs in providing efficient and effective service to the public.

8. The Panel has radically revised the rules on Members’ constituency offices to refocus these on their intended purposes and make clear that these are constituency offices for elected MLAs not political Party Advice Centres. The Determination includes new rules on office rentals, caps on the amounts that may be recovered for rent and rates and a ban on claiming rent for offices owned by political parties and individuals ‘connected’ to the MLA. Where MLAs share offices with others there will be new controls on the expenses that can be claimed and new rules on the signage of offices for which rent and rates expenses can be recovered.

9. MLAs’ support staff are critical to the service they offer the public. The Panel’s research identified major concerns about the way in which such staff were recruited, trained and paid. The Panel has now completely revised the basis on which MLAs may reclaim the costs of support staff. Staff will be appointed on standardised contracts to 3 clear job roles. There will be a system to allow existing staff to assimilate across to the new roles with a small pay rise in most cases. All staff will be paid on the basis of the Living Wage as designated annually by the Living Wage Foundation.

10. In terms of other costs incurred by MLAs the Panel has introduced cost caps and a set of new criteria that will govern expenditure on some items.

11. Over the next five years, the Panel estimates that this whole package will reduce the cost of politics by approximately £1.5 million. Taken as whole the Panel is confident that this package will recognise the changing economic circumstances in which we must all
now operate. At the same time it will protect and potentially enhance the overall level of funding available to support MLAs and provide for their constituency offices while focusing that money on the issues most important to the service to the public. It will also greatly reduce the risk that, in a small number of cases, funds may be diverted to political parties or other connected parties.

12. Arising from our experience over the last five years, the Panel has also made a series of recommendations to the Assembly Commission and Secretariat which are included in this report.

13. As Chairperson of the Panel, my fellow members, Dr Henrietta Campbell CB and Mr Alan McQuillan OBE, and I wish to record our gratitude to all those who helped and supported the preparation of the 2016 Determination and this report. In particular, the Panel would like to acknowledge the assistance provided by:

- Current and former Members of the Assembly;
- The Clerk/Chief Executive of the Assembly and the staff of Assembly Secretariat;
- Members and staff of the Remuneration Board for the National Assembly for Wales;
- Members and staff of the Independent Parliamentary Standards Authority;
- Staff of Tithe an Oireachtais; and
- All those who submitted their views to the Panel or who helped in any other way.

Patrick McCartan CBE.
Executive Summary of 2016 Determination

14. The main provisions of the 2016 Determinations are:

Salaries

- Members’ salaries will rise from £48,000 to £49,000 per annum (p.a.) and then by £500 p.a. from the 1st April each year, provided that the Consumer Price Index (CPI) as measured in the previous September shows a rise of at least 1%.

- All office holder salaries are based on the basic salary of a Member, so all will rise by £1,000 in May 2016 with the exception of those for junior Ministers, Principal Deputy Speaker and Deputy Speakers, which have been reduced. Office holder salaries will therefore also rise by £500 a year from 1st April next year providing there has been a 1% rise in the CPI index.

- If a Member is charged with a criminal offence and is remanded in custody, or convicted of a criminal offence and imprisoned the Member will receive only 10% of his or her salary.

- The salary determined by the Panel will be the salary paid to Members. There will be no mechanism for a member to opt out of receiving the increases.

Pensions

- A new pension scheme for Members will be introduced, the details of which will be set out in a separate Determination.

- The main provisions of that scheme will include that a Member’s pension will be based on Career Average Revalued Earnings (CARE), built up at a rate of 2% of pensionable earnings per annum, that a Member’s contribution rate will be 9% and that there will be transitional protection for scheme members aged 55 or over on 1 April 2015.

Members’ Expenses

- A Member may claim constituency office expenses (COE) for only one constituency office at a maximum rent of £8,500 p.a. The costs of rates may be also be reimbursed and these will be capped at 40% of the allowable rent with a maximum of £3,400 p.a.
The maximum amount of rent a Member can claim is reduced if the Member shares the office with another MLA, an MP, or MEP or if the office is rented from an associated person.

Expenses are not recoverable if the office is rented from a connected person, including a political party or shared with a political party.

In shared offices new rules will require rates and utility costs to be shared on a fair and equal basis.

To be eligible for recovery of COE in respect of a constituency office, the office must meet strict criteria with regard to signage.

Where a Member uses their own premises as their sole constituency office they may claim a flat rate £2,000 allowance to cover all rent, rates and utility costs.

A Member may claim up to £600 p.a. for mobile telephony.

A Member may also claim £4,900 p.a. in respect of specified office running costs and expenses. Of this £100 per month can be drawn down as unvouched petty cash but the Panel has heavily restricted the range and type of supplies and services than can now be purchased.

Each Member may claim up to £2,000 during the lifetime of each Assembly to assist with setting-up of or minor refurbishment of their constituency office.

Members’ Support Staff

Each Member will be able to recover staff costs for the employment of not more than two full time equivalent (FTE) support staff and there will be an annual limit of £50,000 throughout the Fifth Assembly for such expenses. The Assembly Commission will, in addition to that amount, pay the costs of employers’ national insurance and employers’ pension contributions.

To be eligible for reimbursement of staff costs and for the Commission to pay the additional costs, a number of conditions must be met, including:

- Support staff being employed on a standard contract in one of three grades, with no more than one person employed at the highest grade (grade 3) and maximum working hours of 37 per staff member per week;
- Standardised pay scales for support staff that start at the Living Wage as set annually by the Living Wage Foundation and rise to a maximum salary in the top grade of £27,500;
- The possibility of pay progression for staff based on satisfactory performance;
- Existing staff being assimilated across onto the new pay scales in compliance with a model determined by the Panel;
- All new support staff being recruited on merit through open competition;
• All support staff being provided with a workplace pension scheme approved by the Panel with a minimum contribution of 3% from the staff member and 5% from the Assembly;
• No more than one connected person may be employed by a Member;
• Expenditure incurred in making extra-statutory redundancy or notice payments will not be recoverable under staff costs; and
• Up to £500 a year from staff costs may be used to fund staff training.

Travel & Subsistence Expenses

• Travel and subsistence expenses (TSE) will be based on a flat rate system calculated separately for each constituency and based on attendance at Parliament Buildings on at least 72 days a year.
• TSE will be paid monthly and will range from £850 a year for a Belfast constituency to £7,450 for Fermanagh and South Tyrone. Ministers and office holders entitled to an official car will receive a reduced entitlement.
• Members will have to provide the Commission with details of their attendance at Parliament Buildings, and TSE will be reduced by 1% for each day below 72 on which he or she does not attend.
• TSE is not payable to a Member who is charged with a criminal offence and is remanded in custody, or convicted of a criminal offence and imprisoned for a period of less than 12 months.

Members’ Allowances

• The “salary plus” childcare allowance will be removed and no provision is made for childcare expenses.
• Winding-up allowance will continue, subject to certain conditions.
• The cap on the amount payable for disability expenditure will be removed. Payment will now be subject to a specialist independent occupational health assessment.
• Recovery of recall expenditure will continue.
• If a Member decides not to stand for re-election or does stand and is re-elected they may recover a resettlement payment of one calendar month’s salary for each completed year of service, subject to a maximum payment equal to 6 months’ salary.
• Where a Member retires through ill health they may receive an ill health payment. The Commission must now first be provided with independent specialist occupational health advice that they are no longer fit to work as an MLA. The
criteria have also been amended — the member need no longer be under the age of 65 and the amount payable will be calculated by reference to one calendar month’s salary for each completed year of service, subject to a maximum payment equal to 6 months’ salary.

Recommendations

15. In addition to the issues on which it has determined, the Panel has produced a number of recommendations that it believes the Assembly Commission should consider. They include recommendations that:

**COE**
- The Commission seek photographic evidence that Members comply with the rules on signage.

**Staff Costs**
- The Commission produce a recruitment code for Members’ support staff to assist Members in carrying out fair and open competition for posts, which should include a requirement for the job to be publicly advertised through the local Jobcentre and for an independent person or panel to assist the Member in carrying out the competition.
- The Commission facilitates the advertisement of Members’ support staff posts on the Assembly website.
- The Commission establishes a centrally supported recruitment and selection process, including appropriate documentation, to assist Members recruit support staff.
- The Commission provides advice and guidance on the staff employment arrangements contained in the 2016 Determination and that it facilitates the Labour Relations Agency in providing assistance to MLAs.

**Members’ Allowances**
- The Commission facilitates any Member who wishes to participate in either a childcare voucher scheme or any new scheme that might be introduced nationally.
Miscellaneous

- The Commission provides assistance to Members who wish to develop a Private Member’s Bill and where the necessary expertise cannot be provided from within the Assembly, external assistance should be funded by the Commission.

- The Commission considers the expansion of the Assembly website to allow Members to include constituency reports, contact details, advertisements for staff etc.

- The Commission considers whether economies of scale might be achieved by central procurement of items for Members ranging from insurance to the purchase of utilities including telephony, broadband and mobile phones.

- The Commission reviews the range and nature of the IT package supplied to Members.

- The Commission puts in place and publishes details of a new system in respect of appeals on disallowed claims for expenses and publishes details of such cases in a way similar to IPSA.

- The Commission publishes a clear policy on how it will respond to any concerns of fraud on individual claims including referral to the Assembly Commissioner for Standards and / or PSNI.

- The Commission briefs the Panel regularly on all disallowed claims.

- The Commission establishes a dedicated unit within Finance to manage all claims, provide advice to Members and liaise with the Panel on the operation of the Determination.

- The Commission provides all necessary support to the Panel and ensures continuity in that support.

- The Commission reviews the Financial Assistance to Political Parties scheme (FAPP).
Salaries

Background

16. In its first Determination in 2012 the Panel established a “triple benchmark” approach to setting Members’ salaries. The Panel compared the salaries payable to Members with those payable in other legislatures in the UK and Ireland, those in the public sector in Northern Ireland and those in the private sector in Northern Ireland.

17. The result of that approach was to set the pay of Members at around two times the average earnings in Northern Ireland, with the salary for Ministers and other officer holders set at higher levels to reflect the weight of their additional responsibilities.

18. In developing its 2016 Determination, the Panel concluded that that approach had worked well and should continue. The Panel therefore conducted a further benchmarking exercise, considered overall trends in the public and private sector and, given that the 2016 Determination is to last for the whole of the Fifth Assembly, looked at projected inflation over the next five years.

Table 1 - 2015 Member Salaries: Comparison between Legislatures

<table>
<thead>
<tr>
<th></th>
<th>Members’ Salaries (May 2015) (£)</th>
<th>% of MP Salary*</th>
<th>Population Served (’000)²</th>
<th>No. of Elected Members</th>
<th>Total Member Salaries³ per head of population (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>House of Commons</td>
<td>74,000</td>
<td>100.0</td>
<td>64,596.8</td>
<td>650</td>
<td>0.74</td>
</tr>
<tr>
<td>Scottish Parliament</td>
<td>59,089</td>
<td>79.9</td>
<td>5,347.6</td>
<td>129</td>
<td>1.43</td>
</tr>
<tr>
<td>National Assembly for Wales</td>
<td>54,391</td>
<td>73.5</td>
<td>3,092.0</td>
<td>60</td>
<td>1.06</td>
</tr>
<tr>
<td>Dáil Eireann¹</td>
<td>65,444</td>
<td>88.4</td>
<td>4,609.6</td>
<td>166</td>
<td>2.36</td>
</tr>
<tr>
<td>Northern Ireland Assembly</td>
<td>48,000</td>
<td>64.9</td>
<td>1,840.5</td>
<td>108</td>
<td>2.82</td>
</tr>
</tbody>
</table>

Notes:
1 Comparisons with Dáil based on rate of exchange at 31 January 2015 (1 Euro = £0.74)
2 2014 population estimates (latest available)
3 Salary per head times number of Members (excludes office holder and other allowances, expenses etc.)
19. The information gathered shows that, at the end of the Fourth Assembly and after the implementation of the May 2015 pay award for MPs in Westminster, a Member was earning 64.9% of an MP’s salary. However, the data also shows that Members receive a salary that is significantly more per constituent than elsewhere. There will always be some diseconomies of scale in a smaller jurisdiction, but the salary cost per constituent of a Member in Northern Ireland is almost four times that of an MP, over two and a half times that of an AM, almost twice that of an MSP and about one fifth higher than that of a TD.

20. The Panel considered the Annual Survey of Hours and Earnings¹ prepared by the Office of National Statistics and noted that the salary level for Members is approximately twice the average wage of employees in Northern Ireland. The Panel considers this level to be compatible with its functions in securing for Members a level of remuneration that fairly reflects the complexity and importance of their role and that does not deter people with the necessary commitment and ability from seeking election to the Assembly.

Pay Trends and Affordability

21. In considering the level of salaries, the Panel was conscious that its Determination will have an effect not just next year, but potentially over a five-year period during which inflation will continue.

22. There is also a further consideration in relation to the affordability of salaries over the Fifth Assembly. All Members’ salaries and expenses are paid by the Commission on the basis of a budget proposed by the Executive and agreed by the Assembly. Over the past five years, and in line with budget settlements across the public sector, the Assembly’s budget has reduced, which in turn has increased pressure on the Assembly’s non-Member costs. However, the Panel is pleased to note that a commitment was made in the Executive’s Budget for 2016/17 that the cost of Members would be met in full.

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¹ Annual Survey of Hours and Earnings (Nov 2015)
Member Salaries in the Fifth Assembly

23. Based on all of its deliberations, the Panel considers that:
   - The level of Member salaries over the past five years has been fair in comparison to other legislative bodies and the general pattern of Northern Ireland median salaries;
   - Members are paid around two times the median earnings in Northern Ireland. Given the complexity and importance of a Member’s functions, this is the correct level to attract people with the necessary commitment and ability to seek election to the Assembly; and
   - The overall workload of Members is shared by more elected Members and the cost per constituent remains high in comparison with other legislatures in the UK and Ireland;\(^2\)

24. The Panel has therefore concluded that, in the Fifth Assembly, it will maintain the broad structure of salaries for Members and office holders with some minor adjustments to the salaries payable to some office holders.

25. The Panel has paid particular attention to the Annual Survey of Hours and Earnings and believes that it is reasonable and appropriate to provide for a small increase in

\(^2\) *A Fresh Start* suggests political agreement to reduce the number of Members from 108 to 90, a reduction of 17%, although that reduction, should it occur, is not expected to take place until the election scheduled for 2021.
Members’ salaries in 2016 and a further rise in each of the subsequent years, subject to certain economic tests. The salary payable to Members will increase by £1,000, so that Members elected on 5th May 2016 will receive a salary of £49,000. If there is an increase in inflation in subsequent years, the salaries of Members will also increase by a small amount each year.

26. The Panel has determined that a Member’s salary from May 2016 will be £49,000 per annum, and thereafter will rise by £500 per annum from the 1st April each year, provided that the Consumer Price Index (CPI) as measured in the previous September shows a rise of at least 1%.

27. The Panel believes that the proposed rates will stay in line with current policy regarding public sector pay and estimated general earnings growth for full-time employees in Northern Ireland. The Panel considers that this level of remuneration reflects a fair and reasonable reward for the job of a Member and that meets the Panel’s objectives as set out at section 2(2) of the 2011 Act.

28. In line with section 47 of the Northern Ireland Act 1998, the salary determined by the Panel shall be the salary paid to Members.

Office Holder Salaries

29. In addition to receiving the basic salary for a Member, holders of various offices in the Assembly and Executive are paid an additional salary to reflect additional responsibilities. In the past, those additional payments were called “Office Holder Allowances”, but, as a matter of law and practice, they are simply larger salaries.

30. The Panel intends to dispense with the term “Office Holder Allowances” in this regard and refer instead (as the 1998 Act contemplates) to the salary payable to a Member. If a Member is an office holder and the Panel considers extra responsibilities of his or her office warrant it, a higher salary will be paid reflecting the responsibilities of the office held. For example, a Northern Ireland Minister will receive a salary greater than that paid to a Member who does not hold office and the First Minister and deputy First Minister will receive a salary higher than that of a Northern Ireland Minister.

31. In 2012, the Panel sought to develop a clear system of remuneration for office holders that:

- is based on the evidence from the Panel’s research and comparison with other similar institutions in other legislatures in the UK and Ireland;
- fairly rewards office holders for their responsibilities and workloads;
- creates a clear hierarchy of posts based upon the evidence obtained by the Panel in its discussions with Members and office holders on the roles and relative responsibilities of various posts; and
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.

32. The Panel’s intention in making provision for larger salaries for office holders is to reward Members for the work done in carrying the additional responsibilities of office and to incentivise Members to seek office. Larger salaries are paid to a wide range of post holders including Ministers, junior Ministers, the Speaker, Deputy Speakers, committee Chairpersons and Commission Members. In developing the level for these allowances in its 2012 Determination, the Panel had regard to the relativities of these posts to various other benchmarks.

33. Table 2 provides a comparison of Members’ salaries compared with Members of other legislatures in the UK and Ireland when office holder allowances are included.

Table 2 – Comparison of office holder salaries (May 2015)

<table>
<thead>
<tr>
<th>Post</th>
<th>Northern Ireland Assembly £</th>
<th>Scottish Parliament £</th>
<th>National Assembly for Wales £</th>
<th>House of Commons £</th>
<th>Dáil Éireann* £</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Minister/deputy First Minister</td>
<td>120,000</td>
<td>144,687</td>
<td>135,261</td>
<td>149,440</td>
<td>139,013</td>
</tr>
<tr>
<td>Minister</td>
<td>86,000</td>
<td>103,495</td>
<td>96,340</td>
<td>141,505</td>
<td>118,155</td>
</tr>
<tr>
<td>Junior Minister</td>
<td>60,000</td>
<td>86,905</td>
<td>80,776</td>
<td>105,680</td>
<td>91,229</td>
</tr>
<tr>
<td>Speaker</td>
<td>92,000</td>
<td>103,495</td>
<td>96,340</td>
<td>149,766</td>
<td>118,155</td>
</tr>
<tr>
<td>Deputy Speaker</td>
<td>57,000</td>
<td>86,905</td>
<td>80,776</td>
<td>115,370</td>
<td>91,229</td>
</tr>
<tr>
<td>Commission Member</td>
<td>54,000</td>
<td>59,089</td>
<td>66,811</td>
<td>74,000</td>
<td>71,999</td>
</tr>
<tr>
<td>Committee Chair</td>
<td>60,000</td>
<td>59,089</td>
<td>66,811</td>
<td>88,876</td>
<td>71,999</td>
</tr>
<tr>
<td>Member</td>
<td>48,000</td>
<td>59,089</td>
<td>54,391</td>
<td>74,000</td>
<td>65,444</td>
</tr>
</tbody>
</table>

* Comparisons with Dáil Éireann based on rate of exchange at 31 January 2015 (1 Euro=£0.74)

First Minister and deputy First Minister

34. These posts are clearly the most critical and important in the Assembly and Executive. They carry a high burden in terms of making politics, the Executive and the Assembly work. They have high personal workloads. The Panel considers that the First Minister and the deputy First Minister are fairly rewarded for the posts that they hold, and has determined that these offices should attract an annual salary of £121,000.


35. In its 2012 Determination, the Panel set the level of allowance for all Ministers at the same level. The Panel is conscious that ‘A Fresh Start’ proposes changes to the number of Ministers, which will result in a reduction in their number and a likely increase in some individual ministerial workloads. These changes are expected to take effect from the start of the Fifth Assembly. While the size of the new Departments and their budgets/staffing/policy loading are as yet uncertain, the Panel considered whether different ministerial salaries for different posts were appropriate. It is the view of the Panel that there are significant differences between the size and scope of the different ministerial briefs and their importance to people in Northern Ireland. However, the Panel found that:

- there is a strong view within the Assembly that all Ministers are of equal status and should be paid the same salary; and
- legally and constitutionally all Ministers carry the same weight within the Executive.

36. **The Panel has determined that all ministerial offices should attract an annual salary of £87,000**

37. **Junior Ministers**

38. The Panel considered the role and responsibilities of junior Ministers, particularly arising from proposals in ‘A Fresh Start’ in which it is envisaged that OFMDFM will become the “Executive Office” with a number of functions delegated to other Departments, thus reducing the policy areas and financial size of the OFMDFM.

39. There are two junior Ministers who assist the First Minister and the deputy First Minister in carrying out the work of their Department and who are jointly accountable to the First Minister and the deputy First Minister. The First Minister and the deputy First Minister also each have a significant number of special advisers to assist them.

40. **The Panel has determined that the salary paid to junior Ministers should be £55,000.**

41. **Speaker, Principal Deputy Speaker and Deputy Speakers**

42. The Speaker plays a critical role in the effective operation of the Assembly and in supporting the role of Members and committees in holding the Executive to account.

43. In considering the weight of the overall responsibilities of the Speaker in comparison to other posts, the Panel has determined that the office should attract a salary equivalent to that of a Minister and that the responsibilities of the Principal Deputy Speaker and two Deputy Speakers should attract an annual salary equivalent to that of a junior Minister.
Accordingly, the Panel has determined that the salary paid to the Speaker should be £87,000 and the salary paid to the Principal Deputy Speaker and Deputy Speakers should be £55,000.

Committee Chairpersons

Committee Chairpersons play a vital role in the work of the Assembly, not least because Committees are important for the scrutiny of proposed legislation, holding the Executive to account on a wide range of issues and helping Ministers to formulate policy.

In addition to 12 statutory Committees, there are six standing Committees in the Assembly. At present, an additional salary is paid to the Chairpersons of statutory Committees and the Chairperson of the Public Accounts Committee, but not to the Chairpersons of other Committees. The Panel thinks that this fairly reflects the responsibilities of these Chairpersons.

The same arguments on the overall scope of the responsibilities for Ministers can also be said to apply to Committees. In the Fourth Assembly, some scrutinise the largest Departments and departmental budgets, whereas the Departments scrutinised by other Committees may be smaller and spend less public money.

Given the proposed reduction in the number of Departments detailed in ‘A Fresh Start’, it is expected that the structure, scope and number of Committees will also change. However this is a matter for the Assembly.

The Panel has determined that, in the Fifth Assembly, the Chairpersons of statutory Committees and the Chairperson of the Public Accounts Committee should be paid a salary of £61,000.

Commission Members

The Commission is the corporate body of the Assembly and is responsible for the provision of the property, staff and services required to support the effective operation of the institution. The Commission, chaired by the Speaker, is where senior representatives of the five main parties come together to ensure the smooth running of Assembly corporate affairs. It is a vital component of the management structure of the Assembly itself and has responsibility for a DEL resource budget in 2015-16 of £42.958 million.

The Panel has determined that the salary paid to Commission Members should be £55,000.
Table 3 – Summary of Member and Office Holder salaries

<table>
<thead>
<tr>
<th>Role</th>
<th>Annual Salary for the year commencing 1 April 2012</th>
<th>Annual Salary 1 April 2013 – 4 May 2016</th>
<th>Annual Salary for office holders appointed after 5 May 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Member holding office as First Minister or deputy First Minister</td>
<td>£114,535</td>
<td>£120,000</td>
<td>£121,000</td>
</tr>
<tr>
<td>A Member holding office as any other Minister</td>
<td>£80,902</td>
<td>£86,000</td>
<td>£87,000</td>
</tr>
<tr>
<td>A Member holding office as a junior Minister</td>
<td>£55,101</td>
<td>£60,000</td>
<td>£55,000</td>
</tr>
<tr>
<td>A Member holding office as Speaker</td>
<td>£80,902</td>
<td>£92,000</td>
<td>£87,000</td>
</tr>
<tr>
<td>A Member holding office as Principal Deputy Speaker or as Deputy Speaker</td>
<td>£51,600</td>
<td>£57,000</td>
<td>£55,000</td>
</tr>
<tr>
<td>A Member holding office as Member of the Assembly Commission</td>
<td>£49,101</td>
<td>£54,000</td>
<td>£55,000</td>
</tr>
<tr>
<td>A Member holding office as Chairperson of any statutory Committee or of the Public Accounts Committee</td>
<td>£54,432</td>
<td>£60,000</td>
<td>£61,000</td>
</tr>
<tr>
<td>Any other Member</td>
<td>£43,101</td>
<td>£48,000</td>
<td>£49,000</td>
</tr>
</tbody>
</table>

Salaries for Opposition

50. The Panel notes in ‘A Fresh Start’ the possibility of the creation of some form of opposition in the Assembly and further notes that ‘A Fresh Start’ at Section F and in Appendix F4 sets out a series of proposed entitlements for opposition parties.

51. Should such an opposition develop, dependant on the structure, the Panel may consult on any matter of remuneration for office holders in the opposition.

Absences from the Assembly

52. A Member is paid a flat rate salary for their entire term of office irrespective of whether they can or do attend proceedings of the Assembly. The Panel notes that the Assembly has power under section 47A of the 1998 Act to reduce the remuneration payable to Ministers and Members in limited circumstances. The Panel further notes that the Assembly’s standing orders allow the Assembly to impose sanctions on a Member.

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3 Annual salaries will rise by £500 per annum from the 1st April each year, provided that the CPI index as measured in the previous September shows a rise of at least 1%.

4 A Fresh Start.
including his or her exclusion from proceedings of the Assembly for a specified period and the withdrawal of rights and privileges, including the rights to salary.

53. Imprisonment of a sitting Member of the Assembly has never happened in Northern Ireland, but it has occurred elsewhere, notably in Scotland. There was considerable public disquiet when the salary and expenses regime applicable in Scotland allowed a MSP to be paid while in prison, and the Panel has noted that the Scottish Parliamentary Corporate Body responded by bringing forward an amendment to the Scottish Parliament Salaries Scheme. The amendment, which was agreed by the Scottish Parliament, provided that, for any period during which an MSP was imprisoned, the salary payable to that MSP would be reduced by 90%.

54. **The Panel has determined that, if a Member is charged with a criminal offence and is remanded in custody, or convicted of a criminal offence and imprisoned for a period of less than 12 months, the Member should be paid only 10% of his or her salary and travel and subsistence expenses will not be payable. Other elements of COE should continue to be paid because the Member’s office may continue in operation for a time.**

55. These provisions will apply separately from and in addition to any sanctions that may be applied by the Assembly itself. The Panel notes that a Member must in any event vacate his or her seat if he or she is imprisoned for a term of 12 months or more.
Pensions

Background

56. Following the publication of the report by Lord Hutton on the Independent Public Service Pensions Commission5, the Panel published its consultation proposals for the reform of the Northern Ireland Assembly Members’ Pension Scheme (NIAMPS) in 2014. As part of the consultation process the Panel met with the NIAMPS trustees and addressed a meeting of Members. The Panel also considered a number of submissions from members of the public and commissioned a report from the Government Actuary’s Department (GAD) in January 2014. Following the consultation process, the Panel has determined to introduce a new pension scheme for Members which will govern the pensions of Members. The new scheme is set out in a Determination separate to that relating to salaries and expenses, but the details are outlined here.

Members’ Pensions

57. The new scheme will include the following provisions:

- Pensions will paid based on Career Average Revalued Earnings (CARE);
- Pension is built up at a rate of 2% of pensionable earnings per annum (equivalent to an accrual rate of 1/50th);
- Proposed contribution rates of 9% (Member) and 15% (Assembly) subject to GAD calculations;
- Death in service benefits and other provisions in line with public sector schemes and other legislatures (Members of the House of Commons and NAW); and
- Transitional protection for scheme members aged 55 or over on 1 April 2015 who will be permitted to remain in the current scheme for up to 5 years from the start of the Fifth Assembly.

58. Members availing of transitional protection and currently accruing benefits at a rate of 1/50th will see their pension contributions increase from 7% to 9%. Members availing of transitional protection and currently accruing benefits at a rate of 1/40th will continue to pay contributions of 12.5% of salary. All Members availing of transitional protection will move to a CARE scheme after 5 years i.e. after the election in 2021. All Members elected to the Assembly for the first time in 2016 and returning Members who are not

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included in the transitional protection will join the CARE scheme and make pension contributions at 9% of salary.

59. The Assembly’s contribution rate will fall from the current rate of 20.6% to 15% due to introduction of the new scheme. The next GAD triennial review will be based on the position of the scheme on 31 March 2017 and may result in a further adjustment of contribution rates.

60. The Panel calculates the total pension savings to be 5.6% of total Member and office holder salary and expenses costs, which represents approximately £334,000 per annum and potentially over £1.5 million over the full term of the Fifth Assembly.
Members’ Personal Allowances

61. Members are currently entitled to claim a number of different allowances that relate to their personal circumstances as opposed to being the reimbursement of expenses incurred in their day-to-day work as Members.

Childcare Expenses

62. The childcare allowance currently available to Members is “salary plus”. The Panel proposed in its 2012 report that the Commission should consider other available childcare schemes, including the establishment of a childcare voucher scheme for Members.

63. In 2014, the Panel was asked by the Assembly Commission to consider the removal of the “salary plus” allowance, with Members instead being able to avail of Government childcare vouchers purchased from gross salary in the same way as other taxpayers. After due consideration, the Panel believes it appropriate to remove the “salary plus” allowance, and no provision is made for childcare expenses in the 2016 Determination.

64. The Panel recommends to the Commission that it facilitate any Member who wishes to participate in either a voucher scheme or any new scheme that might be introduced nationally.

Winding-up Allowance

65. Under the 2012 Determination, winding-up allowance is recoverable in respect of a person who ceases (whether on death or otherwise) to be a Member. The amount recoverable is equal to the actual expenditure which has been wholly and necessarily incurred by that Member in connection with the performance of their Assembly duties, during the three months starting with the date on which the person ceased to be a Member. The amount recoverable is not to exceed one third of the maximum amount of OCE recovered by that Member in the previous year. The provisions of the 2012 Determination will apply for those ceasing to be Members as a result of the poll in May 2016.

66. Winding up provision caters for circumstances such as the death or retirement of a Member and when there are legitimate expenses in winding up that Member’s office and other Assembly business. Winding-up expenditure does not include, for example, statutory redundancy payments to a Member’s staff; those costs are met directly by the Commission.
67. The Panel has determined to continue the winding-up allowance for the Fifth Assembly subject to the following:
   - Winding-up expenditure is to be capped at £4,500;
   - Winding-up expenditure will be available for a period of three months from the date on which a Member ceases to be a Member;
   - Disability expenses will continue to be payable in the winding-up period; and
   - Any expenditure incurred in making non-statutory redundancy or notice payments to staff is not recoverable.

Disability Expenses

68. Under the 2012 Determination, a Member is entitled to recover up to £10,000 in any year for additional expenditure which is incurred in carrying out Assembly duties where that additional expenditure is wholly or mainly attributable to any disability which the Member has. This allowance has been applied very rarely. The Panel does not consider it appropriate for an allowance of this kind to be subject to a limit, since the nature of adjustments which may be required will vary depending on the nature of any disability.

69. The Panel has determined to continue the allowance but to remove the cap on the amount payable.

70. Disability expenses will be approved by the Commission in each case and provided only where there is satisfactory evidence from a medical practitioner specialising in occupational health nominated by the Commission that the expense for which recovery is sought is cost effective and is a consequence of the Member’s disability.

Recall Expenditure

71. Under the 2012 Determination, a Member is entitled to recover any expenditure incurred which is wholly and necessarily attributable to attendance at the Assembly during any recall which takes place during a recess period. Subject to a minor modification relating to a need for the Member to use the most economical means reasonable to return, the Panel considers this a reasonable provision.

72. The Panel has determined to continue the provision for recovery of recall expenditure.
Resettlement Payment

73. Circumstances may arise when, for personal reasons other than ill health, a Member decides not to stand for re-election or does stand and is not returned at an election. In these circumstances, a resettlement payment may be made.

74. A resettlement payment is analogous to a redundancy or notice payment. It is designed to recognise that politics can be a short-term and unpredictable occupation.

75. Under the 2012 Determination, any person who is a Member immediately before the dissolution of the Assembly and at the election consequent upon that dissolution either does not stand for election or, if he or she does stand is not returned as a Member, is entitled to receive a resettlement payment. The amount is based on the Member’s age at the date of dissolution and the number of complete years of service as a Member at that time.

76. Resettlement payments are common to the UK legislatures, referred to variously as “payments” (the IPSA Scheme), “allowances” (the 2012 Determination) and “grants” (the NAW Scheme). Members of the Scottish Parliament may receive “grants” for resettlement under the Scottish Parliamentary Pensions Act 2009.

77. There are differences in the way resettlement payments are calculated in UK legislatures. Resettlement payments under the IPSA and the NAW schemes are set by reference to one calendar month’s salary for each completed year of service, subject to a maximum payment equal to 6 months’ salary.

78. The Panel considers that resettlement payments in Northern Ireland under the 2012 Determination are unnecessarily complex. The Panel was also concerned that age at the time of resettlement played a key role in calculating the amount of resettlement payment. The Panel’s view is that the key determinant should be length of service alone.

79. The Panel has determined to continue resettlement payments but change the basis for calculation by reference to one calendar month’s salary for each completed year of service, subject to a maximum payment equal to 6 months’ salary. This will reduce the maximum payment by up to 50%. Resettlement payments will be calculated by reference to the salary paid to a Member, i.e. Members who are office holders will not receive any additional resettlement payment by virtue of the larger salary payable to them.

80. The Panel has determined that if for personal reasons other than ill health a Member decides not to stand for re-election or does stand and is not returned at the election, he or she may recover a resettlement payment of one calendar month’s salary for each completed year of service, with reference to the salary paid to an ordinary Member, subject to a maximum payment equal to 6 months’ salary.
Ill Health Retirement Allowance

81. The 2009 Act of the Scottish Parliament, the National Assembly for Wales scheme and the 2012 Determination make provision for ill health retirement payments on the same terms as resettlement payments. Members forced to retire in this way may also qualify for benefits under the Member’s Pension Scheme. The conditions of entitlement to the scheme are set out in the 2012 Determination:

- the Member is less than 65 years old;
- the Member does not intend to seek re-election to the Assembly;
- the Member presents to the Commission satisfactory evidence from a medical practitioner as to the state of his/her health;
- the ill health is such as would prevent the Member from performing adequately his or her duties;
- ceasing to be a Member is a direct consequence of the ill health; and
- the Member is not entitled to receive a resettlement payment.

82. The Panel has determined that an ill health retirement payment will continue to be available to Members retiring by reason of ill health, but the criteria have been amended so that:

- The Member will no longer need to be under the age of 65;
- The Member must provide the Commission with evidence from a medical professional experienced in occupational health nominated by the Commission that the Member’s ill health prevents the Member from adequately performing functions as a Member; and
- The amount payable will be calculated by reference to one calendar month’s salary for each completed year of service, with reference to the salary paid to an ordinary Member, subject to a maximum payment equal to 6 months’ salary.
Members’ Expenses

Current system

83. The current model under which Members may recover expenses is set out in the 2012 Determination, which provides that Members may recover expenditure under the following headings:

- **Office Cost Expenditure (OCE):** a single expense designed to cover all the costs a Member may incur in setting up and running a constituency office or offices, renting premises, employing staff and generally discharging their duties. Members have a very high level of discretion in how they spend OCE;

- **Travel allowance:** an unlimited allowance recoverable by the Member at a fixed rate per mile for use of his/her own car. Members are entitled to claim home to office mileage as part of this allowance;

- **Subsistence allowance:** available to Members, Members’ support staff and volunteers to meet the costs of subsistence;

- **Staff mileage allowance:** available to reimburse limited costs of Members’ staff travelling between a constituency office and Parliament Buildings; and

- **Employee pension and redundancy payments:** paid by the Commission to Members in addition to OCE.

Radical reform

84. Financial support is provided to assist Members in performing the duties associated with undertaking their role as a Member. The primary purpose of providing financial support is to reimburse them for expenditure wholly, exclusively and necessarily incurred in carrying out “Assembly duties” which include any task or function which the Member may reasonably be expected to carry out in his or her capacity as a Member of the Assembly.

85. In this context it is critical to note that the moneys are voted by the Assembly to support the Member only in their role as a Member. The nature of a Member’s duties is wide ranging and is not defined in law, but the Panel agrees with the Assembly’s interpretation of those duties, namely:

(i) attending a sitting of the Assembly;

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6 Financial Assistance for Political Parties Scheme 2015 - guidance.
(ii) attending a meeting of a Committee or Subcommittee of the Assembly of which they are a Member or which they are required to attend by virtue of the fact that they have a responsibility for a Bill or other matter under consideration by the Committee or Subcommittee, or for any other valid reason relating only to the business of the Committee or Subcommittee;

(iii) undertaking research or administrative functions which relate directly to the business of the Assembly;

(iv) establishing and maintaining a constituency office or offices;

(v) providing an advice service to constituents;

(vi) attending meetings for the purpose of representing electors in Northern Ireland, including meetings with a constituent or constituents; and

(vii) attending, with the approval of the Commission, any ceremony or official function or national or international conference as a representative of the Assembly, but not including attendance that relates wholly or mainly to that Member’s role as a party spokesperson or representative.

86. Members’ expenses represent a considerable proportion of the Assembly’s overall expenditure and can be subject to intense public and media scrutiny. It is therefore vital that all expenditure is managed in a way that is ethical, open and effective; delivers value for money for the public purse; and that promotes public confidence and trust in an individual Member and the Assembly as an institution.

87. The Panel wishes to help further develop a culture among Members under which expenses limits are seen as a ceiling, not a target to be achieved. The Panel was surprised to note that, in 2013-2014, 24 Members claimed exactly the maximum OCE recoverable (£71,378) while a further 57 Members recovered expenses of more than £70,000.

88. In considering whether the expenses regime under the 2012 Determination remains appropriate, and in light of its statutory duties, the Panel has taken account of:

- Its experience gained over almost 5 years on this work and the results of its research;
- Representations made by Members, political parties, the public and other stakeholders during the Panel’s various consultations;
- The advice of Secretariat staff on relevant matters; and
- Models of managing expenses recovery by Members in other legislatures.

7 Members’ Expenses 2013-2014.
89. The Panel has given particular weight to its statutory functions, not least:
   - ensuring probity, accountability and value for money with respect to the expenditure of public funds; and
   - securing for Members of the Assembly adequate resources to enable them to exercise their functions as Members of the Assembly.

90. The Panel is very conscious of its duty to work within its remit to ensure that Members have the resources they need and recognises that Members work very hard and do their best to serve their constituents. However, the issue of Members’ expenses has previously come under intense public and media scrutiny, some of which has been highly controversial, just as it has been in other legislatures. The Panel also has to consider the issues of affordability and value for money.

91. Last year Members had available just over £67,000 in expenses to run their constituency office. This was provided as one single sum that Members could draw on. The Panel noted that within this there were hugely different approaches with, for example, some Members renting offices for £5,000 per annum and others paying over £20,000, radical differences in the salaries paid to staff for very similar jobs and wide variations in what Members spent their expenses on.

92. Taking account of all of this the Panel concluded that:
   - It should maintain the overall level of expenditure on office costs at around the same level as before.
   - The way in which that money was controlled and used required radical reform to improve the support to members and secure value for money.

93. Taking account of the evidence base the Panel has accumulated and its statutory functions, the Panel has sought in its 2016 Determination to provide a system for recovery of expenses by Members that will:
   - Limit the costs for which expenditure is recoverable;
   - Consolidate certain elements of expenses which were discrete heads of claim in OCE;
   - Set discrete limits on defined types of expenditure which are wholly and necessarily required for the efficient operation of a constituency office – e.g. rents, mobile phones, petty cash;
   - Introduce reasonable qualifying criteria to qualify for the recovery of certain expenditure e.g. expenditure on support staff; and
   - Standardise recoverable expenditure, notably in respect of Members’ support staff salaries.

94. The Panel has therefore determined that the cost of operating a constituency office should be separated from the cost of employing staff to assist the Member in discharging his or her duties. Furthermore, the Panel believes that
the amount which may be recovered by Members in respect of rent and rates should be separated from the day-to-day costs of operating a constituency office, and that a new model for the recovery of travel and subsistence costs should be introduced.

Ethics expected of Members

95. In claiming recovery of expenses, Members are expected to adhere to the seven principles of public life as set out by the Nolan Committee (see Appendix A) and the 10 principles agreed by the political parties in 2009 (see Appendix B).
Constituency Office Expenses

Rental and Rates Expenditure

96. The Panel is mindful of the need to ensure that the system which it develops for the payment of constituency office rents is fair, equitable and ensures that Members can recover costs for accommodation appropriate for their needs. In addition, such accommodation should not be used for party political purposes. At the same time Members should ensure that rents and associated costs are kept as low as possible and obtain maximum value for money.

97. Prior to the Panel’s 2012 Determination, the recovery of rental costs was based on 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.

98. In its 2012 Determination, the Panel, to avoid the risk of early termination charges on leases, determined that the formula above should apply for the remainder of the Fourth Assembly. However, the Panel indicated that it would return to this matter, and it also amended the position as regards renting from family members and connected and associated persons.

99. In assessing the future level of expenditure that should be recoverable for office accommodation in constituencies, the Panel considers that a number of factors are relevant, including:
   - The size of the accommodation required to do the job;
   - The cost of constituency offices in Northern Ireland compared with those of Members of the legislatures in Scotland and Wales;
   - The Panel’s evaluation of value for money achieved by current rental costs;
   - Whether there is any evidence that premises rented for constituency offices, or evidence of profits from the rentals, being used directly or indirectly for party political purposes; and
   - Whether there is any evidence of connected or associated persons benefitting from constituency office rental.

100. The Panel has noted that the rental claimed by the majority of Members has averaged around £8,000 per annum, with some Members recovering considerably less. There is a number of Members who recover rental costs well in excess of that amount. Total rental costs for the full five-year term of the Fourth Assembly are estimated to be £4.3million.
Multiple offices

101. The Panel has also considered the matter of multiple offices. Some Members rent more than one office in their constituency; at one stage in 2014, there were 124 constituency offices for which rent was recovered (there are 108 Members). The Panel has not been convinced of the need for rental of multiple offices in the same constituency; some constituency offices are only a short distance apart and some Members are spending a high percentage of the entire amount recoverable under OCE on rents. Members are also provided with an office in Parliament Buildings which may be used for constituency and Assembly work. A number of Members have suggested that they need more than one office.

102. The Panel has determined that a Member may claim expenses for rent in respect of only one office in his or her constituency.

Size of Constituency Offices

103. The Panel’s analysis of the data on constituency office size held by the Commission shows that there are substantial differences in the size of accommodation rented by Members. The data shows that around half of all Members renting constituency office accommodation have offices of 750 sq. ft. or less, yet some rent offices in excess of 2,000 sq. ft.

*Chart 2 - Analysis of constituency office sizes per site (2013-14)*

104. The Panel has given detailed consideration to the amount of space which might reasonably be required by a Member for use as a constituency office. As a starting point, Health and Safety Executive Northern Ireland guidance on workplace size suggests a minimum floor space for staff of 48.6 sq.ft (4.6 sq. m) per staff member; that is a
minimum figure, but it does provide guidance. Most Members employ two staff in their office. In addition, a Member might reasonably expect a personal office, a room for private meetings with constituents and a reception/waiting area.

105. The Panel’s analysis of the space that may reasonably be required for use as a constituency office can be summarised as follows:

- Accommodation for 2 staff: 100 sq. ft.;
- Member’s personal office: 100 sq. ft.
- Private meeting room: 100 sq. ft.
- Reception / waiting area: 100 sq. ft.
- Facilities / stores / unutilised space: 250 sq. ft.
- Total: 650 sq. ft.

106. The Panel recognises that there will always be some variation in the rents paid by Members and that those rents will depend upon a range of factors, including the location, size and quality of the building, when the rent is set, and how often it is reviewed. However, even allowing for these factors, there is a considerable disparity in the rental costs recovered by Members in the Fourth Assembly when compared with the variations in the Scottish Parliament and National Assembly for Wales.

107. Further to its analysis, the Panel benchmarked the rental figures against the legislatures in Scotland and Wales. Chart 3 illustrates this comparison.

Chart 3 – Rent claimed by Members in the Northern Ireland Assembly, Scottish Parliament and National Assembly for Wales (2013-14)

108. The Panel estimates that if average constituency office rents in Northern Ireland were equal to those in Wales, the annual saving in constituency office rental costs would be £264,000 per annum or £1.32 million over the period of the Fifth Assembly.
109. Similarly, 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 £219,000 for all Members or £1.095 million over the period of the Fifth Assembly.

110. Taking into account the fact that Members in Northern Ireland serve considerably fewer constituents on average than Members of other legislatures, the Panel has concluded that the costs incurred by some Members for accommodation in Northern Ireland do not offer value for money.

111. The Panel has also noted that, although some Members were renting properties below the independent valuation for those offices approved by the Commission in September 2011, more Members were renting premises for which the rent was in excess of the independent valuation.

112. Taking all its findings into account, the Panel has therefore determined that there should be a limit on the total amount of rent that a Member can recover in respect of expenditure on a constituency office and that the limit should be based on the amount of space which the Panel assesses is reasonably required by a Member to discharge his or her duties.

113. The Panel's analysis of current rental charges indicates that over 80% of these charges will fall below this sum. The Panel has also considered representations from Members on the payment of rates.

114. The Panel has determined that a Member should be able to recover rental costs of £8,500 per annum in respect of one (and only one) constituency office.

115. The Panel has determined that Members will be reimbursed for rates separately and in addition to the total amount recoverable from expenses up to a maximum of 40% of the rental costs recoverable.

**Shared Constituency Offices**

116. The Panel notes that, at present, some Members share office buildings with, or are co-located with, other elected representatives, including MEPs, MPs and other MLAs. A few share an office with their political party.

117. The Panel is also aware that the current Member’s Handbook and the Determination clearly states that MLA offices funded by the Assembly should not be used for the work of local councillors. Despite this the Panel has identified that many councillors advertise or quote local MLAs offices as a contact point and some MLAs employ local councillors as part of their constituency staff.
118. Different groups of elected representatives can claim expenses from different institutions, operating different rules. This can mean that there is a risk of the cross-subsidisation by the Commission of work carried out by persons who are not Members of the Assembly. The Panel is of the view that this situation may not always ensure best value for money in the use of public funds. In addition, such sharing may not in all cases be consistent with the spirit and intent of the 10 Principles.

119. The Panel has determined to make provision to ensure that, where Members share premises with other MLAs, MPs or MEPs, they will be able to recover only a fair share of rent.

120. The Panel has determined that rent and rate are not recoverable where a Member shares an office with a councillor or a connected party including their own political party.

Premises let on commercial terms from an unconnected and unassociated landlord

121. If a Member rents an office as a sole occupier from an unconnected and unassociated landlord they may recover rent paid to a maximum of £8,500 per annum.

122. If a Member shares such premises with one or more MLAs and NOT with any other elected representatives, then the maximum rent recoverable by each of the MLAs sharing the office will be capped at £6,000 per MLA. The actual rent recoverable will be calculated as the total rent of the premises divided by “N” where “N” is the number of MLAs occupying the premises. The amount of rates recoverable by each MLA will be the maximum rates payable up to a maximum of 40% of the rent recoverable i.e. a maximum of £2,400 (40% of £6,000), whichever is the lesser amount.

123. If a Member or Members share premises with an MP or MEP, the actual rent that each MLA can reclaim will be calculated as the total rent of the premises divided by “N” where “N” is the total number of MLAs, MPs and MEPs occupying the premises but the maximum possible amount each MLA can claim will be capped at £4000. The amount of rates recoverable by each MLA will be the total rates of the premises divided by N and capped at 40% of the rent recoverable i.e. a maximum of £1,600 (40% of £4,000), whichever is the lesser amount.

124. Where a Member shares premises with another Member, MP or MEP, the amount that may be recovered in respect of premises utilities (gas, oil, electricity and water) shall be calculated as the total of all utilities bills divided by “N” where “N” is the number of MLAs, MPs, and MEPs occupying the premises.
Table 4 - Maximum rent and rates payable

<table>
<thead>
<tr>
<th>Occupancy of Premises</th>
<th>Actual Rent</th>
<th>Maximum Rent Payable</th>
<th>Maximum Rates Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single MLA</td>
<td>£8500</td>
<td></td>
<td>£3400</td>
</tr>
<tr>
<td>Two or more MLAs</td>
<td>= Rent payable divided by number of elected reps</td>
<td>£6000 each</td>
<td>£2400 each MLA</td>
</tr>
<tr>
<td>MLA(s), MP, MEP</td>
<td>= Rent payable divided by number of elected reps</td>
<td>£4000 each MLA</td>
<td>£1600 each MLA</td>
</tr>
</tbody>
</table>

125. Circumstances may arise where several of these conditions may apply at the same time — for example, where a Member is co-located with another Member and an MP, or where a Member shares accommodation with a Member and an MEP in premises owned by an associated or connected party. In these circumstances, the Panel has determined that the Member will be entitled to the lower rental allowance in any given case as explained in the following paragraphs.

Renting from connected or associated persons

126. Some Members rent their constituency office from a connected or an associated person. This can give rise to concern that public money is being used to provide a direct or indirect benefit to such persons.

127. The Panel therefore considered whether Members should, as a condition of recovery of rent and rates, be required to declare the name of the beneficiary of rent paid for constituency offices and also confirm that that person is not a connected or associated person, or, if a company, whether it is registered within the European Union.

128. The Panel has determined that expenses for rent and rates are not recoverable for offices rented from a connected person.

129. Where an office is rented from an associated person, only 50% of the expenses incurred are recoverable. In addition, the Member must make a declaration providing details of the nature of the association.

Use of own property as a constituency office

130. The Panel has determined that a Member may claim an allowance where the Member’s own property is being used as a constituency office.

131. The Panel has determined that an allowance of £2,000 shall be payable providing that the conditions pertaining to signage are met and that the Commission has been notified of the necessary contact and opening hours details.
Lease terms

132. On occasions, some Members have leased premises and then spent significant amounts from OCE on improvements/repairs to those premises. It is the Panel’s opinion that any landlord letting premises to a Member should do so only after having brought the premises into a state where they can reasonably be occupied i.e. that any major structural or other repairs or adaptations to the premises must fall to the landlord and not the Member, and that any Member should take care to ensure that premises are reasonably habitable and suitable. A Member spending money on repairs or modifications is effectively improving the assets of the owner at the public’s expense.

133. The Panel has determined that to qualify for reimbursement of rental expenses, a lease signed by a Member should be a non-repairing lease.

Length of lease

134. Currently, rent and rates expenses can be claimed for a maximum of three months after the dissolution of the Assembly to which the Member renting the office was elected. The Panel has determined to maintain this requirement (which in effect requires Members to ensure that their lease contains an adequate notice clause).

135. The Panel has determined that expenses can be claimed in respect of rent and rates for a maximum of three months after the Member ceases to be Member.

Use of Constituency Office

136. The reimbursement of rent and rates for constituency offices is designed to support MLAs in their work as Members of the Assembly and to help them deliver effective representation to their constituents. It therefore follows that constituency offices, staff, IT and facilities must be used only for that purpose and for the work of the MLA as a Member of the Assembly.

137. In particular constituency offices or facilities must not be used:

- For the work of other elected bodies, including the Westminster Parliament, National Assembly for Wales, Scottish Parliament, Dáil Éireann, Seanad Éireann, the European Parliament and local councils;
- For any party political activities, including meetings, the production of party documents etc.;
- For any purposes in connection with ANY elections;
- For ANY commercial purposes, including the sale of memorabilia, clothing, books, lottery tickets or any other materials; and
The Panel is aware that some MLAs employ councillors as staff. In doing so the MLA should ensure that while working in the office that staff member is only dealing with work on his or her behalf as an MLA and not with any council work as a councillor.

138. For the avoidance of doubt, the Panel wishes to make it clear that for any period in which:

- these provisions are breached; or
- the office is advertised or otherwise held out as the office or contact address for an elected person who is not an MLA and who is not notified to the Assembly as sharing the office and paying rent and rates in respect of the premises then the Member shall have no entitlement to the recovery of the costs of rent or rates for the relevant period.

### Signage and frontage

139. The Panel is clear that constituency offices funded by the Assembly are to allow Members to fulfil their duties, particularly in respect of serving constituents and their needs, and that such offices should not be used for party political activities. However, the Panel has noted that a number of practices seem to have developed where, for example, some political parties publicly advertise a wide network of “advice centres”. In reality, these are Members’ constituency offices funded by the Commission, and all activities carried out within them should relate wholly and exclusively to the work of the occupying Member(s) carrying out their Assembly duties.

140. **The Panel has therefore determined that rent and rates will be recoverable by a Member in respect of a constituency office only where the frontage and signage of that office meets the following conditions:**

- a) The sign must contain the Member’s name followed by MLA, and may use the words “constituency office”;
- b) The sign must include the Assembly flax device;
- c) A party political name and/or device may be used on the sign;
- d) The flax device and any party device shall be of equal size and shall together not exceed 20% of the total size of the sign;
- e) No party political posters shall be displayed as to be visible from the outside of the constituency office;
- f) The names of other elected representatives shall not be displayed externally on a constituency office on the sign or otherwise (unless the representative identified is another elected representative with whom
the Member shares the office and the Assembly Finance office has been notified accordingly); and

g) The rules on signs shall come into effect on 6th August 2016 (three months after the date of the poll).

141. The Panel **recommends** that the Commission require photographic evidence that a Member has complied with the rules on signs before rent or rates expenditure after 6th August 2016 may be recovered.

**Ancillary expenses**

142. The Panel recognises that Members will incur additional costs in running a constituency office. Accordingly, **the Panel has determined that Members may recover up to £5,500 per annum to defray such ancillary costs in relation to operating a constituency office.**

143. **However, the operating costs for which expenditure may be recovered will be limited to:**

- Utility expenses;
- Internet connection (for example broadband) and fixed-line telephone expenses;
- Mobile phone expenditure of not more than £600 per annum;
- Office furniture, stationery and office equipment (excluding photocopiers, fax machines, cameras, televisions, radios and computer equipment);
- Office cleaning;
- Printer cartridges;
- Registration with the Information Commissioner’s Office;
- Signage;
- Insurance;
- Security and fire protection systems; and
- Sundry constituency office operating expenses not falling within any of the categories above subject to a maximum of £100 per month.

144. **In addition the Panel has provided in its Determination that each MLA during the course of the mandate may recover expenses of up to £2,000 to fund office start-up costs and or minor refurbishment where such expenses have been authorised in advance by the Assembly Commission.**

145. The Panel has taken into account the fact that the Commission provides each Member with office facilities in Parliament Buildings, and a comprehensive ICT package
of equipment and services (see Appendix C) for use in Parliament Buildings and constituency offices. These items remain the property of the Commission and include desktop computers, laptop computers, tablet computers and printer/scanner/copiers.

146. The Panel wishes to make it very clear that it is carrying forward the provisions of its 2012 Determination and that this 2016 Determination does NOT authorise the recovery of any expenses on any of the following activities:

- **Research** – each MLA may employ a staff member to carry out research but no research may be purchased from a third party organisation or self-employed contractor.

- **Consultancy, Administrative and Support Services** – again each MLA may employ staff to provide secretarial and related services under the arrangements for staff costs set out later in this report but no such services may be purchased from a third party organisation or self-employed contractor.

147. The Panel has introduced new restrictions in the 2016 Determination which do not allow recovery of expenses in relation to the categories below:

- **Constituency Reports** – the Panel has looked carefully at this and concluded that MLAs may use their own staff and IT facilities to produce and print within their own office small quantities of a constituency report or distribute this electronically. The Determination does NOT permit the external printing of such publications or their distribution by contractors; and

- **Public Relations** - the Panel has noted that a small number of MLAs have chosen to spend money on purchasing public relations services. The Panel considers that this expenditure does not offer value for money and that MLAs should ensure that staff recruited to their offices have the ability to write minor press releases and prepare basic speeches for them.
Staff Costs

Background

148. Under the 2012 Determination, Members can recover OCE which allows them to pay for support for their work in the Assembly and in their constituencies, including the cost of employing staff. Members are responsible for the recruitment of their staff and their terms and conditions of employment, including the level of their salary.

149. Members have varying combinations of full-time and part-time staff. As at 31 December 2015, there were 362 individual staff in 337 posts with 84 separate job titles receiving hourly rates of pay ranging from £6.06 to £33.75.

150. These individuals are directly employed by Members. The Panel believes that being employed by a public representative is a significant and important role. However, the Panel is concerned that there are considerable variations in the salary paid to staff employed under similar job titles and who appear to be performing similar roles. For example, the pay for a member of staff employed as a Researcher varies between £6.31 and £27.47 per hour; for an Office Manager between £6.49 and £16.03 per hour; for a Secretary between £6.46 and £18.48 per hour; and for a Personal Assistant between £6.35 and £33.75 per hour.

151. The Panel also notes that a number of Members have previously paid third parties to deliver a variety of basic services such as administration and support, writing press releases, preparing speeches and presentations, designing and drafting leaflets, flyers and newsletters. It is the Panel’s view that such services are those which a person employed by a public representative could reasonably be expected to provide.

152. Under the 2012 Determination, a Member is entitled to an additional allowance for temporary support staff where cover is required for the absence of a staff member funded through OCE, whether a staff member is absent by reason of illness for a period of more than four weeks, or is absent by reason of paternity, maternity or adoption leave. Bonuses may not be paid.

Proposed Reform

153. There are currently wide variations in terms and conditions, and in duties and responsibilities, of Members’ support staff, as evidenced through payroll and job descriptions. Other legislatures have regulated such terms and conditions and job descriptions, or have employed staff directly who are then allocated to elected Members. It is normal in those places to use a cash limited annual budget for each
elected Member to cover employment costs. It is also accepted practice in other legislatures to specify salaries and job descriptions for support staff.

154. The Panel believes that it can set in place through the 2016 Determination a system that will provide consistency, value for money and the availability of sufficient and adequate support staff for each Member to perform his or her duties. The Determination will enhance the professionalism, fairness and equity in the employment practices of MLAs in the Fifth Assembly.

155. The Panel has determined that, after careful research into other legislatures and data from across the wider public and private sector in Northern Ireland, the level of support each Member requires to fulfil their role is up to two full time equivalent (FTE) support staff (74 hours). In addition, the Panel has determined to fix an annual cash limit of up to £50,000 against which each Member can recover the costs for the employment of not more than two FTE support staff. Employee national insurance and pension costs for the employees will be paid by the Assembly in addition to this limit. Recovery of expenditure will be predicated on recruitment to one of three fixed roles or transition to fixed rates of pay at one of three fixed roles. These additional costs are expected to be approximately £7,500 per annum per Member.

156. The costs of employing staff where an employee is absent by reason of maternity, paternity or adoption leave will be recoverable in addition to the £50,000 limit and subject to the requirements of selection by open competition.

157. The Panel has determined that any member of staff employed by a Member in the Fifth Assembly and for whom recovery of costs is sought must be employed within fixed salary limits. Staff recruited by Members after 1 January 2016 shall not qualify for the transitional arrangements and may choose to apply for a position in open competition in line with the provisions of the Determination.

158. The Panel has also determined that the future recoverable expenditure on salary shall be informed by a requirement that a Members’ employee(s) be paid at least the Living Wage as it is designated annually in November by the Living Wage Foundation.

159. It will be for each Member to arrange the employment support he or she requires within the framework set out in the 2016 Determination. Staff will continue to be paid through the Commission’s payroll services, and the employers’ national insurance contributions and pension contributions will be paid directly by the Assembly as part of this service.

160. Members shall only be able to recover costs for staff employed or assimilated in line with the framework of the 2016 Determination.

161. The purpose of staff costs is to provide for the recovery of expenses that a Member has incurred in employing staff to assist them in the discharge of their Assembly duties.
Each Member will wish to ensure that their staff have all of the skills required to provide that assistance.

162. **The Panel has determined that staff costs should be recoverable only for expenses incurred directly as a result of the employment of an individual by the Member. Staff cost expenses may not be used for the buying-in of services which could reasonably be expected to be provided by Members’ support staff including but not limited to secretarial, research, administrative, consultancy, speech writing or public relations services.**

163. **The Determination does not permit recovery of volunteer expenses.**

### Recruitment, Merit principle and Changes in Contracts of Employment

164. The Panel recognises the need to ensure that each Member has the best staff in place to help him or her discharge his or her duties as a Member.

165. The Panel considers that recruitment of the best people to support a Member can only be achieved by firstly clearly defining the support roles and secondly the use of fair and open competition and appointment made on merit. For a Member to employ staff who would not have obtained their roles in open competition may result in less well-qualified staff and a diminution in the ability of those staff to provide the services that a Member and their constituents may reasonably expect. However, at present, the use of open competition to fill such roles appears to be the exception.

166. Given that Members’ support staff are paid from the public purse to assist Members in the discharge of public functions, the Panel has adopted the definitions of “merit” and “fair and open competition” set out in the Civil Service Commissioners Recruitment Code which are:

- **Merit** means the appointment of the best available person. No one should be appointed to a job unless they are competent to do it and the job must be offered to the person who would do it best.

- **Fair** means that there is no bias in the assessment of candidates. Selection processes must be objective, impartial and applied consistently.

- **Open** means that job opportunities must be advertised publicly and potential candidates given reasonable access to information about the job and its requirements, and about the selection process.

167. **The Panel has determined that it will be a condition of recovery of expenses for any staff employed after the publication date of the 2016 Determination that**

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8. *Civil Service Commissioners for Northern Ireland - Recruitment Code (revised July 2015).*
those staff have been appointed on merit through fair and open competition as defined in the Civil Service Commissioners Recruitment Code.

168. Staff employed by Members between 1 January and 5 May 2016 will be treated as new staff, i.e. a Member can recover expenditure in respect of such staff in accordance with the rules set out in the Determination. This will require a Member to put in place a process for such staff to reapply for a position through open and fair competition, should the Member wish to continue to recover the expenses of employing those staff.

169. The Panel has arranged to provide that MLAs will be able to reclaim expenses to a maximum of £500 for each recruitment competition for staff. This may be used to reimburse the costs of any advertising and other costs directly attributable to the recruitment process. Amounts reclaimed in this way will be charged against the Member’s staff costs limit.

170. The Panel recommends that the Commission promulgate a Recruitment Code for Members’ Support Staff to guide Members in carrying out fair and open competition for posts, which should include a requirement for the job to be publicly advertised through the local Jobcentre and for an independent person or panel to assist the Member in carrying out the competition.

171. The Panel recommends that such posts are advertised by the Commission on the Assembly website (which parallels the position in Wales).

172. The Panel recommends that the Commission establish a centrally supported recruitment and selection process, including appropriate documentation, to assist Members seeking to employ support staff.

Staff Bonuses

173. Staff bonuses are divisive, unnecessary and may result in unequal treatment of staff and the Panel has determined that the cost of paying staff bonuses shall not be recoverable.

Redundancy costs

174. At present, when a Member ceases to hold office (whether by losing his or her seat following an election or retiring) redundancy costs for his or her staff are met by the Commission. The costs payable are statutory redundancy costs.

175. The Panel has determined that any expenditure incurred in making extra-statutory redundancy or notice payments should not be recoverable under staff costs.
Employment of “connected persons”

176. Having considered the historical development of staff support, the 2012 Determination allowed Members to claim for the costs of the employment of one “connected person”. Since the introduction of this restriction, the Panel has noted that some Members are employing the family member of another Member.

177. Staff costs can only be recovered for staff recruited on or after 1st January 2016 where those staff have been appointed on merit. It is likely that a number of persons connected to a Member or connected to another Member will continue to be employed by Members because, if they were in post before 1st January 2016 they will benefit from transitional provision or that they may have all of the skills necessary to succeed in fair and open competition and be appointed on merit.

178. The Panel has considered whether and how it might address the issue of the employment of parties connected to other Members. Given that the Panel has sought to incentivise the use of a recruitment process for Members’ staff based on appointment on merit after fair and open competition, the Panel does not believe that this issue needs to be further addressed at this stage.

179. **The Panel has determined that staff costs may be recoverable in respect of the employment by a Member of not more than one person who is a connected person as regards that Member.**

180. In the interests of probity, the Panel notes that Members are required to make a declaration in the Register of Interests if they employ a connected person or a person who is a connected person in respect of another Member.

Training and development

181. The Panel recognises that training and development of Members’ staff is important in maximising the support offered to that Member. **As such, the Panel has determined that up to £500 per annum from staff costs may be used to fund staff attending a recognised training course.**

182. The Panel **recommends** that the Commission draw up a list of recognised training courses: e.g. courses offered at a college of further or higher education.

Temporary Staff Costs

183. Under the 2012 Determination, a Member is entitled to an additional allowance for temporary support staff where cover is required for the absence of a staff member funded through OCE. This is termed ‘temporary secretarial allowance’.
184. The Panel has determined that an amount which supplements the £50,000 limit on staff costs should be made available for the recovery of temporary staff costs, but only where the absence is caused by maternity, paternity and adoption leave (including shared parental leave). Where a member of staff is absent for up to 4 weeks, Members may not recover expenses for temporary staff. Where the absence is greater than 4 weeks, a Member may recruit a member of staff to cover the absence.

185. The Panel has determined that individuals appointed to cover absence for maternity, paternity or adoption leave must be appointed on merit after fair and open competition and employed at the minimum of the grade band for the employee they replace.

Members’ Support Staff Pensions

186. The scheduled introduction of workplace pensions in 2016 requires that Members all provide a workplace pension to staff. The Panel has been considering arrangements which should be put in place to take account of the costs to Members of auto enrolment.

187. At present, provision of pensions by Members to their support staff is inconsistent: some Members have given staff employment contracts that make provision for pensions to which the Commission makes a contribution; some Members’ staff may be enrolled on other schemes; and some Members’ staff may have no pension scheme at all.

188. The Panel has worked closely with the Secretariat to ensure that Members are in a position to pay for a support staff pension scheme that meets the workplace pension standard and which offers pension protection to all staff. The Panel is satisfied that, in light of the new pension scheme that will be put in place by the Commission for Members’ staff, it will not be necessary for Members to pay directly into a pension scheme for their staff. Staff costs are not recoverable in respect of any other employee pension scheme.

Transitional Provision for staff employed before 1 January 2016

189. Existing salaries paid to Members’ staff are, as has been noted, inconsistent and job descriptions are fragmented. The Panel is of the view that, through the use of standardised job descriptions, rates of pay and contracts, and incentivising annual reviews and performance appraisal, the roles and duties of Members’ staff will become more clearly defined.
190. However, the Panel is aware that many Members have employed some members of staff for long periods of time. The Panel does not think that it is necessary that these persons should have to reapply for their jobs, and as such has concluded that expenses in respect of persons employed by Members before 1st January 2016 should continue to be recoverable from staff costs, even where those persons have not been appointed on the basis of merit after fair and open competition.

191. However, it will be a condition of recovery of expenditure under staff costs that staff in post accept a new contract of employment approved by the Commission which includes, for example, provision for annual review and pay progression with staff costs limits of £50,000 per year and 74 hours per week.

192. The transitional provision for staff in post will require them to transition from the salary which they were receiving on 1st January 2016 to the next highest point on the salary scale set out at Table 5. To ensure pay progression for staff currently in post, the Panel has set out salary scales with sufficient pay points at each of the three grades. However the total recoverable expenses in respect of any single Member of staff entitled to transitional provision cannot exceed £27,500, and the total staff costs recoverable cannot exceed £50,000, irrespective of the current rates of pay of staff. Accordingly, Members may wish to take account of future pay progression in consideration of recovery of staff costs.

Staff Costs Recovery

193. For all staff employed by Members, the Panel has determined that:

- Members will be entitled to recover a maximum of £50,000 per annum for costs incurred in the employment of staff (excluding costs paid directly by the Commission);
- Staff costs will be recoverable at the rates set out in Table 5;
- The maximum amount recoverable in respect of any employee shall be £27,500;
- A Member may not employ more than one FTE at Grade 3;
- A Member may recover staff costs in respect of not more than two FTE staff;
- A Member may recover staff costs in respect of no more than 37 hours per FTE employee;
- Staff costs shall not be recoverable for more than 37 hours per week for one individual staff member; and
- A Member may recover staff costs only in respect of individuals employed on a contract approved by the Commission which meets the minimum standards and terms and conditions mandated by employment legislation.
For staff employed on or after 1st January 2016:
- Those individuals must have been appointed on the basis of merit after fair and open competition.

For staff employed before 1st January 2016:
- The amount recoverable shall be the point on the salary scales set out in Table 5 next above his or her current annual salary (or hourly equivalent);
- The minimum amount recoverable shall be £16,000 per staff member per annum (or £8.31 per hour) and shall advance in accordance with the recommendation of the Living Wage Foundation;
- There shall be a system of pay progression of single increments for each grade based on performance at the discretion of the Member. When the staff member reaches the maximum point on the scale for the grade, no further increments can be provided; and
- The amount recoverable in respect of an individual employed by a Member before 1st January 2016 shall increase by £500 per annum for salaries up to £18,000 and thereafter by £250 per annum.

194. The total staff costs recoverable is limited to £50,000 per annum. Members will wish to plan a budget accordingly to take into account future inflationary increases and potential pay progression to ensure that staff costs for which they seek recovery are below the £50,000 limit.

195. The Panel recommends that the Commission issues a standard contract for Members’ staff.

196. The Panel recommends that the Commission issues job descriptions for constituency assistants, constituency office managers, and policy/research/communications officers.

197. The Panel recommends that the Commission considers an individual to have been employed by a Member on 1st January 2016 only where that person was at that date being paid through the Commission payroll system.
### Table 5 - Salary Scales

#### Grade 1

<table>
<thead>
<tr>
<th>Annual Salary (£) FROM 6 May 2016</th>
<th>Hourly rate (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>16,000 (Minimum/recruitment point 6/5/16 to 31/3/17)</td>
<td>8.31</td>
</tr>
<tr>
<td>16,500 (Minimum/recruitment point from 1/4/17 to 31/3/18)</td>
<td>8.57</td>
</tr>
<tr>
<td>17,000 (Minimum/recruitment point from 1/4/18 to 31/3/19)</td>
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<tr>
<td>17,500 (Minimum/recruitment point from 1/4/19 to 31/3/20)</td>
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<tr>
<td>18,000 (Minimum/recruitment point from 1/4/20 to 31/3/21)</td>
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<td>18,250</td>
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<tr>
<td>18,500</td>
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<tr>
<td>18,750</td>
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<td>10.00</td>
</tr>
<tr>
<td>19,500 (Maximum Grade 1 salary point)</td>
<td>10.13</td>
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#### Grade 2

<table>
<thead>
<tr>
<th>Annual Salary</th>
<th>Hourly rate (£)</th>
</tr>
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<tbody>
<tr>
<td>19,750 (Minimum/recruitment point)</td>
<td>10.26</td>
</tr>
<tr>
<td>20,000</td>
<td>10.39</td>
</tr>
<tr>
<td>20,250</td>
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<td>22,500 (Maximum Grade 2 salary point)</td>
<td>11.69</td>
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<tr>
<td>Grade 3 Annual Salary</td>
<td>Hourly rate (£)</td>
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<tr>
<td>------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>22,750 (Minimum/recruitment point)</td>
<td>11.82</td>
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<tr>
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<tr>
<td>27,250</td>
<td>14.16</td>
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<tr>
<td>27,500 (Maximum Grade 3 salary point)</td>
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Travel and Subsistence Expenses

Background

198. Members are currently entitled to claim travel and subsistence expenses for a range of purposes in connection with their duties as a Member, including constituency work. These fall into three broad areas:

- Payments for travel by car (and other travel expenses);
- Subsistence allowances for meals; and
- Accommodation expenses when staying away from home.

199. Travel expenses, including mileage, represent the highest proportion of these expenses. A Member is entitled to claim payment for travel which has been incurred wholly, exclusively and necessarily in carrying out his/her Assembly duties, including journeys:

- Between a Member’s home and Parliament Buildings;
- Between a Member’s home and his or her constituency office;
- Between a Member’s constituency office and Parliament Buildings;
- Constituency travel; and
- Non-constituency travel.

Travel

200. The Panel has examined the current pattern of claims for mileage allowances in detail. Collectively, such claims amounted to £450,000 per annum in 2014-15 and are expected to amount to over £2.25m across the Fourth Assembly. There are, however, disparities in the amounts claimed, with individual Members claiming anywhere between £0 and £16,000 per annum.

201. Some Members claim mileage for travelling each day from their home address to the edge of their constituency – what is commonly called 'home to office' mileage. These expenses are permitted within the current rules but, as the following tables show, they can be substantial, with a small number of Members claiming up to almost £12,000 annually in home to office travel expenses.

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9 Parliament Buildings is located on the Stormont Estate, some 6 miles from the centre of Belfast.
202. This payment is classified by HMRC as a benefit in kind and taxed at the Member’s marginal tax rate. Other mileage, mostly from the constituency to Parliament Buildings, is classified by HMRC as the reimbursement of expenses and is non-taxable.

*Chart 4 - 2014/15 Member Total Mileage Expenses (£)*

*Chart 5 - 2014/15 Member Taxable Mileage Expenses (£)*
203. The graph below shows the pattern of claims for non-taxable mileage i.e. claims submitted for travel to and from the Parliament Buildings and on constituency work.

*Chart 6 - 2014/15 Member Non-Taxable Mileage Expenses (£)*

204. In its analysis the Panel expected a wide variation in claims between Members because the amount each claims will depend upon a wide range of factors, including:

- How close their constituency is to Parliament Buildings;
- How often they travel to Parliament Buildings;
- The geographic size of their constituency; and
- How active they are in their constituency.

205. Other factors also impact on claims. For example, many Members for Belfast constituencies do not make any claims at all. In addition, if a Member is a Minister, he or she is entitled to an official car which may pick them up at home each day and bring them to their ministerial office or take them direct to ministerial engagements. This is funded by the Executive and should reduce any claim made by a Member who is a Minister for travel expenses. Official cars cannot be used for constituency work.

206. The Panel noted some wide inconsistencies between travel claims from Members representing the same constituency area. In some instances, some Members claim twice or even three times as much as other Members for the same constituency. The Panel has also identified further variations in year to year claims with mileage claimed changing and the balance between taxable and non-taxable claims changing significantly for no apparent reason. In a few cases the Panel was also surprised by the size of claims.

207. The Panel therefore commissioned a detailed analysis of travel expense claims including mileage costs for travelling to and from Parliament Buildings and within constituencies.
208. All claims are submitted monthly by Members on a claim form which is checked by the Assembly’s Finance Office before payment. From an administrative support point of view, the Panel understands that a member of Secretariat staff is employed almost full-time on this work but in reality the amount that can be claimed is uncapped, journeys and claims are self-authorised by Members and Assembly staff can exercise no real control or audit. Although some Members are very careful and submit very low or no claims, there is also no real incentive for Members to be frugal with expenditure or to live within a clear budget. In the Panel’s view, a better system is required.

209. The Panel also considers that the payment for home to office mileage is anomalous when compared to other occupations. Most Members live in their constituency and close to their constituency office but some do not and therefore are currently entitled to claim to travel many miles at public expense to get to their constituency every day. This is not the norm in the public or private sectors in Northern Ireland, and the Panel does not believe that reimbursement for home to office mileage represents value for public money.

Subsistence

210. In reality, Members rarely qualify for subsistence in connection with their normal constituency business. Members may, however, be required by the Assembly to undertake duties on Committee business or for other reasons which lead to them incurring subsistence costs. At present, the Assembly defers these costs itself with payment authorised on specific occasions by the Committee or office that requires Members to do the work. This includes cases where Members are required to travel abroad on Assembly business. These demands are so varied and sporadic that the Panel considers this a sensible and reasonable approach, and it has determined that it should continue over and above TSE.

Accommodation

211. Members may also be required by the Assembly to undertake duties which lead to them incurring accommodation costs in Northern Ireland or elsewhere. At present the Assembly defers these costs itself. These demands are so varied and infrequent that the Panel considers this is a sensible and reasonable approach.

212. Other than as mentioned in the paragraph above relating to subsistence, the Panel considers that it should not normally be necessary for Members to spend nights away from home and that on the rare occasions that this is necessary, the Member should pay for this from within the TSE paid to them as a Member.
Proposed Reform

213. The Panel has determined to replace the current system with a flat rate travel and subsistence provision. The Panel noted the complexity of administering and auditing the current system and considered a number of other models, notably that in operation in the Oireachtas. The Panel has determined to move to a similar flat rate system.

214. TSE provision is calculated separately for each constituency and the Panel has determined the recoverable rate based on:

- the distance from constituency centroids to Parliament Buildings (see map below);
- attendance at Parliament Buildings (based on an estimated 72 return journeys per annum);
- the land area of the constituency and the occasional journeys that Members may have to travel to meet constituents who may be unable to visit the constituency office;
- Ministers and office holders, who are supplied with a car and driver;
- the provision of meal facilities at competitive prices at Parliament Buildings;
- no payment for overnight accommodation; and
- Members who take up office and become entitled to use of an official car will be paid these annual amounts pro-rata for any month or part thereof in any financial year. This will be calculated at one twentieth of the monthly allowance for each day in which they hold office.

Map 1: Constituency Centroids
215. The Panel has determined the size of the TSE payment for each constituency in as fair and objective a way as possible by using the distance between the central point of each constituency (the centroid) and Parliament Buildings, and by using ESRI Geographical Information software to calculate the TSE for each constituency.

216. The TSE is based on existing mileage allowances for an estimated 72 return journeys per annum from constituency offices to Parliament Buildings, with an amount added for travel within each constituency based on the geographical size of each constituency.

217. The Panel intend that a deduction of 1% of the annual expense claimed shall be made for each day of attendance at Parliament Buildings less than 72 days per annum to reflect that a key component of TSE is for travel between Parliament Buildings and constituencies: a separate element of TSE takes account of intra-constituency travel and subsistence.

218. To support a claim for TSE Members will be required to complete an annual declaration in a form specified by the Commission and sign this personally in their own writing. They will also have to satisfy the Commission that they have met the standard for attendance at Parliament Buildings set out in the Determination in line with the process set by the Commission to capture and monitor this.

219. In reaching the amount of TSE payable, the Panel has also taken into account the reasonable subsistence costs which may be incurred by Members from day to day. The Panel has not, for the reasons given in the background to this section, made provision for accommodation costs.

220. The Panel has determined that TSE will be recoverable in line with the rates set out at Table 6 and that such recovery will require a Member to provide annually a signed declaration detailing the dates on which he/she attended Parliament Buildings. Where a Member does not attend Parliament Buildings for at least 72 days per annum, TSE will be reduced by 1% for each day on which he or she does not attend.

221. The Panel has determined that, if a Member is a Minister he or she will be entitled only to the constituency travel expense element of TSE for those days on which he or she is a Minister. Where a Member is a Minister for part of one year, the 72 days’ per annum minimum attendance requirement will be adjusted down pro rata.
Table 6 - Rates for Travel and Subsistence Expenses

<table>
<thead>
<tr>
<th>Parliamentary Constituency name</th>
<th>Centroid distance to Parliament Buildings * (Miles)</th>
<th>Derived Annual Parliament Buildings Travel Expense per Member</th>
<th>Proposed Annual Constituency Travel Expense per Member / TSE For Ministers and Office Holders Provided with Official Car</th>
<th>Total Annual Travel and Subsistence Expenses (TSE) for Member who is not a Minister or Office Holder Provided with Official Car</th>
<th>Monthly payment per Member (TSE) for Member who is not a Minister or Office Holder Provided with Official Car</th>
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<tr>
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<td>1</td>
<td>£600</td>
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<td>£250</td>
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<td>£850</td>
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<tr>
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</table>

Ministers and Speaker

Any Minister or Office Holder who is provided with an official car for travel purposes will not receive that part of the TSE for travel from Constituency to Parliament Buildings as set out in Column 3 above. They will however receive the relevant Constituency Travel Expense Component as set out at Column 4 above. This will range from £250 - £1,250 dependent on the size of their constituency.
Recommendations to the Assembly Commission

Introduction

222. During the course of its work and in making the recommendations set out in the Determination and this report, the Panel has been very conscious of the legal limits on its responsibilities under legislation as opposed to the roles of the Assembly Secretariat and Commission. The Panel designs the system of expenses but that system is managed by the Secretariat and the Clerk/Chief Executive is the Accounting Officer responsible for all aspects of expenditure.

223. In designing any expense system, and especially in the context of ensuring probity, accountability and value for money, it is often very difficult to separate out the rules on what expenses are allowed or not allowed from the operational procedures for managing the processing and authorisation of specific claims. The Panel is conscious that, given its very limited remit under the 2011 Act, it cannot direct the Commission or MLAs on key aspects of the administration of the payment system, and that the Clerk/Chief Executive of the Assembly as the Accounting Officer is directly accountable for the Secretariat’s internal financial controls and procedures. In that context the Panel wishes to make recommendations to the Commission which should help meet our shared objectives but which do not in themselves lie within the Panel’s control.

MLA Support Staff – Assimilation of Existing Staff to New Salary Model

224. As set out in this report and the 2016 Determination and based upon its research and consultation with MLAs, parties, staff and others, the Panel has proposed a radical overhaul of the arrangements for the appointment and payment of support staff employed by MLAs. The Panel’s Determination provides that MLAs may only claim reimbursement of staff costs if certain criteria are met. The Panel has discussed the proposed arrangements at length with Secretariat staff and with the Labour Relations Agency and has made provisions to:

- support Members in migrating existing staff to the new terms and conditions;
- provide for the payment of staff in the new mandate;
- provide protection during winding up for those staff who are not continuing in the employment of MLAs in the new mandate;
ensure future appointments are made fairly and only on merit, and that the quality of support to Members is improved;

improve value for money; and

ensure fairness to MLA staff.

225. The Panel does not underestimate the challenge of this process, but the responsibilities are shared among 108 MLAs, each of whom employs around 2 or 3 staff. To ensure that this process is managed quickly, openly and fairly, and is made as easy as possible for MLAs and their staff, the Panel recommends that the Commission consider the following:

- arranging for advice and support to be given to current and new MLAs to explain the new system and help them in their own roles as employers;

- providing MLAs with draft job descriptions and terms and conditions as part of model contracts for staff in each of the three staff grades for which expenses will be recoverable in the new mandate. This will help MLAs to ensure that when new salary claims are submitted they already fully comply with the Secretariat’s conditions for payment;

- it will then be the responsibility of each MLA carrying forward into the new Assembly to negotiate with their staff on how they will manage assimilation onto the new pay scales; and

- in most cases this will be a simple process that will result in many staff getting a small pay rise. In a small number of cases where current staff pay is substantially above the proposed new scale points for their post, MLAs may have to negotiate with staff on the basis of either termination of contracts or their employment on the new standard terms and conditions. The Panel has been assured that the LRA and Secretariat staff will advise and assist MLAs to the maximum possible extent, and the Panel recommends that the Commission put in place arrangements to assist Members.

MLA Support Staff - Members Not Returning to the New Assembly

226. A number of MLAs do not plan to stand for re-election. In the past it has been custom and practice that in such cases MLA support staff were often employed by a new Member from the same party. The new staffing arrangements will not allow MLAs to claim reimbursement in such circumstances. In the new mandate all new staff must be recruited by fair and open competition, so arrangements will need to be put in place to manage the redundancy of existing staff, including the legal requirements to give notice and consult with staff involved. In a small number of cases the new arrangements on employing connected persons may also lead to MLAs having to make a family member redundant.
227. Again, the Panel recommends that the Commission put in place arrangements to assist Members to plan and manage this.

228. In this context it should be noted that the Panel has made specific provision that, where MLAs are involved in winding up their offices, the staff will continue to be employed on protected existing terms and conditions during the winding-up period.

Advertising for Staff

229. To minimise future costs, the Panel has provided that in recruiting staff in the new mandate MLAs will be permitted to recover expenses of up to £500 per recruitment competition. These expenses will be charged against staff costs.

230. The management of that money will be a matter for the Members and the Commission. However, it is the Panel’s view that paid advertising for such posts is generally unnecessary when MLAs may make use of the facilities available free from Job Centre Online.

231. The Panel also strongly recommends that the Commission consider making available to MLAs a facility where they can advertise staff vacancies online on the Assembly website. This may be a very cost-effective means of obtaining a pool of suitable candidates.

Staff Recruitment Processes

232. The new arrangements will require MLAs to implement an open and fair recruitment process for all new staff. The Panel has structured the Determination so as to require MLAs seeking reimbursement of staff costs to satisfy the Commission that such a process has been used before staff salaries will be paid.

233. Again, the nature of the processes and standards which will satisfy the Commission are not within the Panel’s ambit. However, the Panel recommends that the Commission put in place arrangements to support Members, which should include:

- some basic training/advice for Members;
- a standard model for job adverts, job descriptions, interview records and notes, and scoring candidates;
- a clear standard process for the whole recruitment exercise, including timescales, grades, appointment processes and steps needed to ensure that MLAs fully comply with the Determination on issues such as appointments and pay grades;
- clear advice on the evidence the Commission will require before future salaries can be paid; and
- setting clear standards that must be applied in maintaining records for legal and audit purposes.
Private Members’ Bills

234. The Panel acknowledges that the development of Private Members’ Bills is part of the role of MLAs and therefore should be supported financially where necessary. At the same time, the Panel is aware that:

- relatively few such Bills are brought forward to the Assembly;
- in considering Bills, MLAs have available to them extensive research facilities in the Assembly;
- the Assembly can also provide key legal expertise with a detailed knowledge of Assembly legislation and parliamentary procedures. This can be made available to assist Members; and
- MLAs may also benefit from advice from outside bodies including statutory and third sector groups who may be lobbying for legislation.

235. The Panel considers that, given the costs of such activity, every possible use should first be made of existing in-house resources and that, in particular, care should be taken to ensure that proposed Bills are within the Assembly’s ambit before resources are spent on developing them.

236. The Panel therefore considers that MLAs already have available to them the resources needed for this role, and its Determination provides that MLA expenses shall not be expended on Private Members’ Bills.

237. However, the Panel considers that, in a few exceptional cases, the Commission may conclude that additional specialist expertise from outside the Secretariat is required. In such cases, the Panel recommends that the Commission considers putting arrangements in place to provide support to a Member to develop a Bill, but only where this is essential and the necessary expertise cannot be provided from within the Assembly. We anticipate that this will apply only in exceptional circumstances.

MLA Websites

238. In the 2016 Determination the Panel has excluded payment of expenses on MLA websites. The Panel is very aware that MLAs have a number of existing web presences including:

- Individual web pages on their party sites funded by the party;
- An individual web profile on the Assembly website which will often include contact details, office opening times etc; and
- In a small number of cases, personal websites funded by Members personally or via expenses. The Panel has noted that the amounts spent by some Members on websites appear to be high for the nature of the sites, that some of the sites are not dynamic or clearly long out of date and that, on the whole, this expenditure does not offer value for money.
239. The Panel has therefore determined that the costs of personal websites cannot be reclaimed from expenses. However, the Panel feels that the Internet can be an important tool for Members to communicate with constituents. The Panel strongly recommends that the Commission reviews the design and content of the Assembly website for Members and considers expanding this to include for example:

- Easy access to constituency reports where an MLA decides to publish these electronically;
- Contact details; and
- Adverts for support staff jobs.

Provision of Information Technology and Support

240. It has long been the case that the Commission has provided MLAs with a comprehensive package of IT on their appointment. This is owned and maintained by the Assembly.

241. In addition many MLAs have then purchased varying amounts of additional computers, laptops, printers, cameras and other electronic items including photocopiers and fax machines. The amounts spent on this by MLAs have varied radically from Member to Member from almost nothing to many thousands spent on numbers of high end computers, screens and software. Some Members have also entered into supply or maintenance contracts for equipment, which at times appear to have been negotiated centrally by their parties.

242. It must be right to encourage the maximum possible use of IT by Members, but to do so in a way that ensure that this improves efficiency and delivers value for money. In the 2016 Determination the Panel has therefore decided not to allow payment of expenses for IT and electronic equipment. In this context, the Commission may wish to note that the Panel has specifically decided to remove all funding for:

- Standalone high specification photocopiers; the Panel simply does not see the need for this in the average MLA’s office, especially when Members already have a Printer/Scanner/Copier provided as part of the package from the Assembly;
- Fax Machines, which are an obsolete technology. Where fax facilities are required it should be possible to provide these via software on the standard package provided by the Assembly;
- Cameras; these are now normally incorporated in most medium quality mobile phones; and
- TV sets and radios; broadband services mean that news channels required by MLAs can easily be viewed or heard on existing desktop computers without the need for a TV set or radio.
243. However, the Panel does strongly recommend that the Commission keep under review the range and nature of the IT supplied free of charge to Members to include:

- Sufficient desktop and laptop machines for the MLA and each member of staff;
- Printers, at least one of which should be a high quality multi-function device capable of printing, scanning and copying reasonable volumes of materials;
- Where requested by the MLA, a fax software system on the machines that allows faxes to be sent and received, although such technology is now virtually obsolete in normal business use;
- Software to support watching major TV stations and listening to radio broadcasts; and
- A secure constituency office network to support all of the above.

244. The Panel believes that this will offer Members the maximum possible support while minimising costs and administration.

Central Purchasing

245. The provision of IT support to Members as set out above is an example of the way in which the Commission and Secretariat’s expertise and buying power can deliver services for Members much more cost-effectively than if Members purchased them individually.

246. We commend this to the Commission and suggest that there are a number of areas where better economies of scale could be achieved by the Assembly undertaking procurement centrally. These include issues ranging from insurance to the purchase of utilities, including telephony and broadband and mobile phones. The Panel recommends that the Commission consider this.

Appeal Systems on Expenses Decisions and Disallowed Claims

247. When the Panel was first established, the Commission made it clear that it was its intention that all decisions on the payment of expenses to MLAs should be taken out of the hands of politicians and managed independently.

248. The Members Handbook published by the Commission to guide MLAs sets out a documented system for Members to appeal refusal of a claim to the Head of Finance and, if still dissatisfied, to the Clerk/Chief Executive who will then seek the Commission’s decision, which will be final.

249. The Commission will be aware of the recent issues that have arisen in respect of the Secretariat’s decisions on claims and that Members of the Secretariat’s own staff
expressed concerns to IPSA staff about the nature of appeals in some cases. The Panel is aware that the Commission has stated that no appeal against an expense claim has ever been made to them. The Panel has also had the benefit of seeing the recent report prepared by staff from IPSA on the operation of the MLA expenses system. This has highlighted that a system has allegedly developed where MLAs unhappy about a decision on expenses have been able to make approaches directly to the Commission members. The Panel remains unsighted on the exact operation of this system and on how many claims may have been challenged in this way and for what types of expenses. This engendered huge public controversy and it is clear that such issues damage public confidence in the Assembly.

250. The Panel strongly recommends to the Commission that in the short term and until a new system is put in place to independently manage expense claims:

- All appeals on claims should be decided solely by the Accounting Officer not the Commission;
- Such appeals should be in writing with a clearly documented audit trail;
- The published record on the Assembly website of Members’ expenses claims should show disallowed claims in a similar manner to that on the IPSA website;
- The Accounting Officer should normally consult the Panel where an issue of interpretation of the Determination arises, and all decisions to override or reinterpret the Panel’s Determination should be clearly and publicly documented;
- The Panel should be kept regularly informed of all challenges and all appeals so that it can effectively monitor implementation of the Determination and identify any areas where problems may be emerging; and
- The Assembly’s Secretariat Audit and Risk Committee should regularly audit this process.

251. The Panel also recommends that the Commission should set out and publish a clear policy on this and how it will handle claims that are disallowed.

Potential/Alleged Fraud

252. Most MLAs are honest and reported cases of fraud in expenses are rare but, to ensure full fairness to all Members and transparency, the Panel recommends that the Commission also clearly set out to Members the circumstances and processes that will apply and in what circumstances a suspect claim will be reported for investigation to:

- The Assembly Commissioner for Standards; and
- PSNI;
and provide for the notification of all suspected fraud or misconduct in such claims to:

- The Secretariat Audit and Risk Committee; and
- Where necessary, the Comptroller and Auditor General.

253. The Panel also recommends that a system is put in place to record all disallowed claims and to regularly brief the Panel on these to assist it in improving the system.

IFRP Role and Support

254. The Panel has outlined above its concerns at the distinction in the current system between the role of the Panel in defining expenses and the role of the Secretariat in managing the payment system.

255. Given recent problems, it is the Panel’s clear view that the current system should be replaced by a new structure based on an arrangement similar to the IPSA model at Westminster.

256. The Panel is also very concerned at the level of support available to it to deliver on its remit. At the point when the Panel was established it benefited from strong, effective, continuous and dedicated part time assistance. Unfortunately, after a series of staff illnesses and retirements and given the many changes in the Assembly, the Panel has been faced with a situation where it has been supported by 5 different staff at various times over the past 15 months. Several of these staff have also had to service other full-time roles at the same time and at a period when their and the Panel’s work was at a peak.

257. The Panel has no criticism at all of the staff involved, who were helpful, diligent and effective and did their very best, but it is compelled to note that this did have a major impact on the Panel’s ability to deliver the Determination and report on time and to standard. It also increased costs as work had to be completed by Panel members that might have been more cheaply done by staff. Legal work on drafting the new Determination also had to be outsourced to specialist external counsel at significant expense and leading to further unavoidable delays.

258. The Panel is also very aware that the term for its members is coming to an end and that the Commission has plans to develop a new model for the Panel in the Fifth Assembly. This will mean a clear discontinuity between the work of the current Panel and its successor. Indeed, there may be a significant period when no Panel is in place at all. The Panel is very concerned that, given this and all the changes in support staff, within a few weeks of the delivery of this report, all the corporate knowledge developed over the last 5 years will be lost.
259. To prevent this happening again in the next mandate, the Panel strongly recommends to the Commission that, pending the establishment of an IPSA-type organisation, they establish within the Secretariat Finance function a dedicated unit to:

- Manage all claims for Members’ allowances and expenses;
- Give advice to Members on the operation of the system;
- Liaise with the Panel (where it exists) on the operation of the Determination;
- Maintain clear, transparent and published records of all expenses paid; and
- Provide all necessary support to the Panel and ensure continuity in that support.

Financial Assistance to Political Parties

260. The Assembly has a separate scheme to provide Financial Assistance to Political Parties\(^\text{10}\). This is designed to provide moneys to the parties to enable them to operate effectively. Similar schemes exist in almost all legislatures.

261. The Panel recognises that it has no role in setting or managing FAPP but it is compelled to advise the Commission of the impact that the current level of FAPP has on its work. From before the Panel was created, it has been the Commission’s policy that MLA expenses were designed to support the work of Members in constituencies and not to support party funding or for the benefit of Members, their colleagues, families etc. The reality has sometimes been different.

262. During its life the Panel has had to address a number of ways in which some parties have sought to channel money from Members’ constituency expenses into central party funds. In the Panel’s clear view such schemes are contrary to the purposes for which constituency funds were provided but were clearly accepted practice before the Panel was established. The Panel has already taken action to stop a number of these schemes which have included:

- A simple flat rate levy on all Members for “central party costs”, typically around £7000 per annum per MLA;
- Separate invoices to Members for various services provided by a party, including research, policy development, media handling, websites etc;
- Arrangements whereby some MLA expenses claims were completed by central party staff and all expense payments and salaries were paid direct to the party bank account with the Members then paid the expenses the party considered appropriate; and
- Requirements for Members to donate part of their salaries or expenses to the party.

263. It is the Panel’s view that these schemes have arisen from Party Managers’ desire, at central and local levels, to maximise funds for party work. To ensure that public moneys are spent appropriately and to maintain probity and integrity in the system, the Panel has been required to develop a firm legalistic approach in drafting Determinations.

264. Party political funding is not within the Panel’s remit but it does affect its work. It is the Panel’s view that such practices are not in the interest of open, democratic politics and put at risk the good reputation of the Assembly.

265. It is the Panel’s view that the current level of FAPP is too low to support democratic politics in Northern Ireland, and the Panel strongly recommends that the FAPP system is independently reviewed.
Appendix A

The Seven Principles of Public Life

Identified by the Nolan Committee in their First Report on Standards in Public Life - May 1995.

Principle 1

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.

Principle 2

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.

Principle 3

Objectivity: In carrying out public business, including making public appointments, awarding contracts or recommending individuals for awards or benefits, holders of public office should make choices on merit.

Principle 4

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.

Principle 5

Openness: Holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Principle 6

Honesty: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
Principle 7

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

Ten Principles

The Assembly Commission, following individual meetings with Party Leaders and a collective meeting on 18 June 2009, developed a set of Ten Principles. The Ten Principles underpin the basis on which expenditure will be paid to Members.

Principle 1

Members of the Legislative Assembly (MLAs) have a duty to observe the seven Nolan principles of public life in all aspects of incurring and claiming expenditure.

Principle 2

MLAs have a 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 an entitlement to allowances.

Principle 5

Openness and transparency about expenditure incurred by MLAs 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 Assembly Commission (the “Commission”) will publish the rules and detailed guidance on the system for claiming expenses, and Assembly officials will provide any further guidance that may be required by MLAs.
Appendix C

ICT Equipment and Services Provided to MLAS, Their Staff and Party Support Staff

All Assembly Members are supplied with centrally funded personal computer equipment with office automation software during their term of office. The ICT equipment provides access to email, internet, shared electronic diary facilities and internal electronic based information, including the Assembly Intranet (AssISt). These systems are for use within Parliament Buildings and Members’ Constituency Offices. At Members request, Members’ own equipment may be provided with a wi-fi connection for Internet access.

The Assembly Commission determines the IT systems to be provided and the current provision as agreed by the Commission is;

### Assembly Members
- 1 x Desktop PC for use in Parliament Buildings;
- 1 x Laser printer for use in Parliament Buildings;
- 1 x Tablet computer for use in connection with Assembly Committee business;
- 1 x Broadband internet connection for use in Constituency Office;
- 1 x Desktop PC for use in Constituency Office;
- 1 x Multi-function Device (printer/fax/scanner) for use in Constituency Office; and
- 2 x Additional computers (Laptop or Desktop) for use on Assembly Business.

### Assembly Parties

This table shows the maximum provision of PCs and Printers for Assembly Party use, based on party size. Parties do not have to accept the complete allocation of PCs. The number and type of printers provided may be restricted by the physical arrangement of accommodation available to party staff.

<table>
<thead>
<tr>
<th>ICT Equipment Allocation</th>
<th>PC Allocation</th>
<th>MFP Printer</th>
<th>Laser Printer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Member Party or independent MLA</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Parties with 2-4 Members</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Parties with 5 – 10 Members</td>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
ICT Equipment Allocation

<table>
<thead>
<tr>
<th>Parties with 10 – 15 Members</th>
<th>PC Allocation</th>
<th>MFP Printer</th>
<th>Laser Printer</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Parties with 16 – 20 Members</td>
<td>10</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Parties with 21 – 30 Members</td>
<td>12</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Parties with 31 – 40 Members</td>
<td>14</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Conditions of Supply

Computer hardware and software are supplied by direction of the Assembly Commission for use only on Assembly business. The following conditions apply:

- All equipment and software supplied remains the property of the Assembly Commission and must be returned if a Member retires or fails to be re-elected;
- Computers and software are supplied for use in Parliament Buildings and Constituency Offices. Equipment must not be removed or relocated without the approval and assistance of the IS Office; and
- The Assembly Commission has approved a Policy for the Use of ICT Resources, which must be adhered to by all MLAs, their staff and Party Support staff.

Service Desk support

The IS Office Service Desk provides users in both Parliament Buildings and MLA Constituency Offices with an effective first point of contact for any problems or queries on all aspects of IT. Staff log all requests for assistance and will provide a service to locate and fix faults where possible; otherwise they co-ordinate with specialist suppliers to resolve problems appropriately.

Operating Hours:

9.00 am to 5.00pm Monday to Friday, or 30 minutes after the House rises (A voicemail system operates outside these times).

IT Training

IT training courses for beginners and more experienced users are provided for Members and support staff. The training will be provided on the use of the equipment and software approved by the Commission. Training can be tailored to meet individual needs. Further information on training can be found on AssISt.

Information on training can be obtained by contacting the IS Office Service Desk.

Limited online training facilities are available via the Assembly computer network.
TV & Radio Distribution System

The IS Office supplies and supports the televisions in Members’ offices in Parliament Buildings. Television channels include a range of terrestrial, satellite and in-house channels, in addition to the main radio stations. The system now includes recordings of local news and current affairs programmes. Televisions remain the property of the Assembly Commission and must not be removed from Parliament Buildings.