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# Review of the Determination for 2022-23: Report

**March 2022**

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# The Independent Remuneration Board of the Senedd

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The Independent Remuneration Board of the Senedd makes independent decisions on the pay and direct support for Members of the Senedd to attract a wide range of capable and diverse candidates and to enable those elected as Members to do their jobs effectively, ensuring value for money for the people of Wales. The Board was established by the National Assembly for Wales (Remuneration) Measure 2010.

## Members of the Board

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- Dr Elizabeth Haywood (Chair)
- Sir David Hanson
- Mike Redhouse
- Dame Jane Roberts
- Hugh Widdis

## Secretariat to the Board

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- Llinos Madeley, Clerk
- Ruth Hatton, Deputy Clerk
- Joanna Adams, Second Clerk

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# Chair's foreword

One of the guiding principles of the Independent Remuneration Board of the Senedd ('the Board') is that its decisions must 'be appropriate with the context of Welsh earnings and the wider financial circumstances of Wales'. This, along with other key principles, provides a basis for our decisions on the pay and allowances for Members of the Senedd ('Members').

We live in exceptional times. The Covid-19 pandemic has impacted greatly on every aspect of life in Wales and beyond, including the economy. Climate change continues to affect all communities in Wales in various ways. And other events worldwide and closer to home are impacting our daily lives and our pockets.

In the autumn of 2021 the Board developed its proposals for changes to the Determination for 2022-23. Those proposals were published for consultation in January this year. Since those proposals were developed, the financial circumstances in Wales have changed considerably due, in part, to the events noted above. Inflation is on the rise. Energy prices are soaring. Fuel prices have reached unprecedented levels.

These changes to the cost of everyday living in Wales also directly impact upon Members' business costs to undertake their Senedd duties. One of the challenges faced by the Board is setting Members' pay and allowances without knowing exactly what the future holds for the Welsh economy.

The Board welcomed the high level of engagement in its consultation and the evidence provided by the Groups and individuals. We have listened and considered the latest evidence on financial circumstances and forecasts, and as a result we have revised our views and agreed changes to the Determination. These changes and the reasons for the Board's decisions are set out in this report.

We are also building in further substantial reviews into our work programme which will allow us to consider the matters raised in more detail. A summary of our strategic work programme is included at the end of this report.

Further changes to the Determination for 2022-23 may be needed should financial circumstances change again in unexpected ways over the coming months and we will continue to listen and engage with Members and their staff during this uncertain period.

**Dr Elizabeth Haywood**  
**Chair, Independent Remuneration Board of the Senedd**

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# 1. The review process

## Background

**1.** The Board is required to keep the Determination under review. It undertakes an annual review primarily to review the levels of allowances. Prior to launching the Board's consultation on changes to the Determination for 2022-23, the Board engaged with Members and their support staff via meetings with their representatives to help inform the development of the consultation proposals.

**2.** In order to ensure proposals were consistent with the Board's guiding principles (i.e. appropriate to the financial circumstances of Wales, supportive of the strategic purpose of the Senedd, adequate to facilitate the work of Members and representative of value for money for the taxpayer), the Board also took account of evidence, including:

- Members' use of their allowances since the beginning of the Sixth Senedd;
- Comparisons with the support made available to elected representatives in the other UK legislatures; and
- Data on the economic situation in Wales, for example salary trends and the rental costs of residential accommodation in the Cardiff Bay area.

**3.** The proposals for changes to the Determination for 2022-23 were issued for consultation. It ran from 7 January 2022 to 17 February 2022. It was shared with the Board's stakeholders including Members, their support staff, political parties represented in the Senedd, the Senedd Commission as well as a number of civil society organisations. It was also shared with the media in order to raise public awareness of the proposals.

**4.** A common issue put forward by a number of Members prior to the consultation has been that the cost of renting office space has increased over time to the extent that the allowance, known as the Office and Constituent Liaison Fund, is insufficient. As a result, and in order to help inform the Board's final decisions in relation to this allowance, the Board commissioned an independent firm of chartered surveyors to undertake research on changes to office rental costs in Wales since the beginning of the Fifth Senedd (2016). The report is attached at Annex B.

**5.** The Board held meetings during the consultation period with representative groups on behalf of Members and Members' support staff as well as with political parties, to discuss the Board's proposals.



## Responses to the consultation

**6.** The Board received 13 written responses to the consultation, from the following persons and groups:

- Four Members of the Senedd;
- Six other individuals;
- A joint response by the Labour Group in the Senedd, Labour Group support staff and support staff represented by the GMB union (referenced in this report as the 'Labour Group' response, for ease of reference);
- The Welsh Conservative Group (referenced in this report as the 'Conservative Group' response, for ease of reference);
- The Plaid Cymru Group (referenced in this report as the 'Plaid Group' response, for ease of reference).

**7.** In its meeting on 10 March, the Board considered the evidence gathered during the consultation period and decided on changes to the Determination for 2022-23.

**8.** Any personal data provided by respondents to the review was treated in accordance with the Board's privacy policy (published in the [consultation document](#)) to ensure compliance with all relevant legislation on the protection of data and information.

## 2. A summary of key decisions

Below is a list of the key changes to the Board's Determination on Members' Pay and Allowances for 2022/23 agreed by the Board in light of the consultation. These changes recognise the exceptional events and changes to energy and other costs that occurred during the consultation period.

### **Support staff salaries**

**10.** The increase proposed to support staff salaries by the Board was 0.4 per cent. In recognition of the exceptional circumstances faced by support staff, the value placed on their role and the economic context, an increase of 3 per cent was agreed. The overall cost of this decision is approximately £245,000 per annum.

### **Residential Accommodation Expenditure**

**11.** The Board proposed to increase the annual allowance for the rental of flats for outer area and intermediate area Members, as well as the allowance for those members with caring responsibilities, by 3.1 per cent (CPI figure for September 2021). In light of the responses received and in recognition of the rise in inflation since September 2021, the Board agreed to increase these allowances by 5.5 per cent (CPI figure for February 2022). This decision will require approximately £7,000 to be added to the budget for these allowances for all Members combined.

### **Office and Constituent Liaison Fund (OCLF)**

**12.** The Board proposed to increase the quantum of the OCLF by 3.1 per cent (CPI figure for September 2021). This was subsequently agreed. During the course of the year, the Board will seek evidence from Members, via Member Business Support, of the increase in energy costs for Member's offices so as to make a more accurate and appropriate adjustments to the allowance to reflect these, given the current unpredictable outlook. It was also agreed that the annual allowance of £2,500 available for Members to conduct policy, research and communications work will be transferred to the OCLF. This decision will require approximately £5,000 to be added to the budget for the OCLF allowances of all Members combined.

### **Time off for Public Duties**

**13.** The Board agreed its proposals to allow Members to claim reimbursement of the costs of allowing support staff to take time off for public duties.

## **Thematic reviews**

**14.** In response to comments received during the consultation the Board decided to undertake thematic reviews of specific areas covered by the Determination. During the Sixth Senedd the Board will undertake reviews of:

- Staffing support for Members including the overall allowance available to Members for this purpose and support staff pay structures.
- Members' ways of working in future and the implications of such for the OCLF and provisions for home working.

## 3. Members' remuneration

**15.** Members' pay has effectively been frozen since April 2020. In March 2020, the Board agreed that for the Sixth Senedd, Members' pay would be subject to an annual indexation mechanism (namely the Annual Survey of Hours and Earnings, annual gross Median Earnings for full-time employee jobs in Wales between April and April of the previous year ('ASHE')), but that any increase would not be able to exceed three per cent (nor result in a decrease in salary). This mechanism will apply for 2022-23 and will mean a rise of 0.4 per cent in Members' pay (i.e. the ASHE figure for 2021).

**16.** The Board is of the view that the mechanism that applies to the salaries of Members and office holders remains valid. Respondents to the consultation did not comment on Members' salaries. Members' salaries for 2022-23 will therefore increase by the 0.4 per cent ASHE increase. Members' salaries for 2022/23 including additional office holder salaries are shown in Annex C.

## 4. Residential Accommodation Expenditure

**17.** Chapter 4 of the Determination outlines the support available to Members to cover costs which they necessarily incur as a result of staying away from their main homes in connection with their role as Members.

**18.** A Member's main home is placed into one of three categories (based on location). These are the inner, intermediate and outer areas (as outlined in Sections 4.2-4.4 of the Determination). For each area there is a corresponding level of support for overnight accommodation in Cardiff.

**19.** Members can also claim for overnight stays outside Cardiff, should it be required, in the performance of their duties as an elected Member.

**20.** "Outer area" Members who can demonstrate having caring responsibilities for a dependant who is normally resident with them in the Cardiff area are eligible for a carer's allowance to cover the additional cost of obtaining suitable accommodation. "Outer area" Members who qualify under paragraph 4.4.9 of the Determination may also claim reimbursement of the costs of essential repairs to properties purchased for the purpose of undertaking their work as Members in Cardiff Bay. Claims for this provision may be made only until the dissolution of the Sixth Senedd following which the provision will end.

### Proposals on which the Board consulted

**Proposal 1:** The Board proposed to increase the Residential Accommodation Expenditure allowance for "outer area" Members by 3.1 per cent, in line with the September 2021 CPI rate. This would mean increasing the allowance from £810 per month (or £9,720 per annum) in 2021-22 to £835 per month (or £10,020 per annum) in 2022-23.

**Proposal 2:** The Board proposed to increase the "Carer's Allowance" by 3.1 per cent, in line with the September 2021 CPI rate. This would mean increasing the allowance from £120 per month (or £1,440 per annum) in 2021-22 to £125 per month (or £1,500 per annum) in 2022-23.

**Proposal 3:** The Board proposed to maintain the "Essential repairs" allowance at its 2021-22 level of £882 per annum.

**Proposal 4:** The Board proposed to increase the Residential Accommodation Expenditure allowance for “intermediate area” Members by 3.1 per cent, in line with the September 2021 CPI rate. This would mean increasing the allowance from £6,840 per annum in 2021-22 to £7,050 per annum in 2022-23.

**Proposal 5:** The Board proposed to increase the maximum nightly amount that may be claimed for hotel accommodation by 3.1 per cent, in line with the September 2021 CPI rate. This would mean increasing the maximum nightly amount from £95 (or £150 in London) in 2021-22 to £98 (or £155 in London) in 2022-23.

## **Views on the Board’s proposals**

**21.** The Conservative Group stated that the Residential Accommodation Expenditure allowance should reflect rental market inflation rather than CPI and that it should also be adjusted to account for the significant recent increases in energy prices. The Conservative Group added that many new Members entitled to the allowance found it difficult to find accommodation in the Cardiff Bay area within the funding available.

**22.** The Conservative Group also:

- supported proposal 2 on the Carer’s Allowance;
- noted concern about the sufficiency of the Essential Repairs Allowance;
- welcomed proposal 5 on hotel stays but encouraged the Senedd to sign up to the “Government rate” scheme for Members booking hotels in London to get the best value for taxpayers.

**23.** The Labour Group suggested that the 3.1 per cent CPI rate from September 2021 is out of date and that a greater increase is needed to each of the allowances referenced in proposals 1 – 5, to reflect recent “exceptional inflationary pressures”.

**24.** The Plaid Group were of the view that the proposed changes were generally small, sensible and necessary. On proposal 5 (hotel stays) the Plaid Group argued the mechanism used to apply increases to the allowance (CPI) may not be appropriate and should be reviewed. It also argued the Board should undertake research to better understand the going rate for hotel stays and how such rates are affected by various factors such as last-minute booking which Members cannot avoid at times.

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## Key changes to the Determination agreed by the Board

**25.** Market research conducted by the Board identified the availability of only a limited number of one and two bedroom flats in the Cardiff Bay area. The Board considers that all Members who are able to, and would wish to, rent a flat in Cardiff have secured accommodation.

**26.** The market research conducted by the Board found that the cost of renting one and two bed properties in the Cardiff Bay area valued at less than £1,000 per calendar month had steadily increased over the 12 months to October 2020. While the average cost of available one bed rental properties in the Cardiff Bay area has been relatively stable from October 2021 to February 2022, the numbers of available properties is very limited. Recent data collected by the Board showed the cost of one-bedroom flats to be around £810 per calendar month generally, falling within the proposed new allowance of £835.

**27.** However, the Board acknowledges that the number of properties available for rent within the allowance is reducing and inflationary pressures are likely to be in excess of that expected when the Board's proposals were published. Recognising the current exceptional financial circumstances and limited property availability, the Board decided that the Residential Accommodation Expenditure allowance for "outer" and "intermediate" area Members should be increased by the latest available CPI rate of 5.5 per cent (February 2022), instead of the September CPI figure of 3.1 per cent, meaning up to a maximum of £10,260 (based on a monthly allowance of £855)<sup>1</sup>, for "outer" Members and £7,220 per annum for "intermediate" area Members, for 2022-23 (proposals 1 and 4).

**28.** The same February 2022 CPI figure of 5.5 per cent will be applied to increase the allowance available to Members to cover the cost of overnight hotel stays (proposal 5). This will provide a maximum daily allowance of £100 (or £158 in London). Members should be assured that where finding a room within those maximum amounts proves difficult, Members' Business Support can exercise some discretion for reasonable claims.

**29.** In line with the decision above, the Board also decided to apply the 5.5 per cent CPI rate from February 2022 to the cost of renting accommodation suitable for the provision of care for dependants, meaning £1,520 per annum for the Carer's Allowance (proposal 2).

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<sup>1</sup> The revised annual allowance of £10,260 has been calculated by applying the 5.5 per cent increase to the monthly allowance (£810), rounding to the nearest £5 (£855) and multiplying this figure by 12 months.

**30.** As the essential repairs allowance, available only to a very limited number of Members, is being phased out and will cease to be available following the end of the Sixth Senedd, the Board considers that there is no reason to increase that allowance. The Board decided to retain the allowance at its 2021-22 level of £882 per annum.



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## 5. Office and Constituent Liaison Fund and Policy, Research and Communication Fund

**31.** Chapter 6 of the Determination (Office and Constituent Liaison Fund ('OCLF')) states that Members are entitled to claim for all reasonable costs relating to the running of an office and engaging with constituents.

**32.** The OCLF for 2021-22 was £20,060 or £6,712 (where the Member works exclusively from Tŷ Hywel). Since 2021-22, the OCLF has also included all costs relating to stationery, including postage and printing – the OCLF was increased by £1,800 per Member to reflect the transfer of the stationery budget from the central Commission budget to the Determination budget. The purpose of this change was to provide greater transparency on the expenditure made by Members on stationery.

**33.** Chapter 7 of the Determination (Staffing Support for Members) provides that a Member may claim a maximum of £2,500 (inclusive of VAT) towards the cost of obtaining external expertise to advise or assist, for a fixed period, to deliver a specific piece of research work or for engaging with constituents. This is known as the Policy, Research and Communication Fund ('PRCF').

### Proposals on which the Board consulted

**Proposal 6:** The Board proposed to increase the Office and Constituent Liaison Fund by 3.1 percent, in line with the September 2021 CPI rate. This would mean increasing the allowance from £20,060 per annum (or £6,712 if the Member's office is based in Tŷ Hywel) to £20,680 per annum (or £6,920 if the Member's office is based in Tŷ Hywel). The Board committed to re-visiting this rate before the Determination for 2022-23 was finalised and published, in order to take account of the external research it had commissioned about market conditions for office premises in Wales, and to consider whether further adjustments are required in response to utility and energy costs.

**Proposal 8:** The Board invited views on the Policy, Research and Communication Fund (PRCF) including whether it would be preferable to remove the PRCF and replace it by transferring an additional £2,500 into the Office and Constituency Liaison Fund (OCLF), to provide greater flexibility for Members on how that £2,500 may be used. The Board welcomed views on the

benefits of the current viring, pooling and supplementing provisions in place for the PRCF, and on what elements (if any) of those features of the PRCF they would wish to retain if the funding were to be transferred into the OCLF.

## **Views on the Board's proposals**

**34.** An issue raised by some respondents was that a number of new Members of the Sixth Senedd had found it challenging to find office accommodation which met their own needs and the principles on renting an office as set out in the Determination.

**35.** Five respondents called for an increase to the OCLF allowance above that which was proposed by the Board. Reasons provided by respondents to support this included:

- the significant recent rise in inflation and the need for the OCLF to be adjusted in line with resulting cost increases, for example the costs of rent, postage, advertising, printing, stationery and other day to day costs;
- the significant recent increases in energy costs and the expected loss over time of price increase protections offered by the domestic energy cap;
- the higher office costs allowance available to Members of Parliament compared with Members of the Senedd;
- increases in office rental costs;
- the insufficiency of the funds available to engage with constituents due to the increased costs of renting and running an office.

**36.** The Labour Group commented that rental costs for constituency offices have been increasing in many areas of Wales as a result of which rental and related costs now account for up to 50 – 75 per cent of the entire OCLF for Members in high rental cost areas of Wales. The Group also noted that:

- viring funds from Members' staffing budgets to help fund high office rental costs is not sustainable;
- the Board should review the requirement on Members to seek valuations and legal advice when renewing an existing lease or seeking to move their office due to the financial and time pressures associated with such.

**37.** The Labour Group also called on the Board to undertake a review of the OCLF to ensure the long-term financial security needed to invest in accessible and safe constituency / regional

offices. The Labour Group continues that such a review should also include consideration of: either, separating the allowance for renting offices from the allowance for running offices; or, the provision of a higher OCLF for Members located in expensive rental areas.

**38.** The Conservative Group:

- noted its view that CPI may not be the appropriate index on which to base future adjustments to the OCLF allowance; and
- called on the Board to review the Office Refresh Allowance which is currently only available for Members in the first year of their third term of office and every third consecutive term which follows, so as to allow office maintenance costs such as replacing signage, redecoration etc. also to be paid from this allowance instead of the OCLF.

**39.** The Plaid Group welcomed the Board's decision to commission independent research on office rental costs in Wales and requested the research findings are made available to Members (see Annex B).

**40.** Member comments included the following:

- separate allowances should be allocated for office rent and office running costs, with the office rent allowance for each Member to be set in line with average rental costs for the area in which an office is required;
- Regional Members should be allocated a higher allowance for engagement with constituents than constituency Members, to reflect the higher numbers of constituents served by Regional Members;
- in order to reduce their office rental costs a Member had downsized their office to a space which is not large enough to accommodate the Member and all staff members at any one time;
- the £1,800 transferred into each Members' OCLF for the Sixth Senedd to cover postage costs is insufficient to allow for the engagement needed with constituents.

**41.** Proposal 8 (remove the PRCF and replace it by transferring an additional £2,500 into the OCLF) was generally welcomed by those who responded to it, on the basis that it would provide greater flexibility for Members on how to use these funds.

**42.** Respondents indicated that if the PRCF were transferred into the OCLF, the £2,500 should be updated in line with the latest CPI figures, as was argued in the case of the OCLF more generally.

**43.** Two respondents highlighted that Members' ability to pool the PRCF in order to commission larger pieces of research should not be lost by transferring the funds into the OCLF.

**44.** Another Member highlighted the limited funds available to cover the costs of communicating with constituents and stated there was a risk that transferring the PRCF into the OCLF would mean that the £2,500 would be spent on office costs rather than engagement with constituents.

### **Key changes to the Determination agreed by the Board**

**45.** The research commissioned by the Board provided a varied picture of changes to office rental costs in Wales in recent years (see Annex B). The research found no discernible pattern in commercial property rental costs in Wales over the last five years with increases in some areas of Wales and decreases in others. The Board considered the research useful and will be helpful in informing the Board's future thinking on its review of the Office and Constituent Liaison Fund. The Board agreed that the report should be published in the spirit of openness.

**46.** Some Members rent office space whilst others choose to rent retail units repurposed as offices. The research shows the rental costs of both types of rental property have increased in some areas and decreased in others.

**47.** The Board noted that the business rates payable on office accommodation has steadily increased across Wales over the last few years. However, as noted by the research, the sum of the increase in cash terms will depend on the rateable value of a property. Whilst the increase in the rates payable on some properties will have been significant in cash terms, the percentage increase will be small in cash terms for properties of low rateable value. The Board also noted that at least some of the properties leased by Members will be eligible for the rate relief scheme provided by the Welsh Government.

**48.** As the research does not show a consistent upward trend in office rental costs across Wales over the last few years, the Board cannot justify a universal increase to the OCLF allowance of all Members on the basis of increased office rental costs, beyond that which was proposed (3.1 per cent).

**49.** The Board understands that most Members of the Sixth Senedd requiring a constituency or regional office have already acquired one. Some respondents to the consultation reported

experiencing difficulties finding offices, but the reasons for this were varied'. The Board will seek a better understanding of the difficulties faced by Members in acquiring offices and the number of Members affected, as part of its future engagement with Members.

**50.** The Board acknowledges that since its proposal was put forward to increase the OCLF allowance by 3.1 per cent, certain office costs have increased significantly, such as energy costs and various costs affected by inflation.

**51.** At the same time, a review of Members' spending to date of their OCLF during this first year of the Sixth Senedd suggested that no Members are likely to overspend by the end of the financial year, ending on 31 March 2022. The Board accepts that Members may tend to spend less on office rents and costs during the first year of a new Senedd than they would in subsequent years. The Board also accepts that Members' underspending on this allowance does not necessarily mean the allowance is sufficient, as Members may be limiting their spending in order to remain within budget.

**52.** The Board understood the concerns raised regarding the cost of utilities, and decided to keep energy and inflation costs under close review. During the course of the year, the Board will seek evidence from Members, via Member Business Support, of the increase in energy costs for Member's offices so as to make a more accurate and appropriate adjustments to the allowance to reflect these, given the current unpredictable outlook.

**53.** The Board acknowledges that, as raised by some respondents to the consultation, Members of Parliament are provided a higher allowance for office costs than Members of the Senedd. Members of Parliament (MPs) not representing constituencies in London may claim up to £27,470<sup>2</sup> per annum to cover the costs of renting and running an office. In accordance with the Board's proposal for 2022/23 Members of the Senedd would be able to claim up to £20,680 per annum (or £6,920 if the Member's office is based in Tŷ Hywel) for the same purpose. Constituency members of the Scottish Parliament ('MSPs) may claim up to £16,775 per annum for renting an office and up to an additional £13,392<sup>3</sup> per annum for the costs of running an office such as postage, printing and advertising.

**54.** However, the Board considers that a comparison with the office costs allowances in other parliaments is not necessarily directly equivalent. It is not clear that the allowances available to

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<sup>2</sup> IPSA allowance for 2021/22

<sup>3</sup> Scottish Parliament allowance for 2021/22 for Constituency Members. Regional Members of the Scottish Parliament are entitled to a different amount of allowance.

MPs and MSPs are provided for the exact same purposes as Members' OCLF. As part of its work programme during the Sixth Senedd, the Board intends to undertake a thematic review of Members' ways of working and the implications of such for the OCLF and provisions for home working. A comparison with the office costs allowances available to members of other parliaments will be undertaken as part of this review.

**55.** Having considered the comments received in response to proposal 8, and for the purpose of simplification, the Board decided to remove the PRCF and subsume it into the OCLF, increasing it by £2,500. That sum will be subject to the same increase as the OCLF for 2022/23 (i.e. 3.1 per cent).

**56.** This means that in 2022/23, a Member who maintains an office in the Member's constituency or region will be able to claim a total amount of up to £23,260 from the OCLF. A Member who undertakes constituency or regional duties exclusively from the office facilities in Tŷ Hywel, Cardiff Bay will be able to claim a total amount of up to £9,500.

**57.** In relation to proposal 8, in order to provide Members with greater flexibility on their use of the OCLF, the Board also decided:

- to allow for the continuation of the pooling of resources for policy, research and communications purposes, between Members;
- that the restrictions on viring to and from the OCLF will apply to the whole of the OCLF allowance including the £2,500 (adjusted in line with CPI) transferred from the PRCF allowance;
- to remove the restrictions in the Determination on the use of the PRCF allowance within four months of an ordinary Senedd general election, on the basis that there are sufficient safeguards in the Determination, and any additional election period restrictions would be more appropriately set out in the Accounting Officer's Rules and Guidance on the Use of Senedd Resources;
- to maintain the rule that Determination funding can only be used on research into policy development, the exploration of issues of significance to constituents or the scrutiny of policy, legislation or finance;
- to remove the requirement for the Board to publish details of Members' use of the PRCF in the Board's annual reports and instead publication will be alongside Members' other expenses, on the Senedd's website;

- to remove the requirement for prior approval for research from the Senedd Commission's Member's Business Support Team; however, as set out in the Determination, three or more quotes should be provided for any work with an estimated cost of £750 or more;
- the same changes to rules will be applied to research being conducted by Party Groups from any remaining balance in their budgets. Members may continue to hire or pool resources from their OCLF with the party groups for the purposes of commissioning research.

**58.** During and following the consultation period some Members made representations to the Board that their home broadband costs should be met from the Determination, on the basis that a broadband connection is required to enable Members to work from home. In light of the significant changes to how and where Members undertake their work, resulting from the Covid pandemic, the Board intends to undertake a thematic review of Members' ways of working and the implications of such for the allowances provided for by the Determination.

**59.** In the meantime, the Board decided that in response to Members' representations, Members will be allowed to claim for home broadband costs incurred specifically for the purpose of working from home, which are additional to the normal costs of living at home. This may include, for example, the costs of a second broadband line in the home to be used for Senedd work purposes exclusively, or the costs of upgrading an existing service to achieve an improved connection for Senedd work purposes. Any such claims will be met from central funds and not from current allowances. In accordance with HMRC rules, Members' should note that they will be taxed on any such claims reimbursed to them under this provision.

**60.** As noted above the Board intends to undertake a thematic review of Members' ways of working and the implications of such for the OCLF and provisions for home working. Further engagement with Members and support staff will be undertaken as part of this process.

## 6. Staffing Support

**61.** Chapter 7 of the Determination enables Members to claim the costs of employing staff to support their work. Chapter 7 also provides for an employment framework by providing for standardised contracts and setting out pay scales for all staff employed by Members, where the costs are met through the Determination.

**62.** The salaries of individual Members' support staff are adjusted annually in line with the Annual Survey of Hours and Earnings, estimated gross Median Earnings for full-time employee jobs in Wales between April and April of the previous year ("ASHE").

**63.** For the 2020-21 financial year, support staff salaries rose in line with ASHE by 4.4 per cent. To protect against the potential for very large increases or decreases to support staff salaries as a result of major fluctuations in ASHE, the Board introduced a maximum (3 per cent) and minimum (0 per cent) annual level of ASHE indexed adjustment for the Sixth Senedd.

### Proposals on which the Board consulted

**Proposal 7:** The Board proposed to increase the staffing expenditure allowance in 2022-23 by 0.4 per cent to reflect the annual increase to support staff salaries in line with ASHE. This would mean increasing the allowance from £107,350 per annum in 2021-22 to £107,779 in 2022-23.

**Proposal 9** The Board proposed the following provisions to allow Members to claim from their staffing expenditure allowance to allow their support staff time off during their agreed working hours as follows:

- i. Paid time off for undertaking unpaid public duties such as school governorship.
- ii. Unpaid time off for undertaking paid public duties, such as local authority councillor duties, with the exception of jury service and mandatory armed forces reserve training (see point iii).
- iii. Paid time off for undertaking jury service and mandatory armed forces reserve training.
- iv. Paid time off for support staff undertaking public duties is to be capped:
  - a. for the duration of the jury service;
  - b. to a maximum of 15 days (per 12 month rolling period) in relation to armed forces reserve training; and



- c. a maximum of 10 days (per 12 month rolling period) in any other case.
- v. Backfill for support staff during these periods of paid leave can be reimbursed from the Temporary Staffing Allowance which is paid out of central Determination funds.
- vi. Employees who are granted paid time off may not receive double payment.

## Views on the Board's proposals

### Support staff salaries

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**64.** The six responses received from individuals who are not Members were focussed solely on proposal 7. All argued for a greater increase in support staff salaries than that proposed by the Board (0.4 per cent).

**65.** The Labour Group and Conservative Group also argued for a greater increase to support staff salaries for 2022/23 than that proposed by the Board.

**66.** Views provided in favour of a greater increase included the:

- significant recent increase in the cost of living and the real-term pay cut that will result from a 0.4 per cent salary increase;
- high degree of dedication to their work shown by support staff during the pandemic;
- inadequacy of the home working allowance made available to support staff to cover the additional costs of working at home;
- need for support staff salary increases for 2022/23 to match or exceed those awarded to other staff undertaking similar roles to support staff. Comparisons were made with Senedd Commission staff and Scottish Parliament staff specifically (awarded 2.7 per cent and 4.5 per cent respectively for 2022-23);
- difficulties faced in attracting highly skilled people to work as senior support staff due to the salary grading available and the workload.

**67.** Other points raised in respect of proposal 7 included the:

- disproportionate combined effect of significant cost of living increases and the proposed 0.4 per cent salary increase on the lower paid support staff;

- Board should determine future support staff salary increases on the basis of a three year ASHE average, as used by the Senedd Commission, instead of a one year ASHE figure, to mitigate the risk of significant fluctuations from one year to the next;
- need for the Board to explore the option of creating another pay band in the political party staff salary scales to enable political groups to attract suitably qualified staff;
- Board should review the pay structures of support staff to ensure the remuneration for different roles is appropriate to the nature of the duties involved;
- lack of a mechanism via which support staff are able to make representations on an annual 'pay proposition' by the Board.

### Members' Staffing Expenditure Allowance

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**68.** Some respondents suggested Members should be provided with higher staffing allowances in order to be able to employ more staff.

**69.** Reasons put forward in support of this argument included:

- the current allowance for employing staff does not reflect current workload pressures or the expectations on Members in terms of their representational and Parliamentary responsibilities;
- a significant increase in Members' casework. The Labour Group noted that evidence provided by its Members and staff demonstrated a 187 per cent rise in new casework received between the full calendar years of 2019 and 2021. It also noted a significant increase in the amount of time spent dealing with telephone calls.
- comparisons with the UK Parliament and Scottish Parliament support staff allowance, and that they enabled their Members to pay for extra staffing support during the pandemic;
- the growth in Members' social media communications and the need for specialist skills amongst support staff to undertake such work;
- staffing budgets at current levels combined with workload and other pressures are making it more difficult for Members to retain long-standing staff.

**70.** In order to highlight the effect the perceived lack of adequate support for Members is having on the wellbeing of existing support staff, the Labour Group reported the findings of a snapshot survey of its staff that it had conducted:

- 87 per cent of staff surveyed have experienced stress or other wellbeing issues as a result of their workload in the last two years.
- 78 per cent of staff surveyed do not feel that their office is adequately staffed to meet the needs of their Member and constituents.
- 49 per cent of staff surveyed have seen their workload increase by up to 50 per cent over the last two years and 49 per cent have seen it increase by more than 100 percent.
- 64 per cent of staff surveyed believe there are functions or responsibilities in their role or office which have not been carried out as a result of workload pressures. 29 per cent, however, did not feel that this was the case.
- 58 per cent of staff surveyed believe their working hours have increased “a lot” over the last two years, while 29 per cent believe they have increased by a “modest amount”.
- 76 per cent of staff surveyed report experiencing difficulty taking all their annual leave entitlement during the last two years.

**71.** The Labour Group called on the Board to:

- carry out an urgent rapid review of the support measures in place for Members in order to address the serious wellbeing and workload issues which have been highlighted by the survey of Labour support staff;
- commit to increasing the staffing budget to enable Members to employ 4 FTEs (Full Time Equivalents) as a matter of urgency in this Senedd;
- undertake a full review of staffing pressures ahead of the Seventh Senedd to include consultation with Members and support staff;
- acknowledge the high proportion of Labour Group Members with added Senedd responsibilities (e.g. Ministers, committee chairs) and the impact this has on support staff.

**72.** The information submitted by the Labour Group on the findings of its snapshot survey provided a useful insight into the various pressures being felt by Members and staff and the reasons for those pressures.

**73.** In response to the Board's commitment to review the overall approach to the staffing allowance in advance of the Seventh Senedd, one Member commented that "it is not realistic or sustainable to wait a further four years for the prospect of a realistic salary budget proposition."

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## Time off for public duties

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**74.** The Labour Group welcomed the clarification provided by this proposal of the rights of staff who are undertaking public duties. The Labour group considered that reservists are unable to forego the daily rate they are paid while on duty. The Labour Group noted that should proposal 9(vi) be implemented (the avoidance of double payment for staff granted time off to undertake public duties) this could effectively mean that support staff would be unable to benefit from proposal 9(iii) (paid time off to undertake jury service and mandatory armed forces reserve training) and would be better off taking unpaid leave or using annual leave for this purpose.

**75.** The Labour Group called on the Board to mirror best practice arrangements in the wider public sector by providing additional days of annual leave or special paid leave for armed forces reservists to complete their basic training requirement.

**76.** The Conservative Group welcomed the proposal to enable Members to claim from the staffing allowance for their support staff to undertake unpaid public duties.

## Key changes to the Determination agreed by the Board

**77.** The Board acknowledges the significant increases in living costs highlighted by respondents and data provided to the Board on market conditions (see Annex D). The Board notes that living costs are likely to rise again, in the short term at least, for example as a result of the change to the energy price cap scheduled for April 2022. Clearly, such increases will impact on support staff.

**78.** Due to these high increases in the cost of living since the Board's proposals were developed, the Board reviewed the 0.4 per cent salary increase proposed for support staff. The Board agreed that support staff should be provided a 3 per cent salary increase for 2022/23, the maximum increase permitted in line with the cap set out in paragraph 7.3.2 of the Determination. The revised support staff pay bands are set out in Annex E.

**79.** In coming to this decision the Board recognised the exceptional economic circumstances and the important value placed on support staff by their employing Members.

**80.** The Board can make only one decision on support staff salaries that takes effect in each financial year, unless the Board is of the view that exceptional circumstances exist to justify further decisions. The Board's decision at the beginning of the Sixth Senedd to adjust support staff salaries annually in line with the Annual Survey of Hours and Earnings and place a maximum (3 per cent) and minimum (0 per cent) limit on annual adjustments to support staff

salaries will apply for the first time in the financial year 2022/23. That is a decision on support staff salaries for the 2022/23 financial year. The Board's decision on 10 March 2022 to increase support staff salaries by 3 per cent for the 2022/23 financial year, rather than applying the mechanism included under the Determination, constitutes a further decision that takes effect in the same financial year. The Board is of the view that the current financial circumstances in Wales are exceptional, in particular the increases to the cost of living. For these reasons, the Board concluded that that a second decision on support staff salaries in respect of the 2022/23 financial year is justified.

**81.** To reflect the increase to Members' support staff salaries, the total amount that each Member is entitled to claim for staffing expenditure costs is also increased by 3 per cent for 2022/23. This is an increase from £107,350 to £110,570.

**82.** The Board noted that when this year's uplift to support staff pay combined with the increases provided over the previous two years, support staff will have received a 10.1 per cent increase since 2020-21. This combines favourably with the accumulated increase received by Senedd Commission staff over the same period (7.4 per cent).

**83.** The Board is keen to consider in detail the findings of the Labour Group's survey of Members and staff, comments provided by respondents and to engage further with Members and their staff on the staffing support requirements of Members and party groups. With this in mind, the Board has agreed to undertake a thematic review during the Sixth Senedd of staffing support for Members including the overall allowance available to Members for this purpose and support staff pay structures.

**84.** Having considered the comments received in respect of proposals 9(i) – 9(vi) (time off for support staff to undertake public duties), the Board agreed changes to the Determination for 2022/23 to reflect all these proposals except 9(vi) (Employees who are granted paid time off may not receive double payment). Based on the responses received, and the relatively modest sums involved, the Board decided not to amend the Determination to prohibit double payment.

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## 7. Support for Political Parties

**85.** Chapter 8 of the Determination provides for the Support for Political Parties. Paragraph 8.1.1 of the Determination states that this support exists in order to assist parties in the undertaking of their work in the Senedd, and that it is payable only in respect of costs which are incurred by Members wholly, exclusively and necessarily for the purpose of the performance of their duties as Members.

**86.** The level of support available is set out in Chapter 8 of the Determination and is dependent on the number of Members in a political party and whether they are represented in Government or not.

**87.** The total value of the allowance is adjusted annually. The average proportion spent on salaries is adjusted using the ASHE index and the remainder of the allowance by CPI.

### Proposals on which the Board consulted

**Proposal 10:** The Board proposed to increase the Support for Political Parties in 2022-23 by 0.77 per cent. This represents a combination of a 0.4 per cent increase to the 86.3 per cent of the allowance spent on staff salaries (ASHE figure for 2021/22) and a 3.1 per cent increase to the remainder of the allowance (CPI figure from September 2021). This would mean increasing the total allowance from £1,018,450 in 2021-22 to £1,026,290 in 2022-23.

### Views on the Board's proposals

**88.** Comments on this proposal were received by the Conservative Group and the Labour Group. The Conservative Group provided the same comments on proposal 10 as were provided by them in response to proposal 7.

**89.** Both Groups noted the inadequacy of the proposed 0.4 per cent increase to political party support staff salaries given current financial circumstances. See the chapter 7 for views expressed on support staff pay.

**90.** The Labour Group noted that the proposed level of increase to the Support for Political Parties leaves just 0.37 per cent to cover non-staffing costs, beyond the 0.4 per cent required to meet the Board's proposed increase to political party support staff salaries. It also stated its view that the proposed 3.1 per cent increase to the non-staffing element of the allowance is inadequate considering the effect of inflation on costs such as stationery costs. The Labour

Group called on the Board to provide higher increases than those proposed to both elements of the allowance.

### **Key changes to the Determination agreed by the Board**

**91.** The Board acknowledges the recent cost of living increases resulting from rising energy and fuel costs and inflation more generally, and the effect of this on the value of support staff salaries. The Board therefore agreed to provide the same maximum possible increase of 3 per cent to political party support staff salaries as permitted by the annual cap on salary increases in the Determination, as agreed for Members' support staff (see chapter 7 above).

**92.** The Board did not agree an increase to the non-staffing element of the Support for Political Parties beyond the proposed 3.1 per cent but agreed to keep the impact of rising energy costs and inflation under review and revisit this element of the allowance if required.

**93.** Allowing for the 3 per cent increase to support staff salaries and the 3.1 per cent increase to the non-staffing element of the Support for Political Parties Allowance (CPI figure for September 2021), the total amount of the Allowance in 2022/23 will be £1,049,110. From that:

- any political party not represented in the Welsh Government, with three or more Members, will be entitled to a core administration allowance of £57,060;
- any political party represented in the Welsh Government will receive a core administration allowance of £11,530 per Member up to a maximum of £172,840;
- the remaining balance will be allocated on a per capita basis among all Members whose parties are not represented in the Welsh Government.

**94.** This equates to an overall increase of 3.01 per cent to the Support for Political Parties Allowance for 2022/23 compared with 2021/22. This is the average of the proportion spent on salaries (86.3 per cent) being adjusted by the ASHE index of 3.0 per cent and the remainder of the allowance being adjusted by the September 2021 CPI rate (3.1 per cent).

**95.** Reflective of its decision to provide Members with greater flexibility on their use of the OCLF for research purposes, the Board decided to remove certain restrictions set out in paragraphs 8.7A.3 – 8.7A.5 of the Determination on the use of the Support for Political Parties Allowance for research purposes. For example, the requirement to seek and obtain approval from Members Business Support for commissioning research and the restriction on the use of the Allowance for research purposes within four months of an election. See also chapter 6 above.



**96.** As is the case in respect of the Staffing Expenditure Allowance, the Board is keen to better understand the support staff requirements of political groups. The thematic review of support for Members to be undertaken during the Sixth Senedd as referenced in the chapter on 'staffing support' above will also encompass political group support staff. The Board has also committed to reviewing the impact of the Co-operation Agreement on the Support for Political Parties Allowance in autumn 2022.

## 8. Other matters

**97.** Respondents to the consultation raised various other issues for the Board's consideration. These include:

- childcare provision of Members of the Senedd;
- the pension scheme for Members' support staff is inadequate and should be reviewed.

**98.** The Board has invited the Chief Executive and Clerk to consider the matter of childcare provision in the Senedd in the first instance. The Board agreed to consider the matter further in the light of the Commission's consideration.

**99.** The Board agreed to consider a briefing at its May 2022 meeting in relation to the Support Staff Pension scheme in order to compare it with other schemes, including the Civil Service pension scheme provision.

**100.** The Board also received responses calling for a review of the system of support and the decision-making framework, including the role of the Board, the Senedd Commission and the Rules on the Use of Resources. The Board is of the view that it is a matter for Members to decide whether they would wish to undertake a review of these respective roles. The Board would happily cooperate with any such review if it were instigated.

**101.** In the meantime, the Board has agreed to undertake a mid-term review of its effectiveness and will also focus on further steps towards simplifying the Determination during the Sixth Senedd in co-operation with the Senedd Commission.

### **Enhanced security measures for a Member's main home**

**102.** The Determination sets out that, subject to the overarching value for money and reasonableness requirements, the Board will fund security enhancements<sup>4</sup> in Members' offices, in their own homes and, in the case of Members who live in the "outer area", their residential accommodation in Cardiff. The security of Members and their staff on the Senedd Estate is funded and managed centrally by the Senedd Commission.

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<sup>4</sup> Enhancements go beyond normal upkeep or routine maintenance.

**103.** As currently drafted, the Determination provides that where the Senedd Security team recommends that enhanced security measures are required in constituency/regional offices or residential accommodation in Cardiff for “outer area” Members, these costs are met by Determination central funds. Where similar recommendations are made in relation to a Member’s main home, they are subject to the exceptional expenses process (paragraph 2.4.1A).

### **Proposals on which the Board consulted**

**Proposal 11:** The Board proposed to amend the Determination so that security enhancements to a Member’s main home, recommended as required by the Senedd Security team, are no longer dealt with under exceptional expenses (paragraph 2.4.1A). Instead, the Board proposed that they are handled in the same way as security enhancements to constituency/regional offices or residential accommodation in Cardiff for “outer area” Members, recommended as required by the Senedd Security team.

### **Views on the Board’s proposals**

**104.** The Labour Group welcomed the proposal and called on the Board to ensure that the procurement and installation of security enhancements to a Member’s home are completed as quickly as possible.

**105.** The Welsh Conservative Group also welcomed this proposal. It also noted Members’ views that the on-going costs of security should be met from a central fund and not from the Members’ Residential Accommodation Expenditure allowances.

### **Key changes to the Determination agreed by the Board**

**106.** The Board agreed to implement proposal 11. A new provision on security enhancements to Members’ main homes will be inserted into chapter 4 of the Determination (Residential Accommodation Expenditure). For the purpose of simplification any such claims will no longer be submitted as exceptional expense claims but will instead be treated in the same way as claims for security enhancements for offices and rented accommodation.

## 9. The Board's strategic work programme

**107.** The Board agreed its strategy for the term at its November 2021 meeting, and following this, it considered its strategic forward work programme for its remaining term in office. This is informed by the consultation responses received during this annual review.

**108.** The Board has committed to undertaking two phased workstreams and will conduct this work in tandem.

**109.** The first workstream is to focus on the Determination for the Sixth Senedd which will include all routine business such as annual review, annual reports and existing commitments. Such commitments include for example, considering an update on security assessments for Members in the autumn term of 2022 and reviewing the implications of the Co-operation Agreement.

**110.** The Board also identified two additional priority areas for thematic review during the Sixth Senedd: new ways of working, which will include a review of the Office and Constituent Liaison Fund and support for working from home, and reviewing the support staff allowance, including the job role, pay and grading structure.

**111.** The second workstream that the Board agreed related to preparing the Determination for Seventh Senedd. As decisions on Senedd Reform become clearer, the Board will need to take stock and decide on the scale of change required and priority areas for thematic review. In advance of this, the Board will seek to undertake preparatory research and commence conversations regarding high level principles for the future design of the Determination.

**112.** The Board also agreed to explore some particular cross-cutting issues, simplification and flexibility, as well as decarbonisation, as highlighted in its strategy.

**113.** The Board agreed to continue to seek to work jointly with the Senedd Commission to explore the interaction between the uses by Members of the Determination's allowances and services provided to Members by the Commission. The Board also agreed to undertake a mid-term effectiveness review later in the year and will review how best to engage with Members and their staff to understand their needs.

**114.** Much of its work programme is in direct response to the representations made to the Board since the start of the Sixth Senedd, and also taking into account important drivers for

change which are outwith its control. The Board's ability to deliver this significant work programme is dependent on the resources available to it from the Commission. The Board is reviewing its resource needs in discussion with the Chief Executive and Clerk.

# Annex A: The Independent Remuneration Board of the Senedd

## The Board's functions

The Board makes independent decisions on the pay and direct support for Members of the Senedd (Members), to attract a wide range of capable and diverse candidates and to enable those elected to do their job effectively, ensuring value for money, for the people of Wales. Full details of the Board's functions and responsibilities are set out in the Government of Wales Act 2006 (the Act) and the National Assembly for Wales (Remuneration) Measure 2010 (the Measure).

The Measure sets out three key objectives that the Board must seek to achieve when making a Determination. These are to:

- provide Members with a level of remuneration which reflects the complexity and importance of the functions they perform, and does not deter individuals from seeking election to the Senedd on financial grounds;
- provide Members with adequate resources to enable them to perform their functions;
- ensure probity, accountability, value for money and transparency with regards to the expenditure of public funds.

The Measure requires the Board to keep the Determination under review. To date the Board has exercised this duty by undertaking an annual review of the Determination as well as a review of the Determination for each new Senedd.

The Board is duty-bound, unless it considers it inappropriate to do so, to consult with Members of the Senedd, their staff, trade unions and such other persons as it considers appropriate.

In accordance with the Measure, the Board may make no more than one decision relating to the salaries of Members of the Senedd and one relating to the salaries of the First Minister, Welsh Ministers, Deputy Welsh Ministers and the Counsel General, for each Senedd term, except in exceptional circumstances.

## The Board's guiding principles

In December we published our **Strategy for 2021-2026**. The proposals in this consultation document reflect our Strategy's guiding principles – namely, that our decisions should:

- be appropriate within the context of Welsh earnings and the wider financial circumstances of Wales;
- support the strategic purpose of the Senedd and facilitate the work of its Members;  
and
- be robust, clear, transparent, sustainable, inclusive, and represent value for money for the taxpayer.

# Annex B: Report on research into office rental costs

**AVISON  
YOUNG**

**BT  
RB**



## **The Independent Remuneration Board of the Senedd**

Research into office rental costs for Members of the Senedd

February 2022



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## Appendices

- Appendix I** Research specification provided by Independent Remuneration Board of the Senedd
- Appendix II** Avison Young Proposal of Instruction Letter
- Appendix III** Senedd Regions
- Appendix IV** Regional examples of lettings / data analysed

**Report title:** Research into office rental costs for Members of the Senedd

**Prepared by:** Tom Merrifield & James Williams

**Status:** Final V.1

**Report date:** 23 February 2022

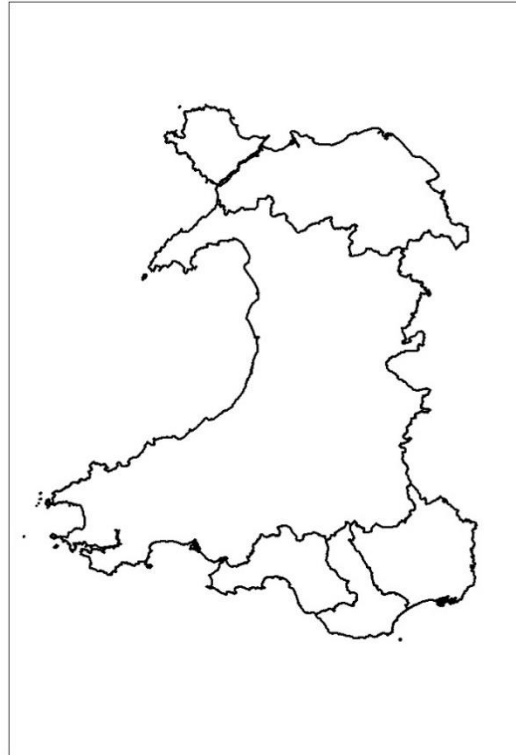
**For and on behalf of Avison Young (UK) Limited**

## 1. SCOPE OF REPORT, CONFLICTS OF INTEREST & AVISON YOUNG

- 1.1 We are instructed by the Independent Remuneration Board of the Senedd to provide advice on the retail and office property market across Wales, specifically focussing on the market for property which would be deemed as suitable for accommodation for elected Members of the Senedd for local constituency / regional premises.
- 1.2 Our instruction is to identify trends exhibited in rental levels for the various accommodation types in the regions, since the previous election in June 2016.
- 1.3 Our report will provide a summary of the costs for such accommodation in 2016, in addition to costs associated with occupation of such accommodation over the last two years.
- 1.4 Our report will include an analysis of the occupational costs for such accommodation, to include commentary on the rental and occupational rates costs.
- 1.5 Our report is compiled through the use of multiple external and internal databases which provide a breakdown of transactional evidence across each of the regions, provided alongside our extensive market knowledge and experience.
- 1.6 Our analysis of the type of accommodation is to be the same across all regions and is outlined in further detail within this document.
- 1.7 We will provide commentary of the impact of the COVID-19 pandemic on the property market and rental tone for such properties, together with our opinion on the likely trends that could be seen moving forward in a post-pandemic market.
- 1.8 The client has provided a summary of their expectations on the research report (as provided in Appendix 1 of this report), alongside our Proposal of Instruction Letter (which is provided in Appendix 2).
- 1.9 We have previously advised Members of the Senedd on rental valuations for new constituency / regional offices, which you are aware of, however we do not consider this provides a conflict of interest in providing the advice you have requested.
- 1.10 Avison Young are an international property consultancy business with offices across the globe. Our business in the UK is a multi-disciplinary real estate consultancy which provides advice to a mixture of public and private sector clients.
- 1.11 Our Cardiff office provides consultancy advice to a range of clients including being the retained advisor to The Senedd and Welsh Government for their occupied estate.
- 1.12 The report has been compiled by James Williams, an MRICS Chartered Surveyor and Registered valuer who is an Associate Director in the Cardiff Office, and Tom Merrifield, also MRICS Chartered Surveyor and RICS Registered Valuer who is a Director in the Cardiff Office. James and Tom are part of the Valuation and Commercial Real Estate Consultancy teams in Cardiff and advise multiple clients across the private and public sector.

## 2. LOCATIONS AND APPROACH

- 2.1 We have been provided with a breakdown of the make up of Senedd regions across Wales to allow us to provide our report and outcomes in a regional context.



- 2.2 Our understanding of the Senedd Regions are contained within Appendix 3.
- 2.3 The regions vary considerably in terms of their demographic make up and population densities.
- 2.4 The southern regions provide a larger proportion of population with a greater concentration of commercial centres.
- 2.5 As a result, it was our expectation that the level of rents achieved for the South would be higher to that for the other regions, with larger conurbations and commercial centres being included in the Southern West, Central and Eastern constituency areas.
- 2.6 Our report is to provide a range of the rental levels for each region rather than a single Wales-wide figure.
- 2.7 Our research provides a breakdown in each region which divides the data for the relevant property types into larger conurbations, smaller regional towns and market towns.
- 2.8 The data will cover the 2015 / 2016 property market as well as more recent transactions over the last two years, to identify trends within each sector and market / sub market. The trends are expressed in terms of percentage fluctuations.

2.9 We have researched and presented the data based on the following sub-regions and markets:

**SOUTH WALES EAST**

**Major conurbation:**

Newport

**Sub-region town:**

Merthyr Tydfil, Caerphilly

**Market town:**

Blackwood, Abergavenny, Monmouth, Usk

**SOUTH WALES WEST**

**Major conurbation:**

Swansea

**Sub-region town:**

Bridgend

**Market town:**

Neath

**SOUTH WALES CENTRAL**

**Major conurbation:**

Cardiff

**Sub-region town:**

Barry, Pontypridd

**Market town:**

Llantwit Major, Aberdare, Cowbridge

**MID AND WEST WALES\***

**Major conurbation:**

Aberystwyth, Carmarthen, Welshpool, Llanelli

**Sub-region town / Market Town:**

Llandrindod Wells, Brecon, Tenby

Llandeilo, Builth Wells, Dolgellau, Llanidloes

**NORTH WALES**

**Major conurbation:**

Wrexham

**Sub-region town:**

Caernarfon, Bangor, Llandudno, Mold

**Market town:**

Denbigh, Abergele, Colwyn Bay

\*Limited / sparse market information requires a combined search for sub-market evidence, beyond the main conurbations

### 3. SPECIFICATION OF MS OFFICE ACCOMMODATION

- 3.1 We have researched the current premises held by the Members across Wales and found such properties tend to be a mixture of high street retail premises, often in less “prime” locations but with visibility for constituency / regional profile, or office accommodation again often in a visible and accessible location with good access to public transport links.
- 3.2 We are aware that, in some instances, the newer Members have yet to acquire or find premises. Others have opted to retain their sole offices within Ty Hywel in Cardiff Bay.

3.3 The make up of the workplace is changing significantly as we emerge from the COVID-19 pandemic and, as a result, it is to be expected that the make up of constituency / regional offices may also change.

3.4 We have been provided with information on the “typical constituency / regional office” as part of the specification for instruction. Based on the information provided we have produced the following criteria to provide the basis for our comparable evidence research:

<b>TYPE</b>	High Street retail and offices close to town centres
<b>SIZE</b>	Circa 500 - 1,000 sqft
<b>SPECIFICATION</b>	Space for members working together with staff of between 3 and 7. Separate meeting room for 3-4 people Kitchen, WC facilities – can be shared

## 4. METHOD OF RESEARCH

4.1 The methods we have used to create a detailed database of evidence are varied and provide us with a comprehensive schedule of comparable sales transactions that we consider offer a clear picture in each region.

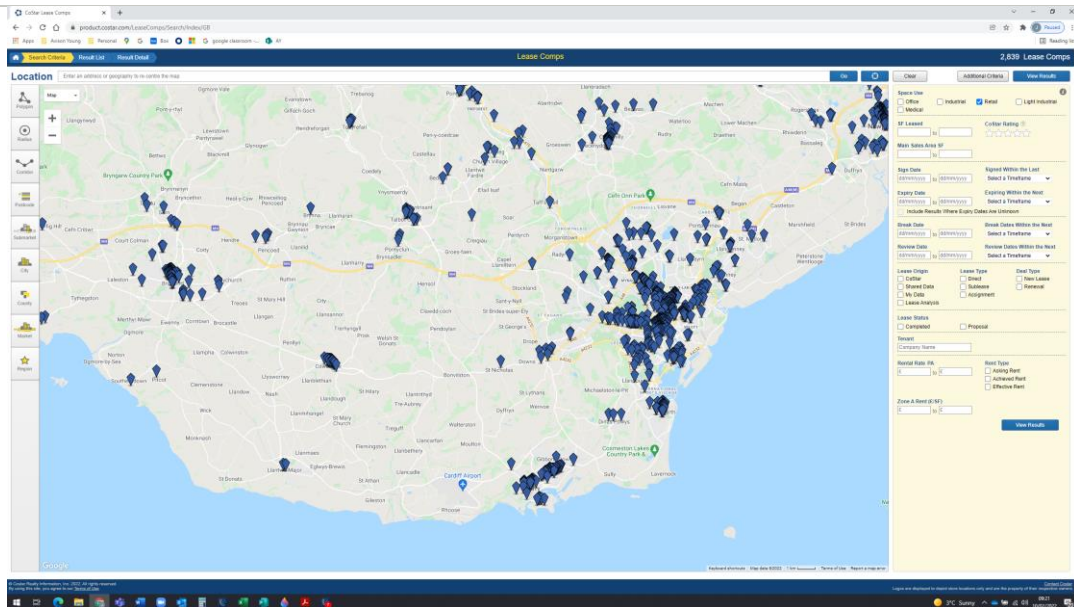
4.2 For each of the constituency regions noted above we have conducted robust research of the major conurbations, larger and sub-regional / market towns around the time of the 2016 election and a further dataset for the current values. In each instance we have sought to obtain comparable lettings of units which are for similar sized accommodation, on market-based lease terms and of similar uses.

4.3 Our sources allow us to produce a thoroughly researched document and evidence base.

4.4 We hold extensive market knowledge and experience base across our Cardiff office. We are a real estate consultancy and agency business, who have extensive experience in the property market across the whole of Wales. Included in our experience is the recently executed disposal programme for Royal Bank of Scotland (RBS) where we disposed of freehold and leasehold bank branches across Wales, in city, suburban and rural locations. This provides us with extensive experience and knowledge of many of the smaller rural locations across mid and North Wales.

4.5 As a business, we subscribe to multiple online platforms which record datasets from transactions that have taken place.

4.6 Costar is the largest online property information platform and is a user subscriber database. Our subscription has allowed us to identify relevant transactions in the analysis of our market research beyond the scope of our own resources and databases. This allowed us to place transactions in a more accurate manner resulting in an analysis on a “like for like” basis, as far as possible.



4.7 Other search portals were also utilised in our research – including EGi, Rightmove and Zoopla. Each of which provided supplementary transactional evidence and, in some cases where the transactional evidence available was limited, provided details on available stock in the market place which we were able to use as a market guide for current values. This information has been verified through calls to the agents dealing with the various properties / transactions.

## 5. SUMMARY OF RESULTS

Our analysis is provided on a £ per annum per square foot basis which is an industry / market standard.

Within Appendix IV of this report we have provided examples of transactions we have analysed within each of the regions.

There is currently a lack of sufficient data to fully analyse the effects of the pandemic on rental levels within the sectors. The economy and workplace is only just emerging out of imposed restrictions, with occupiers now considering what their future occupational needs will look like.

We have provided within this report and after the analysis, the lower and upper quartile ranges for the data analysed to indicate the range within each sector and market.

Our research has identified the following trends for each of the sectors and markets:

5.1 **SOUTH WALES EAST**

<b>South Wales East Region</b>			
<b>Offices</b>	<b>Average rent £ psf (per annum) 2015 - 2016</b>	<b>Average rent £ psf (per annum) 2020 - 2022</b>	<b>TREND 2015 / 2016 - 2020 / 2022</b>
Major Conurbation	£9.62	£14.04	45.95%
sub-region town	£10.89	£11.50	5.60%
market town	£9.58	£12.85	34.13%
<b>Retail</b>	<b>Average rent £ psf (per annum) 2015 - 2016</b>	<b>Average rent £ psf (per annum) 2020 - 2022</b>	<b>TREND 2015 / 2016 - 2020 / 2022</b>
Major Conurbation	£25.54	£18.91	-25.96%
sub-region town	£17.82	£15.26	-14.37%
market town	£18.95	£14.72	-22.32%

- Office rental levels across all of the markets within the region have experienced rental growth between 2015 / 2016 and 2020 / 2022. The majority of the growth within this area of the market will have occurred prior to the pandemic.
- Retail rental levels across all of the markets within the region have experienced rental decline between 2015 / 2016 and 2020 / 2022. This has been led in the major conurbation by the struggling retail market within Newport, as demand focusses on the strong competition from neighbouring retailing locations within close proximity to the region, including Cardiff and Bristol.

<b>South Wales East Region</b>				
<b>Offices</b>	<b>Lower Quartile £ psf per annum (2015 - 2016)</b>	<b>Upper Quartile £ psf per annum (2015 - 2016)</b>	<b>Lower Quartile £ psf per annum (2020 - 2022)</b>	<b>Upper Quartile £ psf per annum (2020 - 2022)</b>
Major Conurbation	£8.00	£13.31	£12.62	£16.00
sub-region town	£7.50	£14.55	£5.50	£19.00
market town	£7.58	£11.92	£10.26	£15.00
<b>Retail</b>	<b>Lower Quartile £ psf per annum (2015 - 2016)</b>	<b>Upper Quartile £ psf per annum (2015 - 2016)</b>	<b>Lower Quartile £ psf per annum (2020 - 2022)</b>	<b>Upper Quartile £ psf per annum (2020 - 2022)</b>
Major Conurbation	£17.73	£34.42	£12.40	£23.08
sub-region town	£9.63	£29.08	£12.07	£20.32
market town	£16.57	£22.39	£7.65	£25.20

5.2 **SOUTH WALES WEST**

<b>South Wales West Region</b>			
<b>Offices</b>	<b>Average rent £ psf 2015 - 2016</b>	<b>Average rent £ psf 2020 - 2022</b>	<b>TREND 2015 / 2016 - 2020 / 2022</b>
Major Conurbation	£9.55	£11.69	22.41%
sub-region town	£9.41	£11.21	19.13%
market town	£10.28	£10.71	4.18%
<b>Retail</b>	<b>Average rent £ psf 2015 - 2016</b>	<b>Average rent £ psf 2020 - 2022</b>	<b>TREND 2015 / 2016 - 2020 / 2022</b>
Major Conurbation	£24.06	£20.80	-13.55%
sub-region town	£16.57	£17.20	3.80%
market town	£11.13	£11.79	5.93%

- Office rental levels across market areas have experienced rental growth between 2015 / 2016 and 2020 / 2022.
- Retail rental levels in the major conurbation (Swansea) of the region have suffered in the prevailing period, whilst sub-regional towns have maintained or in some cases experienced a small improvement in rental levels, albeit off lower base rates.

<b>South Wales West Region</b>				
<b>Offices</b>	<b>Lower Quartile £ psf per annum (2015 - 2016)</b>	<b>Upper Quartile £ psf per annum (2015 - 2016)</b>	<b>Lower Quartile £ psf per annum (2020 - 2022)</b>	<b>Upper Quartile £ psf per annum (2020 - 2022)</b>
Major Conurbation	£9.26	£10.03	£7.00	£18.57
sub-region town	£7.24	£11.50	£7.50	£16.19
market town	£8.49	£12.86	£8.13	£12.00
<b>Retail</b>	<b>Lower Quartile £ psf per annum (2015 - 2016)</b>	<b>Upper Quartile £ psf per annum (2015 - 2016)</b>	<b>Lower Quartile £ psf per annum (2020 - 2022)</b>	<b>Upper Quartile £ psf per annum (2020 - 2022)</b>
Major Conurbation	£17.49	£34.94	£4.77	£41.19
sub-region town	£9.57	£24.26	£9.48	£26.95
market town	£7.61	£15.17	£7.19	£18.88



5.3 **SOUTH WALES CENTRAL**

<b>South Wales Central Region</b>			
<b>Offices</b>	<b>Average rent £ psf (per annum) 2015 - 2016</b>	<b>Average rent £ psf (per annum) 2020 - 2022</b>	<b>TREND 2015 / 2016 - 2020 / 2022</b>
Major Conurbation	£19.02	£22.50	18.30%
sub-region town	£9.88	£11.28	14.17%
market town	£15.26	£8.78	-42.46%
<b>Retail</b>	<b>Average rent £ psf (per annum) 2015 - 2016</b>	<b>Average rent £ psf (per annum) 2020 - 2022</b>	<b>TREND 2015 / 2016 - 2020 / 2022</b>
Major Conurbation	£24.54	£29.81	21.48%
sub-region town	£13.17	£17.71	34.47%
market town	£13.30	£14.06	5.71%

- Office rental levels in Cardiff and sub-region towns have experienced growth, aided predominantly by a very buoyant Cardiff office market driven by growth in development of new accommodation over the period. The sub-region towns have experienced growth in rental levels for well located properties and towns along the M4 corridor. Market Towns have experienced a decline within this period and have struggled to compete with the larger towns and conurbation within the region.
- Retail has seen growth in rental levels over the period, again led by strong growth in Cardiff and the well-located towns of the regions, supported by strong demographic profiles and higher density populations. Retail properties in the major conurbations also attracts interest from experiential leisure operators, re-purposing traditional vacant retail premises.

<b>South Wales Central Region</b>				
<b>Offices</b>	<b>Lower Quartile £ psf per annum (2015 - 2016)</b>	<b>Upper Quartile £ psf per annum (2015 - 2016)</b>	<b>Lower Quartile £ psf per annum (2020 - 2022)</b>	<b>Upper Quartile £ psf per annum (2020 - 2022)</b>
Major Conurbation	£13.62	£26.74	£20.50	£24.00
sub-region town	£8.42	£11.23	£11.00	£11.50
market town	£12.63	£17.89	£4.49	£13.07
<b>Retail</b>	<b>Lower Quartile £ psf per annum (2015 - 2016)</b>	<b>Upper Quartile £ psf per annum (2015 - 2016)</b>	<b>Lower Quartile £ psf per annum (2020 - 2022)</b>	<b>Upper Quartile £ psf per annum (2020 - 2022)</b>
Major Conurbation	£19.77	£28.45	£22.22	£48.26
sub-region town	£8.51	£18.88	£14.36	£23.81
market town	£12.20	£14.40	£7.60	£17.67

5.4 **MID & WEST WALES REGION**

<b>Mid &amp; West Wales Region</b>			
<b>Offices</b>	<b>Average rent £ psf (per annum) 2015 - 2016</b>	<b>Average rent £ psf (per annum) 2020 - 2022</b>	<b>TREND 2015 / 2016 - 2020 / 2022</b>
Major Conurbation	£10.75	£8.84	-17.77%
Sub-region town / Market town	£6.64	£8.28	24.70%
<b>Retail</b>	<b>Average rent £ psf (per annum) 2015 - 2016</b>	<b>Average rent £ psf (per annum) 2020 - 2022</b>	<b>TREND 2015 / 2016 - 2020 / 2022</b>
Major Conurbation	£21.68	£10.59	-51.15%
Sub-region town / Market town	£13.90	£19.80	42.45%

- Sub-region towns and Market towns have been merged within the region as the region covers a vast and broadly rural, sparsely populated area of Wales with limited transactions and market activity.
- Office rental levels within the major conurbation have experienced a decline within the period, whilst Sub-region / Market town offices have experienced growth, most likely due to a lack of supply of new product creating increased demand on existing stock within the market.
- Retail has suffered a significant decline in rental levels within the Major Conurbations. National retailers, who traditionally occupy these towns are focussed on areas with higher density populations and the pressures of the online / e-commerce market has compounded these difficulties. Conversely, the Sub-region towns / Market towns have experienced growth in rental levels, likely due to the lack of competing supply within the region for local retailers / operators.

<b>Mid &amp; West Wales Region</b>				
<b>Offices</b>	<b>Lower Quartile £ psf per annum (2015 - 2016)</b>	<b>Upper Quartile £ psf per annum (2015 - 2016)</b>	<b>Lower Quartile £ psf per annum (2020 - 2022)</b>	<b>Upper Quartile £ psf per annum (2020 - 2022)</b>
Major Conurbation	£8.32	£15.17	£5.11	£10.85
sub-region town / Market town	£5.82	£7.45	£5.50	£12.13
<b>Retail</b>	<b>Lower Quartile £ psf per annum (2015 - 2016)</b>	<b>Upper Quartile £ psf per annum (2015 - 2016)</b>	<b>Lower Quartile £ psf per annum (2020 - 2022)</b>	<b>Upper Quartile £ psf per annum (2020 - 2022)</b>
Major Conurbation	£14.55	£27.27	£7.17	£29.67
sub-region town / Market town	£7.94	£22.26	£14.25	£26.10

5.5 **NORTH WALES REGION**

<b>North Wales Region</b>			
<b>Offices</b>	<b>Average rent £ psf (per annum) 2015 - 2016</b>	<b>Average rent £ psf (per annum) 2020 - 2022</b>	<b>TREND 2015 / 2016 - 2020 / 2022</b>
Major Conurbation	9.7	11.13	14.74%
sub-region town	11.7	11.22	-4.10%
market town	9.41	9.79	4.04%
<b>Retail</b>	<b>Average rent £ psf (per annum) 2015 - 2016</b>	<b>Average rent £ psf (per annum) 2020 - 2022</b>	<b>TREND 2015 / 2016 - 2020 / 2022</b>
Major Conurbation	19.2	17.48	-8.96%
sub-region town	19.7	12.58	-36.14%
market town	8.14	9.93	21.99%

- Office rents grew broadly across the spectrum of markets, with slight levelling / decline in the sub-regional towns.
- Retail has broadly experienced decline in rental growth in the larger towns and conurbations similar to the other regions, affected by similar pressures of the growth of e-commerce / online retailing and pressures from neighbouring areas / regions with stronger demographic and population densities. The smaller market towns, however, with limited supply has experienced some rental growth, in line with the trends in many of the other regions .

<b>North Wales Region</b>				
<b>Offices</b>	<b>Lower Quartile £ psf per annum (2015 - 2016)</b>	<b>Upper Quartile £ psf per annum (2015 - 2016)</b>	<b>Lower Quartile £ psf per annum (2020 - 2022)</b>	<b>Upper Quartile £ psf per annum (2020 - 2022)</b>
Major Conurbation	£7.87	£12.22	£9.89	£12.00
sub-region town	£8.50	£14.38	£7.43	£15.00
market town	£4.80	£19.42	£7.50	£12.08
<b>Retail</b>	<b>Lower Quartile £ psf per annum (2015 - 2016)</b>	<b>Upper Quartile £ psf per annum (2015 - 2016)</b>	<b>Lower Quartile £ psf per annum (2020 - 2022)</b>	<b>Upper Quartile £ psf per annum (2020 - 2022)</b>
Major Conurbation	£9.61	£34.33	£12.55	£22.73
sub-region town	£15.29	£25.97	£11.39	£14.35
market town	£5.00	£11.11	£6.00	£13.31

## 6. RATES & RATEABLE VALUES

- 6.1 The rateable value for properties is derived from the rating list, which was set in 2017, based on rental data from 2015. The dataset for each new list will always be for a 2 year period prior to the list data to ensure sufficient data collection of rental evidence is available.
- 6.2 The rating revaluation date was due to have taken place in April 2021, using a dataset from April 2019. This was postponed as a result of the COVID-19 pandemic. The impact of this means that the dataset for the new list will be 2021 values rather than 2019 values, with the new list now proposed to be April 2023.
- 6.3 The rateable value for properties are set by the Valuation Office Agency (VOA) with Local Authorities applying a factor, the Uniform Business Rates (UBR) multiplier, set by Welsh Government, to establish the Rates Payable by occupiers of commercial properties.
- 6.4 The UBR is defined as a factor of pence in every pound of rateable value. This means that for every £1 of rateable value that is attributed to the property's rateable value, the UBR pence in pound figure is what is payable as rates payable. For example, where a rateable figure is £10,000 per annum, and a UBR is 40p in £, the rateable value would be £4,000 pa.
- 6.5 In establishing the increase in rates payable from 2016 to present, we highlight below the annual increases in UBR during the period:

<b>2016 / 2017 – 48.6p</b>
2017/2018 – 49.9p
2018/2019 – 51.4p
2019/2020 – 52.6p
2020/2021 – 53.5p
<b>2021/2022 – 53.5p</b>
Potential 2022/2023 (based on CPI increase) – 55.1p

- 6.6 Evidently the UBR has risen significantly by **10% over the 5 year period**. Over the period of 5 years this actual cost has increased by circa 5p in the £. By contrast, the rates cost in England has risen by just over 1p in the same period.
- 6.7 It is important to note that Welsh Government have put in place a number of rates relief schemes to protect the High Street and assist retailers and small businesses against the effects of the pandemic, including:
- All retail, leisure and hospitality businesses and charities with a rateable value of £500,000 or below will receive 100% non-domestic rates relief in 2021-2022.

- In 2022 – 2023, the Welsh Government will provide £116m of targeted non-domestic rates support to businesses in the retail, leisure and hospitality sectors.
- Businesses will be eligible for 50% off their liability for the financial year. The amount of relief under the Welsh Governments Retail, Leisure and Hospitality Rates Relief scheme will be capped at £110,000 per business.
- Small Business Rates relief in Wales; provided by Welsh Government provides non-domestic rates relief to eligible small businesses
  - Eligible business premises with a rateable value of up to £6,000 will receive 100% relief; and
  - Those with a rateable value between £6,001 and £12,000 will receive relief on a tapered basis from 100% to zero.

6.8 The availability or otherwise of the above rates reliefs schemes on potential offices should be considered by Members, when taking on new premises as this will affect the overall costs of occupation.

## 7. ADDITIONAL OCCUPATIONAL COSTS

7.1 It is worth highlighting that “rent and rates” are not the only costs associated with the occupation of commercial premises of this nature. Tenants are also usually required under commercial lease arrangements to bear the following costs:-

- **Insurance Rent** – tenants are normally required to reimburse the landlord the cost associated with premiums charged to insure the building (or a proportion of the cost associated to the space occupied within a larger building) for re-instatement in the event of damage. Additionally, this insurance will normally cover the costs for loss of rent.
- **Repairing liabilities** – If the property is let to the tenant on full repairing terms, the costs of repair to the property is to be borne by the occupational tenant. This should be limited to repairs that are required during the occupation of the tenant.
- **Redecorating liabilities** – many leases include redecoration clauses to the internal and external areas of the property every few years, this cost is to be borne by the tenant.
- **Service Charge** – Tenants who occupy a proportion of a larger premises are often liable to service charges (commensurate with the amount of space occupied) payable to the landlord in maintaining the common areas and external areas of the property which are shared by all of the tenants and not able to be attributed to a single entity for repairing obligations. A new Code of Practice relating to Service Charge was introduced in April 2019 by the RICS in an attempt to regulate and provide clarity in this area.
- **Dilapidations** – Leases will require the tenant to “make up” any deterioration in the property at the end of their lease term, if the tenant has failed to adhere to their repairing obligations under the lease. The costs associated with such dilapidations are the responsibility of the tenant.

7.2 The above costs are not available as quantifiable comparables and vary depending on the type of property occupied. They should however be considered by tenants in negotiating lease terms as additional costs associated with the occupation of commercial premises.

## 8. RELIABILITY OF EVIDENCE

- 8.1 Beyond the realms of information which is within our own extensive database, we have extensively researched the markets within the regions to gather sufficient evidence so as to ensure that the average figures adopted are accurate. Where information is missing, we have called and verified with the agents who were responsible for the transactions.
- 8.2 It is possible that there will be anomalies within each of these markets, which are not reported through sources available to us.
- 8.3 The exercise itself is subjective and reliant upon our assumptions for suitability of premises from the information provided and our experience as consultants. Variations in terms of the property type and locations, plus various other factors may impact on value including car parking, lease term, condition, co-habitation, etc.

## 9. COVID-19

- 9.1 The COVID19 pandemic has had a very significant impact on the property market across the UK, including Wales.
- 9.2 The immediate aftermath of the lockdown in March/April 2020 left a significant level of uncertainty across the economy and property market that had not been experienced previously.
- 9.3 Without question the highest sector specific impact has been the Leisure Sector, but alongside this there has been a notable impact on occupational demand in the retail and office sectors. More recent months have, as a result of easing of restrictions, seen an improvement in interest levels for these sectors but in each case arguably the future remains somewhat uncertain.
- 9.4 Office specific demand across all regions remains cautious and businesses are still in the process of assessing the impact of the pandemic on staff welfare and wellbeing. In particular, how and where they can and should embrace the “new norm” of flexible / remote working. Many have taken an immediate view on this, perhaps focussing also on the financial benefits of having a smaller footprint of office costs and allowing employees to work largely from home. Recent examples include Admiral who have closed a significant amount of office space across Cardiff, Swansea and Newport.
- 9.5 The long-term effect of the new working culture remains unknown, but there is highly likely to be a large amount of vacant office space across major cities throughout Wales. As a result, as businesses reduce the space they occupy to adapt to flexible working models, the impact of this on how the City Centres operate also remains unknown but the fear is that there will be a resulting lower footfall. This will create a more difficult retail environment for occupiers who are already under significant pressure and challenge from the booming home shopping / e-shopping sector.
- 9.6 There is considerable concern around the future of our City / Town Centres. However, the regional and rural towns may stand to benefit. As people work more at home more localised shopping will be embraced, potentially bringing activity back to local high streets with increased footfall and demand. This is a trend that may be supported by the Welsh Government local hub programme.
- 9.7 Whilst the pandemic had a significant impact on rural communities, the lack of foreign travel options has seen a significant increase in staycation demand and UK based tourism. The extended lockdowns played hugely on the balance sheets and profitability of the majority of any leisure-based business, but the improved picture post lockdown restrictions being lifted has seen a boom in demand. It is largely

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expected that this is a sector that will continue to improve with many people seeing the benefits of UK based holidays against international travel.

## 10. FORECAST CHANGES IN RENTS AND RATES COSTS

- 10.1 It is largely assumed that the rental picture across Wales will see some sector improvement – in particular the industrial & distribution sector where demand is significant and supply poor – but our opinion is other sectors will see a more cautious recovery.
- 10.2 Retail rentals are likely to continue to suffer – as noted above in particular in City Centres – and vacancy rates of property will likely increase. Cities will need to focus on repurposing of larger accommodation.
- 10.3 Our view is that retail rentals in smaller regional towns and rural locations will likely remain stagnant and start to steadily rise as the post COVID-19 picture plays out. We would not, however, assume a significant increase, certainly not in the immediate years.
- 10.4 The office market is likely to see a large amount of stock return to the market as businesses and organisations review their occupational requirements in a post pandemic market. These organisations are going to be attracted to smaller office suites of sub 3,000 sq ft, resulting in demand increasing for smaller units. As such, there could be pressure on supply, resulting in increasing office rentals for smaller office suites.
- 10.5 There is currently an increasing demand with renewed requirements for flexible, all inclusive office space for small suites of 500 sq ft – 1,500 sq ft. The potential growth of all inclusive serviced offices, will release any ambiguity over additional occupational costs, which we have highlighted earlier within this report, such as insurance rent, service charge and repairing liabilities etc.

## 11. NON-RELIANCE

- 11.1 This Report is for the sole use of the party to whom it is addressed, and no responsibility is accepted to any party who is not an addressee of the Report for the whole or any part of its contents, without our express consent.

# Appendix I

Research specification provided by Independent  
Remuneration Board of the Senedd





## Independent Remuneration Board

### Y Bwrdd Taliadau Annibynnol

## **Research into office rental costs for Members of the Senedd**

### **1. The Independent Remuneration Board of the Senedd**

1.1 The Independent Remuneration Board of the Senedd ("Board") is an independent body responsible for ensuring Members of the Senedd ("Members") have the appropriate remuneration and resources available to them to undertake their role. This includes setting the salaries of Members as well as their other allowances such as staffing and office costs.

1.2 The Board engages with third parties through the Senedd Commission. The Commission will therefore enter into a contract on behalf of the Board.

1.3 The Board's work is underpinned by a set of clearly-defined principles:

- financial support and remuneration for Members should support the strategic purpose of the Senedd and facilitate the work of its Members;
- decisions must be appropriate within the context of Welsh earnings and the wider financial circumstances of Wales;
- the system of financial support for Members must be robust, clear, transparent, sustainable, inclusive, and represent value for money for the taxpayer.

1.4 Further information on the Board's work is available [here](#).

1.5 The Board's Determination on Members' Pay and Allowances ("Determination") sets out pay and direct support provisions available Members of the Senedd to assist with their duties as a Member. The Board reviews the Determination annually to ensure the pay and allowances available to Members remain

[Teipiwch yma]

appropriate. The Board is currently reviewing the Determination in advance of the 2022/23 financial year.

1.6 You can find out more about the different support provided through the Determination [here](#).

## **2. Background**

2.1 The Determination provides each Member with an allowance known as the Office and Constituency Liaison Fund ("OCLF"). Members are entitled to claim from this allowance the reimbursement of all reasonable costs relating to the running of an office and engaging with constituents (i.e. engagement in respect of Senedd business but not for party political purposes). This includes the cost of renting office accommodation.

2.2 For the current financial year (2021/22) Members may claim a total amount from the Office and Constituent Liaison Fund not exceeding the following:

- £20,060 where the Member maintains an office in the Member's constituency or region, or
- £6,712 where the Member undertakes constituency or regional duties exclusively from the office facilities in Tŷ Hywel, Cardiff Bay.

2.3 Often Members choose to lease properties on a high street (typically retail accommodation adapted to provide office space), flanked by shops, cafes etc, offering ease of access for constituents.

2.4 Some Members choose to rent space in shared offices or buildings rather than self-contained units. For example, kitchen and bathroom facilities may be shared with other residents of the building.

2.5 Other Members choose to lease office accommodation of different types to those mentioned above.

2.6 Typically, though not always, Members' requirements for office space to lease will include:

- Space for the Member themselves and their staff to work comfortably (normally between 3 and 7 members of staff);

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- Space for workstations including desks, computers, storage space for casework files etc;
- Normal office utilities requirements e.g. water, heating, wifi etc;
- Kitchen and bathroom facilities;
- Adequate ventilation;
- A meeting space separate to the working space. Typically a room large enough for 3/4 people to meet and consisting of a table and chairs.

2.7 All offices funded through the Determination should follow these principles (see paragraph 6A.1.3 of the Determination):

- reputation of the Senedd: all offices should reflect the status and importance of the Senedd as a national institution and be mindful that the office is the local face of the Senedd;
- safe and secure: all offices should be safe, secure, visible and reachable by the public;
- accessible: offices should be accessible spaces for all those who need to use them;
- open and welcoming: all offices should be staffed by paid staff.

### **3. Evidence requirements**

3.1 The Board has received feedback from some Members and their support staff that due to increasing office rental costs and the business rates charged for their offices, the OCLF allowance available to Members is insufficient.

3.2 The Board wishes to know:

- How rental costs and business rates for the types of properties normally leased as offices by Members have changed since the beginning of the Fifth Senedd (May 2016).

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- How the rental costs and business rates for the types of properties normally leased as offices by Members have changed since the beginning of the Covid-19 pandemic (March 2020), for example due to the need for social distancing within offices and greater ventilation.
  - How rental costs and business rates for such properties are forecasted to change
    - during the financial year 2022/23.
    - during the remainder of the Sixth Senedd (i.e. up to May 2026)
- 3.3 Data is readily available online on how rental costs for commercial properties in Wales have changed generally over time. However, the Board wishes to know how rental costs and rates have changed specifically for the types of properties usually leased by Members as offices, as described in section 2 above.
- 3.4 Some Members represent constituencies located wholly or partly within cities or large towns and choose to lease office space in those cities or towns. Some constituencies are located in suburban areas. Other constituencies are located in rural areas. Regional Members represent larger areas that encompass urban and rural areas.
- 3.5 Details of the Senedd's constituencies and regions are available [here](#). This webpage also provides the addresses of Members' current offices. Some Members of the Sixth Senedd elected in May 2021 are yet to establish constituency or regional offices.
- 3.6 The Board wishes to know of trends in office rental costs and business rates for the types of properties usually leased by Members as offices, and future forecasts for the same, in the various types of localities within which Members lease properties.

#### **4. Methodology**

- 4.1 The supplier is invited to propose a methodology for obtaining the evidence required by the Board as set out in section 3.
- 4.2 The supplier may wish to consider reviewing changes over time in the rental costs and business rates for offices that meet the requirements set out in section 2 above, in a range of specific localities. The localities listed below are provided for illustrative purposes:

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*Locality 1 - cities / large towns:*

Cardiff City centre, Swansea City centre, Newport City centre.

*Locality 2 - suburban:*

Areas outside but within 15 miles of Cardiff City centre, Swansea City centre, Newport City centre.

*Locality 3 - towns:*

Bridgend, Wrexham, Llanelli

*Locality 4 - rural:*

Small towns within mainly rural constituencies such as Gower, Preseli Pembrokeshire and Dwyfor Meirionydd.

- 4.3 The Board anticipates that this work will largely involve desk based analysis and use of existing expert knowledge of the commercial properties rental market in Wales.
- 4.4 In developing a methodology for this work the supplier may wish to review a [report](#) on similar research commissioned by the Independent Parliamentary Standards Authority in respect of the office rental costs for MPs, published in August 2018.

## **5. Outputs**

- 5.1 The supplier will be expected to attend a meeting with the contract manager at the outset of this work to discuss the methodology and timeline for completing the work and any other issues arising relating to the contract. This meeting may be held online or in person. The supplier should account for this meeting within the price of their proposal.
- 5.2 The Board wishes to receive a brief, draft report to include all of the evidence required as set out in section 3 above. The draft report should be provided in English and in MS Word format.
- 5.3 The report should include visual aids to present and summarise the information provided in the narrative of the report.
- 5.4 The draft report should be submitted to the Board for review and comment in accordance with the timeline shown in section 6 below. The supplier will be expected to duly consider and respond to any comments on the draft report

[Teipiwch yma]

made by the Board, including the provision of any additional evidence requested by the Board in order to fully meet the requirements set out in this specification.

5.5 A final report should be submitted to the Board in MS Word and pdf formats, by the timescales shown in section 6 below. The Board reserves the right to publish and share with any persons the report submitted in accordance with the requirements of this specification.

5.6 In addition to the report, the supplier may be asked to attend a meeting with the Board to present the findings of their work. The supplier should account for this meeting within the price of their proposal.

## 6. Timeline

6.1 The Board has produced an indicative timetable for this contract.

Activity	Date
Invitation to quote issued	5 January 2022
Return of quote / methodology for the work	5pm, 10 January 2022
Contract Award	12 January 2022
Contract start date	13 January 2022
Meeting with the contract manager	17 January 2022 or as soon as possible thereafter
Submission of draft report	11 February 2022
Submission of final report	23 February 2022
Presentation of findings to the Board (if required)	9 March 2022

6.2 Any changes to this timeline must be agreed in writing between the supplier and contract manager.

## **7. Contract management**

- 7.1 The supplier will be expected to provide the Board with the contact details of the person responsible for this work on behalf of the supplier. Huw Gapper will be responsible for managing this contract on behalf of the Board ([huw.gapper@senedd.cymru](mailto:huw.gapper@senedd.cymru), 0300 200 6368). In Huw's absence the supplier should contact Llinos Madeley, Clerk to the Board ([llinos.madeley@senedd.cymru](mailto:llinos.madeley@senedd.cymru), 0300 200 6352).

## **8. Changes to the Specification**

- 8.1 This specification sets out the Board's evidence requirements (see section 3). It is possible that changes will be necessary during the life of the contract for example, in relation to the nature and volume of the work, or revisions to timescales, etc.
- 8.2 Changes to the specification must be agreed in writing between the supplier and contract manager. Revisions shall not be effective unless agreed in writing. Any revision to the contract price arising from such changes to the specification must be agreed in writing between the supplier and contract manager.

# Appendix II

Avison Young Proposal of Instruction Letter

**CYFYNGEDIG  
RESTRICTED**



# Appendix III

Senedd Regions

# Dwyrain De Cymru South Wales East



Senedd Cymru  
Welsh Parliament



Sylwadau / Comments

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# Gorllewin De Cymru South Wales West



Senedd Cymru  
Welsh Parliament



Sylwadau / Comments

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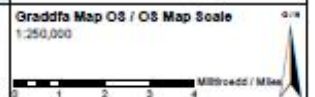




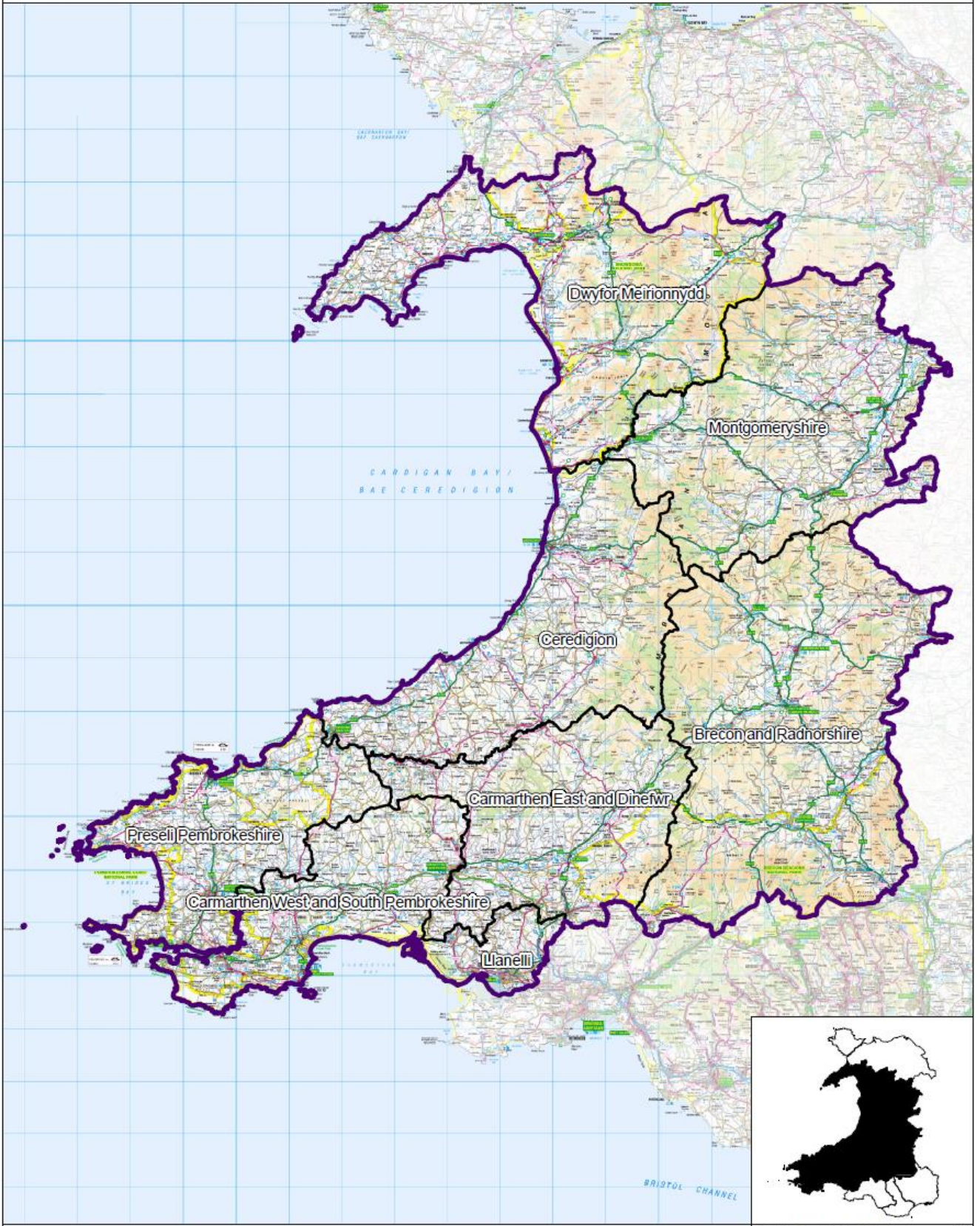


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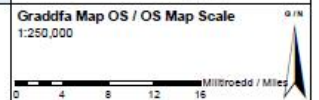


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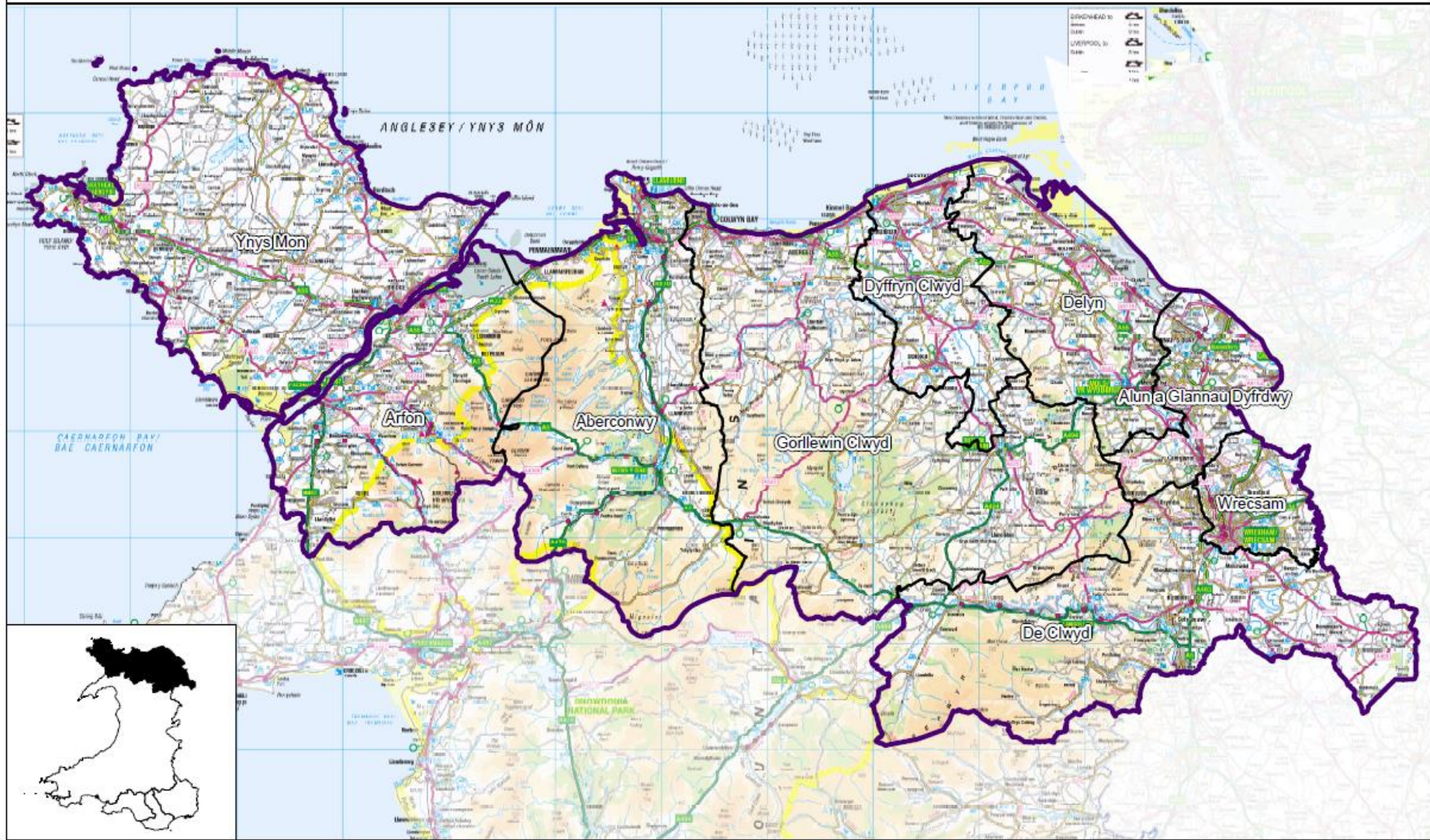
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Sylwadau / Comments

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# Appendix IV

Regional examples of data / lettings analysed

## South Wales East Region

### Offices

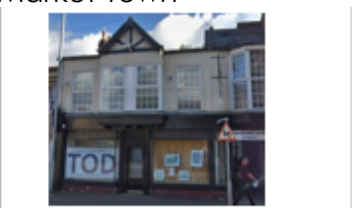

#### Major Conurbation

	<p>CORDES HOUSE FACTORY ROAD NEWPORT NP20 5FA</p>	<p>£8.00</p>	<p>Let in November 2016 First Floor Office Accommodation With Parking 930 sq.ft</p>
	<p>1st Floor Office, WENTWOOD HOUSE, LANGSTONE BUSINESS VILLAGE, NEWPORT, NP18 2JD</p>	<p>£13.31</p>	<p>Let in January 2016 for a term of 4 years Located on a business park 826 sq.ft</p>

#### Sub-regional town

	<p>First Floor, The Octagon, Van Rd, Caerphilly Business Park</p>	<p>£10.00</p>	<p>Let in December 2020 for lease commencement of July 2021. Modern office building in the heart of Caerphilly. 1100 sq.ft</p>
	<p>Ground Floor, Britannia House, Van Road, Caerphilly</p>	<p>£5.50</p>	<p>856 sq.ft</p>

#### Market Town



	<p><b>First Floor, 32 Frogmore St, Abergavenny</b></p>	<p>£15</p>	<p>Let May 2021 Two storey property with retail on ground floor and office on upper floor 517 sq.ft</p>
	<p><b>Unit 5, Waddington House, Llanover Business Centre, Llanover, Abergavenny, NP7 9HA</b></p>	<p>£13.43</p>	<p>Let January 2021 The property comprises a courtyard of office units within a former agricultural building. The property is located three miles south of Abergavenny 1,199 sq.ft</p>





## South Wales East Region

### Retail



#### Major Conurbation

	28 Bridge Street, Newport, NP20 4AN	£12,000 pa	23.08	<p>Let December 2021 for a term of 3 years</p> <p>Internally, the property provides a range of retail and office accommodation together with toilets and kitchen facilities. There are 4 no. tandem car parking spaces to the rear.</p> <p>520 sq.ft</p>
	77 Bridge Street, Newport, NP20 4AQ	£12,000 pa	21.24	<p>Let July 2021 for a term of 6 months (expired January 2022)</p> <p>565 sq.ft</p>

#### Sub-regional town

	Lock up Retail/Business Unit Unit 17 The Market Place Shopping Centre Blackwood NP12 1AU	£6,250 pa	12.07	<p>The property briefly comprises a modern mid-terraced lock-up retail unit with the benefit of a modern aluminium double glazed shop front with double display windows. The property is well configured and whilst most recently occupied for retail use is equally well suited for a variety of other health and beauty, leisure, medical or office/business type uses subject to the obtaining of any necessary change of use planning consent.</p> <p>The property provides for approximately 48 sq m ( 518 sq ft ) net internal area of accommodation.</p>
	51 Cardiff Road Caerphilly, CF83 1FP	£19,000 pa	20.32	<p>Let in October 2020</p> <p>The property is a two storey end of terraced retail unit. Internally, the property comprises an open plan sales area to the front with office and ancillary space at the rear. The first floor is accessed internally or via its own self contained doorway on Stockdale Street and consists of a kitchen, W/C and ancillary accommodation.</p> <p>935 sq.ft</p>

#### Market Town

	Part Ground Floor, Suite 7 Market Place Shopping Centre - 1-25 The Market Pl, Blackwood	£20,087 pa	£20.09	<p>Let March 2015 for a term of 10 years and break clause at year 5</p> <p>The property comprises a retail building arranged over two floors, built in 1988 from steel portal frame with brick cladding. The property forms the main building of Market Place Shopping Centre</p> <p>The property is located just off High Street and Woodbine Road, the town's main retail thoroughfare and as such benefits from excellent road access from the surrounding area</p> <p>1,000 sq.ft</p>
	Part Ground, Market Place Shopping Centre - 1-25 The Market Pl, Blackwood	£25,000 pa	£16.73	<p>Eagle Sky Ltd t/a post office have taken 1,494 sq ft of ground and first floor retail space within Unit 7 of a 20 year lease, commencing March 2015 subject to a five yearly rent review. Rental as of march 2021 is £25,000 pa.</p>

## South Wales West Region

### Offices

#### Major Conurbation



Suite 3 Alexandra House & Oldway Centre - 1  
Alexandra Rd, Swansea, SA1 5ED

Let in August 2016 for a lease term of 4 years and 11 months  
Mutual break in year 3  
£9.26  
951 sq.ft



First and second Floor,  
55 Mansel Street Swansea SA1 5UE

Let in August 2016 for a lease term of 3 years  
£10.03 643 sq ft (59.74 sq m) of first and second floor office accommodation on a three year lease at £6,450 pa, equating to £10.03 psf (£107.97 psm). The quoting rent was £6,450 pa, equating to £10.03 psf (£107.97 psm).

#### Sub-region town



Ground Floor, Atlantic House, Charnwood  
Park,  
Bridgend, CF313PL

Let in October 2021.  
3 year lease term.  
£12.87  
1,049 sq.ft



Ground Floor,  
1 Wyndham Street, Bridgend, CF31 1ED

Let in June 2021 lease commenced November 2021  
£16.19 Property benefit from a 4 storey property with ground floor retail and office to the upper floors.  
571 sq.ft

#### Market Town



Suite 2 - Brunel Way - 1st Floor, Neath, SA11  
2GG

Let July 2016  
£8.49 Allied Healthcare Group Ltd has taken 1,500 sq ft (139.35 sq m) of first floor office accommodation on a five year lease





Part 1st Floor, 1 Charlesville Pl, Neath,  
SA11 1PY

£9.48  
Let in December 2015  
Swansea IT Ltd has taken 1,371 sq ft (127.37 sq m) of first floor office accommodation from on a two year lease



## South Wales West Region

### Retail



#### Major Conurbation

	14 NEWTON ROAD MUMBLES SWANSEA SA3 4AU	£21,500 pa	41.19	Let Septmeber 2021 to a strong covonant The property comprises a ground floor retail unit with glazed frontage and recessed access doors under a canopy that extends along the north side of Newton Road. Internally the unit comprises a generous sales area that is regular in shape, leading to a storage area, an office and W/C's. The property benefits from external storage and additional access at the rear.  522 sq.ft
	43 Gower Road, Swansea, SA2 9BX	£17,000 pa	16.45	Ground floor retail let April 2021 The property is located approximately 1.7 miles to the North West of Swansea's City Centre, within Sketty's district centre. The surrounding area is predominantly commercial with neighbouring occupiers including Tesco, Dawsons Estate Agents, and Lloyds Bank.  1,033 sq.ft

#### Sub-regional town

	Lock-Up Shop and Premises 29/31 Market Street Bridgend CF31 1LJ	£9,950 pa	9.48	Let August 2021  The property briefly comprises of an open plan retail shop and premises that is well configured with Male and Female and Customer W/C's, staff kitchen and ancillary storage.  1,049 sq.ft
	Lock Up Shop/Business Unit 3 Wyndham Street Bridgend CF31 1ED	£8,000 pa	14.55	Let August 2021 lease commencement November 2021.  The property comprises of a mid-terraced lock-up retail premises featuring modern aluminium shop front  550 sq.ft

#### Market Town

	47 Wind Street, Neath, SA11 3EN	£10,000 pa	£10.63	Let in September 2016 for a lease term of 5 years break clause at year 2  941 sq.ft
	12 New Street, Neath, SA11 1RT	£16,000 pa	£15.17	Let in May 2016  Ground Floor  Mossies has taken 12 New Street comprising 1,055 sq ft of retail accommodation



## South Wales Central Region

### Offices



#### Major Conurbation

	6th Floor, 3 Callaghan Square, Cardiff, CF10 5BT	£24.00	Let in July 2021 850 sq.ft New build office block located in the town centre.
	9th Floor, 2 Fitzalan Rd, Cardiff, CF24 0EB	£20.50	Let in October 2021 lease commencement November 2021 1,162 sq.ft Office block over 16 floors located in the town centre.

#### Sub-regional town

	18 GELLIWASTAD ROAD PONTYPRIDD	£11.23	Let in September 2015 Parc Funeral Services has taken 972 sq ft (90.30 sq m) of two floors office accommodation from Gables Star Properties Ltd, within 18 Gelliwastad Road, on a five year lease at £10,000 pa, equating to £10.29 psf (£110.74 psm) in year one, rising to £11,000 pa, equating to £11.32 psf (£121.81 psm) in year two and to £12,500 pa, equating to £12.86 psf (£138.42 psm) in year three. The quoting rent was £12,750 pa, equating to £13.11 psf (£141.19 psm). A four month rent-free period Ground and first floor 972 sq.ft
	first Floor, Units 1-4 Melin Corrwg - Cardiff Rd Pontypridd, CF37 5BE	£10.00	Let in January 2015 985 sq ft (91.5 sq m) of first-floor office space within unit 2 on a new lease

#### Market Town

	1st Floor, London House, 89 Eastgate, Cowbridge	£17.89	545 sq ft offices let from June 2016
	Corporation Buildings, Depot Road, Aberdare	12.63	858 sq ft offices let from September 2016

## South Wales Central Region

### Retail

#### Major Conurbation



80 Whitchurch Rd, Cardiff, CF14 3LX

£14,040 pa

£19.77

Let in December 2016 for a lease term of 10 years  
710 sq.ft



Ground Floor, 24 Albany Rd, Cardiff, CF24 3RQ

£14,000 pa

£21.81

Let in March 2015 for a lease term of 3 years  
Vapourqueen Ltd has taken 642 sq ft (59.6 sq m) of ground-floor retail space from Mr Moghal on a three-year lease at £14,000 pa, subject to a tenant only option to break after 18 months. A one month rent-free period was agreed

#### Sub-regional town



48 Holton Rd, Barry, CF63 4HD

£10,000 pa

Let August 2016

£10.09 991 sq.ft

Ground floor retail accommodation



60 Holton Road, Barry, CF63 4HE

£11,500 pa

Let in November 2015

£18.88 609 sq.ft

#### Market Town



2 Penny Lane, Cowbridge, CF71 7EG

8266

14.03 589 sq ft let from February 2021



21 CARDIFF STREET ABERDARE CF44 7 £4,800 pa

7.60

Let in January 2021 for a lease term of 3 years  
high street property comprising a lock up ground floor (and lower ground floor) office suite / retail shop unit.  
631 sq.ft



## Mid & West Wales Region

### Offices

#### Major Conurbation



Part Ground, Harbour House - Y Lanfa, Aberystwyth, SY23 1AS

Let May 2015 for a lease term of 9 years

Harbour House is prominently located overlooking the Aberystwyth Marina, adjacent to the court building. The town centre is in close proximity along Penparcau Road which leads to Bridge Street.



2nd Floor, Suite 3, Red St, Carmarthen, SA31 1QL

Let in August 2015

£9.45 700 sq ft (65.03 sq m) of second floor office accommodation on a one year lease at £6,615 pa, equating to £9.45 psf (£101.72 psm).

Second floor

#### Sub-regional town / Market Town



F1 - Suite 7C Lion House, Bethel Square, Brecon, LD3 7JP

5.82 687 sq ft offices let to International Teams UK Trust from 24th January 2016



52 Dew Street Haverfordwest

7.45 1611 sq ft let in December 2015



Parc Derwen Fawr, Llanidloes SY18 6FF

7.2 681 sq ft let in June 2021



Unit B7 Penamser Business Park, Porthmadog

5.5 1,106 sq ft let in February 2021





## Mid & West Wales Region

### Retail

#### Major Conurbation

	40 Great Darkgate Street, Aberystwyth, SY23 1DE	15000	11.58	1,295 sq ft retail let from October 2021
	7 EASTGATE STREET ABERYSTWYTH SY23 2AR	£7,800	9.73	801 sq.ft Let in June 2021 for a lease term of 3 years prominently located to a busy mix secondary retail street of local traders comprising a mixture of business users, Retail, Office, Restaurants and Public Houses. Eastgate Street is one of the main one-way thoroughfare within Aberystwyth Town Centre.






#### Sub-regional town / Market Town

	25a/25b HIGH STREET BRECON	£19,418 pa	26.10	Let July 2020 for 10 years Tenant break and RR at year 5 The Premises comprises a ground floor retail unit which is accessed directly from the High Street. There is a hatch access to the basement and a W/C at the rear of the ground floor. 744 sq.ft
	4 The Struet, Brecon, Powys LD3 7LT	£10,000 pa	14.25	702 sq.ft Let in March 2020 attractive retail unit that has formerly had consent for A2 retail (although most recent use as A1) trading over ground and basement levels within a Listed Building. The unit was completely refurbished and remodelled in 2011 with a new, period shop front and provides lots of character and interesting display areas. There is a staff kitchen and toilet on the ground floor.
	Melissa House - Upper Frog, Tenby, SA70 7JP	£12,000 pa	£11.87	Let July 2015 Paul Satori Foundation has taken 1,011 sq ft (93.32 sq m) of ground floor retail accommodation on a 10 year lease at £12,000 pa, equating to £11.87 psf 1,011 sq.ft
	Part Ground Floor, Cobra House - Upper Frog St, Tenby, SA70 7JD	£5,400 pa	£7.94	Let July 2015 Silcox Motor Coach Company Limited has taken 680 sq ft (63.17 sq m) of ground floor retail accommodation from on a five year lease at £5,400 pa, equating to £7.94 psf

## North Wales Region

### Offices

#### Major Conurbation

	<p>Suite 1b - Clywedog Rd Street, Wrexham, LL13 9AE</p>	<p>Let in June 2016                  North Wales Community Health Council has taken space comprising 315 sq ft (85.01 sq m) of first floor office accommodation (Suite 1b) on a new 3-year FRI lease (subject to no breaks and no rent review s) from Gladman Developments Ltd</p>
	<p>Suite 11 - Croesnewydd Rd -, Wrexham, LL13 7YP</p>	<p>Let in September 2015                  Pulse Healthcare Limited has taken 346 sq ft (88 sq m) of ground floor office accommodation from Wrexham County Council on a month to month lease at £3,933 pa, equating to £10.50 psf (£113.03 psm).</p>
	<p>1st Floor, Suite 2b - Ffordd Y Llyn, Bangor, LL57 4DF</p>	<p>Let in September 2016                  D Taylor has taken Unit 2b, comprising 320 sq ft (85.47 sq m) of first floor office accommodation from MCR Property on a new lease at £11,250 pa, equating to £12.23 psf (£131.62 psm)</p>
	<p>Ground Floor, 112 High St, Bangor, LL57 1NS</p>	<p>Let February 2015                  Mr D Williams has taken 582 sq ft (54 sq m) of ground-floor office space on a 5 year lease. A one month rent free period was agreed. The achieved rent was £8,500 equating to £14.60 (£157.20 psm).</p>
	<p>Second Floor, 30 DEAN STREET, BANGOR LL57 1UR</p>	<p>Let May 2021 1 year lease expires May 2022                  The offices are located on the first and second floors of a purpose built office in the centre of Bangor. There is a multistorey car park close by                  477 sq.ft</p>

#### Market Town

	<p>26 Market St, Abergelge, LL22 7AA</p>	<p>Let July 2015                  An undisclosed tenant has taken 895 sq ft (83 sq m) of first and second floor office accommodation from Mr Twine on a three year lease at £4,654 pa equating to £5.20 psf (£55.97 psm).</p>
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## North Wales Region

### Retail

#### Major Conurbation



35 HOPE STREET WREXHAM  
CLWYD LL11 1BB

£11,500 pa

17.16

Let in November 2021 for a term of 9 years, mutual break at year 3 and year 6

Forming part of this attractive four storey building of traditional brick construction the premises comprise a spacious double fronted ground floor retail unit with rear office/storeroom and separate kitchenette and staff WC at the rear. The premises provide an open plan retail area with tiled flooring, painted and boarded walls and modern LED lighting and also has the benefit of two car parking spaces

670 sq.ft



3 EGERTON STREET WREXHAM LL11 1LW £11,000 pa

12.55

Let August 2021 for a term of 5 years

The property comprises a standard well proportioned shop unit, with timber framed display window and inset doorway, leading to an open plan sales area, which has been previously fitted to a corporate standard. To the rear of the unit is a small rear store, and kitchen area together with a w/c.

876 sq.ft

#### Sub-regional town



28 POOL STREET CAERNARFON, LL55 2 £10,000 pa

12.58

Let May 2021 for a lease term of 1 year

The retail accommodation is on the ground floor with ancillary storage on the first and second floor. There is a secure gated rear yard which includes four car parking spaces.

795 sq.ft



217a High Street, Bangor, Gwynedd  
LL57 1NY

£6,000 pa

12.00

Let July 2020 for 2 years  
500 sq.ft

#### Market Town



4 Greenfield Road, Colwyn Bay

4000

£11.11 360 sq ft let in December 2016



28-28a Sea View Road, Colwyn Bay

8000

£10.93 732 sq ft let in December 2016

# Contact details

## Enquiries

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## Visit us online

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# Annex C: Members' salaries for 2022/23

Additional office holder salaries	Base Salary	Additional Salary	Total salary
<b>First Minister</b>	£67,920	£80,655	£148,575
<b>Welsh Minister</b>	£67,920	£38,204	£106,124
<b>Counsel General<sup>5</sup></b>	£67,920	£38,204	£106,124
<b>Deputy Minister</b>	£67,920	£22,286	£90,206
<b>Presiding Officer</b>	£67,920	£43,511	£111,431
<b>Deputy Presiding Officer</b>	£67,920	£22,286	£90,206
<b>Senedd Commissioner</b>	£67,920	£13,796	£81,716
<b>Committee chair (higher)</b>	£67,920	£13,796	£81,716
<b>Committee chair (lower)</b>	£67,920	£9,191	£77,111
<b>Business Committee Member</b>	£67,920	£9,191	£77,111
<b>Leader of a Political Group not in Government<sup>6</sup></b>	£67,920	£13,796 + £1,061 per Member up to £38,204	Range from £84,899- £106,124 <sup>7</sup>

<sup>5</sup> See section 3.3 (A Counsel General who is not a Member).

<sup>6</sup> Political Group is defined in the Standing Orders of the Welsh Parliament.

<sup>7</sup> The salary of a Leader of a Political Group not in Government is capped at the salary payable to a Welsh Minister.

# Annex D: Market report by the Senedd Research

28 February 2022

## Purpose and summary

1. This paper is being presented to the Board to provide information on the economy as it relates to topics being deliberated by the Board, namely in relation to office, energy and staffing costs.
2. Since public sector pay is discussed in this paper, information has also been provided in relation to the Commission Pay Award for comparative purposes.
3. The majority of the following information is taken from the latest **ONS inflation figures** and **Bank of England Monetary Policy Report**, both published in February 2022.

## Inflation

4. The latest **ONS inflation figures** were released on 16 February 2022 and reported that CPI inflation was 5.5 per cent in January 2022 (a 0.1 per cent increase on December figures). The Bank of England expects inflation to continue increasing to a peak of around 7 per cent in the spring and then fall back over subsequent months.
5. The energy price cap will increase by 54 per cent from 1 April. Energy prices are expected to directly cause CPI to increase by an additional **1-2 percentage points** in April 2022.
6. It is expected that inflation will peak in spring 2022, following further increases in domestic fuel prices. With inflationary increases being driven by energy and goods prices, uncertainties going forward are mainly around whether the passage of the Omicron variant causes any more supply bottlenecks, how geopolitical factors, such as the situation in Ukraine, impacts further on gas and energy prices, and to what extent cost increases are passed onto consumers.
7. The chart below shows the drivers behind the CPI figure:



<https://www.ft.com/content/5f46f163-7371-422d-a5d8-c0d59d517e21>

## Energy prices

8. As part of the CPI calculation the ONS measures the change in prices of “electricity, gas and other fuels”. This indicator has increased by 22.9 per cent in the year to January 2022, following an 8.4 per cent decrease in the year to January 2021.
9. After the energy price cap rose by 12 per cent in October 2021, consumer prices for gas and electricity rose by 17.1 per cent and 8.7 per cent respectively.
10. Currently 12-month inflation rates for gas and electricity are at their highest level since early 2009, with gas at 28.3 per cent and electricity at 19.2 per cent.
11. The average gas and electricity bill claimed through MBS in 2018-19 (reflecting pre-pandemic usage) for Members’ offices was around £950 (NB this could be underestimated where Members have bills included in their rental agreement). The CPI index for gas has increased by 8.1 per cent from January 2019 to January 2022, and the CPI index for electricity has increased by 26.3 per cent for the same period.
12. This suggests that after the energy cap has been increased, a typical MS will spend around £1,000 to £2,000 or between 5 per cent and 10 per cent of the annual £20k allowance on gas and electricity bills.

## Economic update

13. The pandemic also continues to affect the economy. It is not clear yet how much the UK economy was disrupted by the Omicron variant. UK GDP reached pre-pandemic level in November 2021.
14. The Bank of England expects inflation, energy prices and slackening demand to restrain UK (and global) growth. With UK GDP expected to grow by 7.8 per cent in Q1 2022, falling to 1.8 per cent in Q1 2023 and further in following years.

## Labour market

15. The UK labour market experienced record high job vacancies in Q4 2021 and unemployment rates fell close to pre-pandemic levels. The Office for National Statistics (ONS) publish a range of statistics around employment and the labour market. The furlough scheme protected many jobs and the unemployment rate in Wales is **down to 3.1%**, although economic inactivity stands at 23.1% of the working age population.



\*Refers to change from the previous quarter, July to September 2021

## Wages

16. The **Bank of England's** Monetary Policy Committee's central projection for average pay growth is around 4 per cent in 2022. The Bank does expect underlying wage growth to rise to just under 5 per cent over the next year, due to the higher rates of inflation and tighter than expected labour market. Wage growth is expected to fall to around **3.75** per cent by the end of 2022.
17. Data estimating wage growth has been unpredictable since the pandemic started with the furlough scheme amplifying changes in the mix of jobs, mismatches between available jobs and skills and also job losses being skewed to lower paid

roles. This led to considerable fluctuations in pay indices. **Latest UK average weekly earnings annual growth excluding bonuses** for the October to December 2021 period is 3.7 per cent.

18. The ONS publish monthly earnings from **Pay As You Earn Real Time Information**. This shows a fluctuating picture for Wales and there are no trend assumptions that can be made from this data.

### **Other cost of living pressures**

19. As mentioned earlier the energy price cap will increase by 54 per cent on 1 April.
20. The rate of National Insurance employee contributions will increase by 1.25 percentage points from April 2022.
21. The Welsh Government has announced a £150 cost-of-living payment for all households who live in properties in council tax bands A-D, as well as recipients of the Council Tax Reduction Scheme in all bands.
22. The Winter Fuel Support Scheme enables households to claim a one-off payment of £200 (instead of £100) to provide support towards paying winter fuel bills. This will **also be run next winter**.
23. It is widely assumed that the Bank of England will continue to increase interest rates during 2022 in an attempt to control inflation.

### **Latest on public sector pay**

24. On 27 October 2021, the Autumn Budget and Spending Review 2021 announced that public sector workers would receive “fair and affordable” pay rises across the 2022-23 to 2024-25 Spending Review period. The size of the pay rise has not yet been decided. This ended the one-year public sector pay freeze, that had been put in place in the 2020-21 Spending Review. This had affected all public sector workers except NHS staff, low paid workers and devolved public sector bodies.
25. Public sector pay awards are often made well after the financial year starts, so it is not really possible to show comparisons for 2022-23 financial year:
- Welsh **NHS staff** have **agreed** to an offer of a 3 per cent pay increase for 2021-22. With some additional benefits for those on lowest pay, plus increased leave entitlements.

- Welsh **Teachers pay** was increased by 1.75 per cent for the academic year from 1 September 2021.
- Local government workers were offered a 1.75 per cent pay rise, in 2021-22 (or 2.75 per cent for those on the lowest pay). This offer has **not been accepted**.

26. It is too early to know pay increases for 2022-23. On 23 February, the UK Government Department of Health and Social Care's **evidence to the NHS Pay Body for the 2022-23 pay round** said there was an "affordable headline pay award of up to 3%" available for NHS staff on Agenda for Change (AfC) contracts". The **Home Office assess** that the 2022-23 police settlement "provides funding for a pay uplift of at least 2%" and look to police representatives to "make a strong case on affordability if they believe funding for a higher award is available".

27. For comparison Members have had pay frozen for two years and Members Support Staff received increases of 4.4 per cent in 2020-21 and 2.4% in 2021-22.

- **Senedd Commission staff pay**

28. The Commission staff pay award took effect from 1 April 2020 and was agreed as a five-year index linked pay award.

29. From 1 April 2020, and on 1 April in each following year, a pay increase is decided through a link to the Office of National Statistics' Annual Survey of Hours and Earnings (ASHE) and reflects increases in full-time median earnings in Wales.

30. A smoothing mechanism is applied. Increases each year are calculated using the average increase of the index over the previous three years.

31. To ensure that pay increases are not unexpectedly large or small, and can be budgeted for, a cap of 3 per cent and minimum of a 1 per cent pay increase is set for any given year.

32. The arrangement will be reviewed after three years of operation to assess its longer-term suitability after the five year period has ended.

33. For 2022-23, Senedd Commission staff pay will increase by 2.7 per cent in accordance with the arrangements outlined above. The increase in 2021-22 was 2.6 per cent and 1.9 per cent in 2020-21.



# Annex E: Members' and political party staff salary scales for 2022/23

Members' support staff salary scales for 2022/32

	Pay point 1	Pay point 2	Pay point 3	Pay point 4	Pay point 5
Senior Advisor	£36,934	£38,825	£40,818	£42,909	£45,116
Band 1	£27,450	£29,908	£32,597	£35,532	£38,740
Band 2	£23,440	£25,783	£28,369	£31,216	£34,357
Band 3	£21,225	£22,869	£24,642	£26,556	£28,624

Political party support staff salary scales for 2022/23

	Pay point 1	Pay point 2	Pay point 3	Pay point 4	Pay point 5
Chief of Staff	£40,627	£42,709	£44,900	£47,201	£49,624
Senior Advisor	£36,934	£38,825	£40,818	£42,909	£45,116
Band 1	£27,450	£29,908	£32,597	£35,532	£38,740
Band 2	£23,440	£25,783	£28,369	£31,216	£34,357
Band 3	£21,225	£22,869	£24,642	£26,556	£28,624