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FAO Members

31 May 2012

Dear Member

**Re: Independent Financial Review Panel and Determination**

The Northern Ireland Assembly Members' Salaries, Allowances, Expenses and Pensions Determination became effective from 1 April 2012. I wrote to all Members on 28 March 2012, outlining a number of changes to salaries that were being introduced as a result of this new Determination.

One substantial change arising from the Panel's Determination is the level of salary payable to a Member who is also a Councillor. From 1 July 2012, the Panel has introduced a new salary rate for a Member who also receives a basic allowance as a member of a district council. In these circumstances, the salary payable to a Member will be reduced by half the level of the basic allowance that is paid by a district council.

Following the introduction of the Local Government (Payments to Councillors) (Northern Ireland) Regulations 2012, the maximum amount of basic allowance that is now payable to a member of a district council, who is also a Member of the Legislative Assembly has been reduced to £3,246 per annum. Therefore from 1 July 2012, in accordance with paragraph 6 (8) of the Determination, a Member's salary will be reduced by £135.25 per month. This equates to one half of the district Councillor basic allowance in payment as at 1 July 2012. From 1 April 2013 the salary payable to a Member will be reduced by the entire amount of the basic allowance that is applicable at that time.

Members were previously asked to make a declaration regarding any basic allowance that they will be receiving from a district council at 1 July 2012. For those Members who have already completed the required declaration, could I ask you to ensure that you are content that it accurately reflects the basic allowance that will be received after 1 July 2012? For those Members who have still to indicate if they will be receiving a basic allowance at 1 July 2012, please complete the attached declaration and return it to the Pay Team as soon as possible.

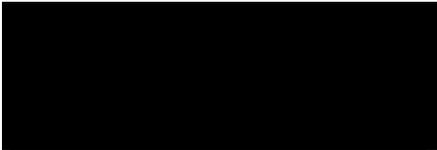
To assist with the administration of this new requirement for MLA salary payments and basic allowances, a number of Members have indicated that it would be more convenient to ask the district council to voluntarily apply the reduction of one half of

the basic allowance (as opposed to the reduction being applied to the Member's salary payable from the Assembly). This is likely to be more of an issue from 1 April 2013 when the salary payable to a Member will be reduced by the entire amount of the basic allowance that is applicable at that time. If you wish to avail of this option, please notify the Pay Team in writing no later than 15 June 2012. It will be necessary to provide documentation from the council to confirm that this reduction is being applied and this will ensure that the reduction will not be applied to the MLA salary.

Members may wish to note that should the reduction be applied to the MLA salary, pension contributions made by a Member and by the Assembly Commission will be based on the salary after the reduction has been applied.

If you have any specific queries on this matter or any other aspect of the Determination, please do not hesitate to contact me on [REDACTED]

Yours sincerely

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Paula McClintock

