

National Assembly for Wales
Finance Committee

Scrutiny of Assembly Commission
Draft Budget 2016-2017

October 2015

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Finance Committee

The Committee was established on 22 June 2011. The Finance Committee's role is to carry out the functions set out in Standing Order 19. This includes consideration of the use of resources by the Assembly Commission or Welsh Ministers, and in particular reporting during the annual budget round. The Committee may also consider any other matter relating to expenditure from the Welsh Consolidated Fund.

The Finance Committee's remit also includes specific statutory powers under the Public Audit (Wales) Act 2013 relating to new responsibilities for governance oversight of the Wales Audit Office.

Current Committee membership:



Jocelyn Davies (Chair)
Plaid Cymru
South Wales East



Christine Chapman
Welsh Labour
Cynon Valley



Nick Ramsay
Welsh Conservatives
Monmouth



Mike Hedges
Welsh Labour
Swansea East



Alun Ffred Jones
Plaid Cymru
Arfon



Ann Jones
Welsh Labour
Vale of Clwyd



Julie Morgan
Welsh Labour
Cardiff North

Due to his responsibilities as an Assembly Commissioner, Peter Black AM absented himself from all Committee meetings when the Assembly Commission's draft Budget 2016-17 was considered.



Peter Black
Welsh Liberal Democrats
South Wales West

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The Committee's Recommendations

Recommendation 1. The Committee recommends that the Assembly Commission provide an update on the work undertaken in relation to preparing the Assembly for the new fiscal and legislative powers, including what new posts have been created to take this forward as identified in the draft budget documentation. (Page 10)

Recommendation 2. The Committee recommends that the Assembly Commission provide clarity as to what happens to the funds which are not accessed by Assembly Members in relation to the Remuneration Boards determination. (Page 10)

Recommendation 3. The Committee recommends that the Commission published a detailed breakdown on the estimate of the pre-election costs, specifying how it is expected the requested £2.5 million will be used. (Page 11)

Recommendation 4. The Committee recommends that the issues associated with the Assembly website are reviewed as a matter of priority, and would like to receive an update on progress in this area before the end of the Assembly. (Page 13)

Recommendation 5. The Committee recommends the review of the pilot looks to ensure that any changes made do not impact on the quality of the Record of Proceedings. (Page 15)

Recommendation 6. The Committee recommends that the current Commission and the Fifth Assembly Commission continue to prioritise working towards challenging sustainability targets leading up to 2021. (Page 19)

1. Introduction

1. In accordance with Standing Order 20.13 the Assembly Commission (“the Commission”) laid before the Assembly the draft budget 2016-17¹ for the Commission on Friday 25 September 2015.
2. This budget incorporates costs for the first year of the Fifth Assembly. It includes costs of the 2016 Assembly Election and the funding implications of the Determination of the Remuneration Board.²

Historic increases in Assembly budgets

3. The Assembly Commission Final Budget 2012-13³ included a three year investment programme of above inflationary increases agreed by the Finance Committee (“the Committee”) to support capacity building in relation to the devolution of additional powers for the Fourth Assembly.
4. The Committee has previously highlighted an expectation that in 2015-16 and subsequent years any increase should not be in excess of any changes in the Welsh block. Due to the late publication of the Spending Review, expected on 25 November 2015, changes to the Welsh Block are unknown. Therefore, the Commission has made assumptions on the only available projections, from the Autumn Statement 2014 and GDP deflators.
5. The Autumn Statement 2014 gave a guide that funding cuts could be in line with the 1.1% real term cuts in the last UK Parliament, as at December 2014. The Commission has prepared their budget on the assumption of a slightly worse real terms cut of 1.5%.

¹ National Assembly for Wales, Assembly Commission Draft Budget 2016-17, September 2015

² Remuneration Board of the National Assembly for Wales, [Determination of the Remuneration Board](#), May 2015

³ National Assembly for Wales, Assembly Commission, Budget 2015-16 Building on Investment and Change, November 2014

2. Overall Assembly Commission budget

Overall changes to the Assembly Commission draft budget 2016-17

6. The Commission is requesting £52.0 million in the draft budget 2016-17, compared to £50.9 million in 2014-15. This is a cash terms increase of £1.1 million or 2.2%.

7. The Assembly Commission proposed core budget of £52.0 million is composed of:

- Commission Services budget, of £36.5 million, marginally up on £36.4 million, although a decrease in real terms of 1.5% using the latest GDP deflators; and
- Budget for the Remuneration Board’s Determination for Assembly Members, of £15.5 million, up £1 million compared to the 2015-16 budget.

8. In addition, Annually Managed Expenditure (“AME”) is budgeted to increase by £300,000. The reason for this is given as a £300,000 contingency for any additional accounting adjustments arising from pension scheme changes. This contingency would not be drawn down unless required.

9. Table 1 shows the high level allocation in the Commissions draft budget.⁴

	Budget 2015-16	Proposed Budget 2016-2017	Changes
	£m	£m	£m
Commission Staff	18.7	20.3	1.6
Fixed Costs (including Depreciation)	11.6	9.9	-1.7
Variable Costs	5.4	5.4	0.0
Development Funds	0.7	0.9	0.2
Total for Commission Services	36.4	36.5	0.1
Budget for Remunerations Board’s Determination for Assembly Members	14.5	15.5	1.1
Total Operational Budget	50.9	52.0	1.1
Annually Managed Expenditure	1.2	1.5	0.3
Election related Expenditure	0.5	2.5	2.0

Table 1: Draft Budget 2016-17

⁴ Assembly draft budget 2016-17, note changes are calculations using the Assembly tables rounded to the nearest £0.1m, hence are subject to rounding errors.

Priorities for the Fifth Assembly

10. The draft budget 2016-17 states that the primary aim of the budget is to provide stability and ensure the continued delivery of excellent services to Members until the new Commission is established and their goals and priorities are clear.

11. The draft budget as it stands is intended to enable the new Commission to discharge its day-to-day responsibilities

“to the same high standards that have been achieved during the Fourth Assembly, with a sustained emphasis on continuous improvement, innovation and value for money.”⁵

12. The Committee has previously looked at the Commission’s planning for the Fifth Assembly, including planning for dealing with new financial powers. The Committee has commenced scrutiny of the Welsh Government’s first tax legislation. The draft budget documentation also highlights a marked increase in legislation both in terms of quantity and complexity, which is likely to continue into the Fifth Assembly.

13. The Commission draft budget sets out 7 additional posts in the Assembly Business and Legal Services Directorates increasing capacity and expertise in financial scrutiny in the light of the enhanced fiscal and legislative powers of the Assembly, extend bilingual service in the Table Office and provide for the introduction of trainee posts within Legal services.

Election Costs

14. An Assembly election will take place in May 2016. As a result the draft budget includes a one off election related expenditure of £2.5 million is included on top of the £52.0 million core budget.

15. The draft budget states the costs related to the election include:

“...the costs associated with the termination of office for those Members who will cease to hold office, the cost of providing ICT equipment and support for incoming Members, any

⁵ National Assembly for Wales, Assembly Commission Draft Budget 2016-17, September 2015

accommodation requirements that need to be met and the costs associated with managing these processes.”⁶

Assembly Commission evidence

16. The Commission was asked questions around how the Commission will respond to the needs of the Fifth Assembly, particularly with the uncertainty around how the new Assembly will wish to structure itself and its Committees. The Commission said some of the challenges of the Fifth Assembly can be anticipated now, such as, financial scrutiny, increased legislative workloads and the demands of supporting committees, and there has been an increase in staffing in these areas. However, there was flexibility in the Commission’s approach to respond to future demands.

17. In relation to planning for upcoming constitutional change and the increased fiscal responsibility the Commission said additional expert staff have been recruited “that can deal with financial scrutiny”, and work was being undertaken to “maintain and strengthen our legal team”.⁷

18. The Commission was also asked how confident they were that the estimated £15.5 million for 2016-17 is accurate in relation to the Remuneration Board. The Commission said the estimate covered the full cost of the Remuneration Boards determination if all AMs claimed their full allocations.⁸

19. The Commission was also asked about the estimated election costs of £2.5 million. The Commission said that the estimate is based on previous experience and preparations are made for a certain number of Members to leave and the same number of new Members taking their place, so the estimate incorporates the costs of severance/resettlement for non-returning Members and the set up costs for new Members. The Commission clarified that any money that is unused will be returned to the Welsh block through a Supplementary Budget.⁹

⁶ National Assembly for Wales, Assembly Commission Draft Budget 2016-17, September 2015

⁷ Finance Committee, Draft ROP, 1 October 2015, paragraph 694

⁸ Finance Committee, Draft ROP, 1 October 2015, paragraph 565

⁹ Finance Committee, Draft ROP, 1 October 2015, paragraph 588

Committee view

20. The Committee notes the steps the current Commission is taking to prepare for the 5th Assembly and supports the approach being taken. The Committee is pleased to note that the Commission has recognised the important role that financial scrutiny will play in the 5th Assembly.

Recommendation 1: The Committee recommends that the Assembly Commission provide an update on the work undertaken in relation to preparing the Assembly for the new fiscal and legislative powers, including what new posts have been created to take this forward as identified in the draft budget documentation.

21. The Committee recognises that the costs associated with the determination of the Remuneration Board are not within the control of the Commission so accepts the Commission is planning on worst case scenario in relation to these costs. However, as the Commission has stated that it does not expect all Members to access all of their allocations, and noted that the Commission estimated that the underspend in the current 2015-16 financial year was likely to be in the region of £400,000 to £500,000. The Committee would welcome clarification on what happens to any unused allocation and whether any unaccessed funding is returned to the Welsh block (in the same way that any surplus election costs are returned).

Recommendation 2: The Committee recommends that the Assembly Commission provide clarity as to what happens to the funds which are not accessed by Assembly Members in relation to the Remuneration Boards determination.

22. The Committee accepts that the costs in relation to the election are difficult to predict and will in part depend on the number of Members standing down and the number of new Members elected. The Committee considered the estimates used by the Commission as reasonable and welcomes that any surplus funding relating to the election would be returned to the Welsh block through a supplementary budget.

23. However, the Committee is disappointed that the draft budget does not include a detailed breakdown of election costs as recommended by the Finance Committee's report on the Commission's 2015-16 draft budget:

“Recommendation 1. The Committee recommends that the Commission publishes a breakdown on the estimate of the pre-election costs for 2015-16 to increase transparency and accessibility of information.”¹⁰

Recommendation 3: The Committee recommends that the Commission published a detailed breakdown on the estimate of the pre-election costs, specifying how it is expected the requested £2.5 million will be used.

¹⁰ National Assembly for Wales, Finance Committee, Scrutiny of the Assembly Commission draft budget 2015-16, October 2014

3. Information Communication Technology

24. The ICT transition programme was completed in July 2014. The Commission has developed a rolling 3-year ICT investment plan which has been designed to redress the deficiencies inherited from the previous outsourced service. All proposed works and expenditure is subject to business case approval by the Investment and Resourcing Board. This aims to ensure that the fund is spent wisely on corporate priorities.

25. In 2016-17 the Commission's "core" ICT service is anticipated to cost £3.7 million (including staff costs). This is £0.7 million lower compared to pre-transformation costs. In 2016-17 this saving "is being used to further enhance ICT services".¹¹

26. One of the key investments highlighted in the draft budget is the Siambr refresh project. The planned changes are expected to be implemented in 2016-17 following on from trials in summer 2015. The exact costs will depend on the final options selected and an initial budget estimate of £0.65 million has been identified.

Assembly Commission Evidence

27. The Commission was asked whether they intended spending money on improving the intranet and website. The Commission confirmed that improving access to the internet was an area which needed to be improved, to ensure there is a system which is "efficient, accessible to citizens and usable".¹²

Committee view

28. The Committee acknowledges that there are problems which need to be resolved with the Assembly website and is pleased that the Commission recognises these problems. However, the Committee is aware that the ICT provision has improved since ICT provision has been brought in-house, and congratulates the Commission on the success of this transition.

¹¹ National Assembly for Wales, Assembly Commission Draft Budget 2016-17, September 2015

¹² Finance Committee, Draft ROP, 1 October 2015, paragraph 620

Recommendation 4: The Committee recommends that the issues associated with the Assembly website are reviewed as a matter of priority, and would like to receive an update on progress in this area before the end of the Assembly.

4. Bilingual services and the record of proceedings

29. A review of the way in which the Record of Proceedings (“RoP”) is produced was undertaken in 2014. The draft budget documentation states that the review found:

“...that there were parts of the process were long-established but potentially no longer required. This has provided options for streamlining how this work is undertaken which will be taken forward ready for the Fifth Assembly.”¹³

30. The Commission produced a [compliance report](#) relating to the Assembly’s Official Language Scheme in July 2015. The main themes arising from complaints and feedback provided a clear indication of areas in need of improvement or strengthening.

31. Translation services are provided in-house, with additional resource highlighted in the draft budget to extend bilingual service in the Table Office, and supported by an external translation contract. This contract is due for re-tendering in time for the Fifth Assembly.

32. Annex 2 of the Commission’s budget provides a breakdown of costs of external translation for the Fourth Assembly. This shows that costs have risen from £116,000 in 2011-12 to £276,000 in 2013-14, after a fall to £241,000 in 2014-15 costs are budgeted to rise to £263,000 in 2015-16. No estimate is provided for 2016-17.

33. The budget document states that the Commission plan to secure independent feedback and evaluation of the quality of the Assembly’s bilingual services offered to the people of Wales.

Assembly Commission Evidence

34. The Commission was asked what aspects of the RoP had been streamlined. The Commission said time had been saved through changes to proofreading of committee papers, saving 16 hours per

¹³ National Assembly for Wales, Assembly Commission Draft Budget 2016-17, September 2015

week and a trial is currently taking place with regards to Plenary logging.¹⁴

35. When asked about the risks associated with the reduction of logging in the Chamber the Commission said the current pilot would be assessing these risks.¹⁵

Committee view

36. The Committee is pleased to hear of the work being undertaken to improve bilingual services, particularly if these changes result in savings, however, Members would not wish to see savings at the expense of quality.

Recommendation 5: The Committee recommends the review of the pilot looks to ensure that any changes made do not impact on the quality of the Record of Proceedings.

¹⁴ Finance Committee, Draft ROP, 1 October 2015, paragraph 634

¹⁵ Finance Committee, Draft ROP, 1 October 2015, paragraph 642

5. Youth engagement

37. The Commission draft budget publication that sets out over the course of the Fourth Assembly considerable progress that has been made to engage with young people. Also, the delivery of a new youth engagement strategy provides for children and young people to influence the Assembly's work.

38. In 2016-17 the Commission will explore the potential for Erasmus+ programmes to fund future youth activities and content development.

39. The Committee recommended in their report on the Commission's last budget that, the Commission consider options for utilising the travel subsidy for train travel as well as coach travel in order to ensure maximum value for money is being achieved.

40. As part of the consideration of the draft budget the Committee considered a map showing visits to the Siambur and Education Outreach visits from September 2014 to July 2015. This map can be seen at Annex 1.

Assembly Commission Evidence

41. The Commission told the Committee that work has been undertaken to mainstream engagement in all aspects of the Assembly's work. The Commission continued to expand on the potential for Erasmus+ to fund future youth activities through international collaboration, but explained that it was "still at a relatively early stage".¹⁶

42. The Commission also explained that following the recommendation in the Committee report for the draft budget 2015-16 changes had been made to enable schools to access subsidies for train travel, in addition to coach travel, although this had not been taken up by any schools as yet.¹⁷

43. In regards to the map showing Assembly outreach work, the Commission said decisions had been taken to only have an Assembly

¹⁶ Finance Committee, Draft ROP, 1 October 2015, paragraph 709

¹⁷ Finance Committee, Draft ROP, 1 October 2015, paragraph 714-716

presence at certain shows after reviewing what was taken from “our presence at these events”.¹⁸

Committee view

44. The Committee was pleased to hear plans to bid for Erasmus+ funding for youth engagement projects and would encourage the Commission to pursue their plans in this area.

45. The Committee was also very impressed with the detail included on the map showing Assembly outreach activity in Wales, and commends the Commission and Assembly staff who have been driving forward the approach to youth engagement.

¹⁸ Finance Committee, Draft ROP, 1 October 2015, paragraph 728

6. Sustainability

46. The Commission stated in their budget last year that since 2009 they have been working towards becoming a low carbon organisation by 2015. Last year, the Commission agreed, with input from the Carbon Trust, a new Carbon Reduction Route Map to continue the programme of energy emissions when the current Strategy was due to come to an end in 2015.

47. The Commission's previous sustainability targets were to reduce the combined energy footprint (Cardiff Bay Estate) by 40% from 2008-09 to 2015 (target of 8% annual reduction). The draft budget states that emissions in 2014-15 were reduced by 35% compared to 2008-09.

48. The latest KPIs have a target to reduce energy emissions by 30% from 2012-13 to 2021.

49. The other sustainability target shown in the KPI document is a target of zero waste going to landfill by 31 March 2015. Waste going to landfill had reduced to 4.7 tonnes, from 6.4 tonnes the previous year. Around 95% of waste is recycled.

Assembly Commission evidence

50. The Commission explained that the target set for reducing emissions was ambitious at 40%, and whilst 35% was hit, this was still a considerable achievement.¹⁹ A stretching target of a further 30% reduction in emissions has been set for the end of the Fifth Assembly, compared to 2012-13 emissions. The Commission explained its buildings had been rated the most sustainable public building in the UK.

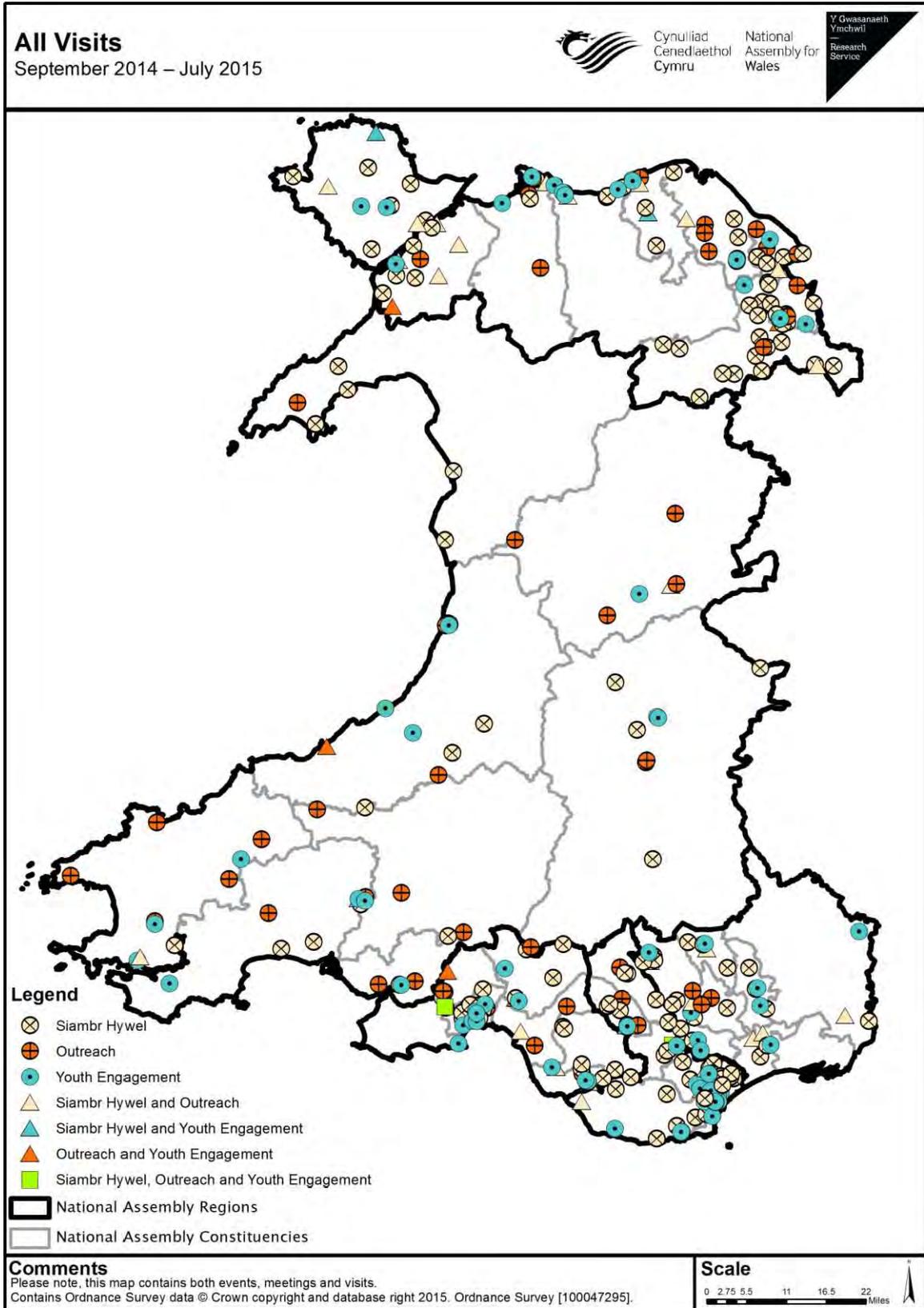
Committee view

51. Whilst the target of 40% reduction in emissions has not been met, the Committee recognises that this was an ambitious target. The Committee commends the Commission for the 35% reduction in emissions.

¹⁹ Finance Committee, Draft ROP, 1 October 2015, paragraph 739

Recommendation 6: The Committee recommends that the current Commission and the Fifth Assembly Commission continue to prioritise working towards challenging sustainability targets leading up to 2021.

Annex 1



Annex 2 - Witnesses

The following witnesses provided oral evidence to the Committee on the date noted below. The transcript of the oral evidence session can be viewed in full at

www.senedd.assembly.wales/documents/s44565/1%20October%202015.pdf

1 October 2015

<i>Name</i>	<i>Organisation</i>
David Melding AM	Acting Assembly Commissioner
Claire Clancy	Chief Executive and Clerk of the Assembly
Nicola Callow	Director of Finance