

**National Assembly for Wales**  
Finance Committee

Assembly Commission  
Draft Budget 2013-14

October 2012



The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

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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.

### Current Committee membership



**Jocelyn Davies (Chair)**  
Plaid Cymru  
South Wales East



**Peter Black**  
Welsh Liberal Democrats  
South Wales West



**Christine Chapman**  
Welsh Labour  
Cynon Valley



**Paul Davies**  
Welsh Conservatives  
Preseli Pembrokeshire



**Mike Hedges**  
Welsh Labour  
Swansea East



**Ann Jones**  
Welsh Labour  
Vale of Clwyd



**Julie Morgan**  
Welsh Labour  
Cardiff North



**Ieuan Wyn Jones**  
Plaid Cymru  
Ynys Môn



## Assembly Commission Draft Budget 2013-14

The Finance Committee took evidence on the Assembly Commission's Draft Budget on 3 October 2012.

After reading the draft budget proposals, and hearing the evidence, we remain uncomfortable about the increase in budget proposed (5.3%). Our discomfort comes from the fact that this is significantly higher than the increases being seen in other areas of the public sector.

However, we understand that this year's Commission budget is the second of a three year strategy designed to ensure the institution can cope with its new legislative responsibilities, and developing role as the locus of Welsh public life.

We also acknowledge that 12 months ago, the Finance Committee asked the Commission to phase the proposed increase in its budget over two or three years. As a consequence of complying with our request, this year's budget rises more sharply.

So, in return for this generous allowance, we put the Commission on notice – we expect to see results. We will be vigilant monitors of the delivery of the Commission's vision of an exemplar organisation, providing world class support both to the democracy it serves and the staff who enable it to do so. **We recommend that the Commission publishes annual performance indicators which enable us to do that.**

**We also put on record our expectation that, at the end of this three year investment programme, Commission budgets for 2015-16 and 2016-17 will increase by no more than the corresponding change in the Welsh Government's budget.**

**We also recommend that the Commission provides a more detailed report in future** – more akin to the 2012-13 report than this year's. While we were able to request and receive the further information we wanted, we feel that some of this should have been provided in the interests of transparency.

There was much to admire in the draft budget; the work to achieve savings and to ensure the Assembly is an exemplary employer are obvious examples. The Commission is also admirably maintaining its duties towards sustainability, while balancing them with the need to keep costs under control.

Later this year, the Commission faces a major decision on the future ICT provision in the Assembly. It will be making a major investment, and we were pleased to see the evident commitment to getting that decision right in our evidence sessions.

Fuller details of our conclusions can be found in Annexe 1 (attached). Annexe 2 (also attached) presents some background information for non-experts on the role of the committee in scrutinising the Commission's draft budget.

We hope the Commission will be able to accommodate our recommendations and look forward to seeing this budget delivering the exciting vision you have for the Assembly as the beating heart of Wales' public life.

**Jocelyn Davies**

A handwritten signature in black ink that reads "Jocelyn Davies". The signature is written in a cursive, flowing style.

**Chair, Finance Committee**

## Annexe 1

### **The Finance Committee's report on the Assembly Commission Draft Budget 2013-14**

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This short report summarises our conclusions. It covers four main areas:

- The overall Assembly Commission Budget
- Strategic Priorities
- Investment in ICT
- Equality and Sustainability

#### **1. The overall Assembly Commission budget**

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##### **Overall Budget**

1. Last year, the Finance Committee recommended that proposed increases in the Commission's draft budget should be phased over a two or three year period. We were pleased to see this recommendation was adopted in the Commission's final budget 2012-13.

2. As a result of that re-phasing, the 4.3% increase envisaged for this year has become a 5.3% increase in this year's budget to maintain the overall three year plan. Similarly, the 0.4% increase for 2014-15 in the original three year plan has gone up to 2.3% in the latest version.

3. Committee asked what attempts had been made to make savings, and whether the Commission could justify a percentage increase bigger than any individual department in the Welsh Government's budget, for example.

4. Angela Burns, Assembly Commissioner for budget and governance, said: "We are a very lean organisation. You will be aware that, in the Third Assembly, the drive was very much about getting value for money and substantial cuts were made, which were very good because they put us into a good shape. However, if you like, we are a skinny child and we now have to put on a little bit of fat—and it is not wasteful fat, but the kind of fat that will build muscle—to enable us to deliver the services that we need to deliver."<sup>1</sup>

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<sup>1</sup> RoP, Finance Committee, 3 October 2012, Para 21

5. We note that the Commission has kept its spending pegged to 0.3% of the £15bn Welsh Block.

**RECOMMENDATION:** We expect that, at the end of this three year investment programme, Commission budgets for 2015-16 and 2016-17 will increase by no more than the corresponding change in the Welsh Government's budget.

6. Members were concerned at the lack of numerical detail in this year's draft budget, relative to previous years. This year's document contains fewer numerical tables, which made it harder for the committee to see where investment is proposed and to scrutinise the decisions behind the Draft Budget proposals.

7. While we were able to request and receive additional information, we felt it would have been better if that information had been laid out in the Commission's paper.

**RECOMMENDATION:** We recommend that in future years the Commission provides a level of detail – with regards to savings and investments – as provided in the Draft 2012-13 budget.

### **Investment & Savings**

8. The Commission's three year plans includes savings of over £2m over the three years. Members requested a breakdown of the 0.5m savings target for 2013-14.

9. A written note to the Committee provided this detail.

10. "In 2011-12 we achieved savings of £0.65m in staff costs and a further £0.38m from operational activities.

"The Commission's budget for the current year, 2012-13, included estimates of £0.4m of recurring savings and £0.5m of in-year savings, for example, through vacancy management. We are on track to achieve these.

"The specific procurement and contract negotiations that I mentioned to the Committee delivered the following savings:

- catering contract £10k per annum;
- payroll service contract £5k per annum;
- maintenance contract of £30k per annum;
- window cleaning contract £5k per annum;
- change to café and shop operation £30k per annum.

"The Draft Budget for 2013-14 commits to £0.5m of savings to be achieved during the course of the year.



“We have engaged our internal auditors, KPMG, to help us further progress our VfM [Value for Money] Programme implementation. It is not just about achieving cash savings, it is also about improving service provision through making more effective use of available resources. Areas that we have already tackled include, for example, simplification of administrative processes under the new facilities contract and improved handling of event bookings by our Front of House team.”<sup>2</sup>

11. Improvements to ICT in the Siambr, and the creation of an access fund to enable members to help constituents with particular needs, were cited as concrete examples of improvements delivered by additional investment.

12. We were pleased to hear that the £80,000 investment in the Senedd shop/café had resulted in lower running costs, and increased income from both the café and the shop. This means that the investment will be quickly recouped.

### **Future funding**

13. Members were concerned about future funding of the Assembly, particularly if – as widely expected – the next UK spending review were to result in further cuts to the Welsh block.

14. Angela Burns said: “We hope that by putting in good systems now—and it is not just the ICT systems; it is all of our back office systems and processes—we can make a lot of savings.

15. “So, it is about trying to make ourselves as lean and fit as we can, so that when we go forward, we will be able to do the same things, and provide the same levels of service, without having to come back and say ‘We need a massive increase in our budget’.”<sup>3</sup>

### **Value for Money**

16. Committee questioned whether the Commission was getting value for money from its use of the Pierhead Building.

17. Angela Burns said: “I think that the situation regarding the Pierhead building is in its early days. It is slowly growing in stature. The fact that the Welsh Governance Centre has moved in there is absolutely excellent.

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<sup>2</sup> Note to the Finance Committee

<http://www.senedd.assemblywales.org/documents/s10890/Letter%20to%20Action%20Point%20-%20Chair%20from%20Assembly%20Commissioner.pdf>

<sup>3</sup> RoP, Finance Committee, 3 October 2012, Para 30

18. "It is being used more often... It is slowly building as a centre, which is what we want it to do. It is part of our objective about engaging the people of Wales, promoting Wales, and trying to become that sort of locus of activity, with the Pierhead and National Assembly buildings here. This is where we want our Olympians, Paralympians, rugby teams, and all our honoured people to come to celebrate. We want to provide that centre. So, it is getting there, but it is a long process."<sup>4</sup>

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<sup>4</sup> ROP, Finance Committee, 3 October 2012, Para 155

## 2. Strategic Priorities

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20. The Commission has stated that its strategic focus for the Fourth Assembly is to:

- Provide outstanding parliamentary support;
- Engage with the people of Wales;
- Promote Wales; and
- Use resources wisely.”<sup>5</sup>

21. Committee drew an analogy with local government, where funding is closely monitored by looking at a range of Key Performance Indicators. Members questioned how success would be measured, and what performance indicators they would be able to use in that assessment.

22. Angela Burns said: “In terms of how we would measure success, when I came here last year I made the comment that one of our clear ambitions was to make sure that, when we all go to the streets in 2016, we do not have people saying to us, ‘What is the National Assembly for Wales? What does it do? Why are you different from Westminster? What is the point of an Assembly Member as opposed to an MP?’ For us, success is about us being the fulcrum of Welsh life, about really developing the Welsh nation with a centre and heart that—while not driving it, because it is the people of Wales that drive the nation—can be a locus for people to focus on.

“A key success is Members being satisfied, and we know from our Members survey that we get enormous plaudits in some areas, and we get an absolute thumbs down in other areas. That has to be very clear: for us, standing still is not an option. We want to be an exemplar organisation.”<sup>6</sup>

**RECOMMENDATION:** The Commission should publish a concise set of Key Performance Indicators by which Members could judge the success of the budget in contributing to the corporate aims and objectives.

### **Outstanding parliamentary support**

23. Committee asked whether the Commission was content with the changes to the committee structure. In the Third Assembly there were separate committees for scrutinising policy and legislation. In the Fourth Assembly, these have been combined into five broad subject committees which do both, alongside the standing committees.

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<sup>5</sup> National Assembly for Wales, Assembly Commission draft budget 2013-2014, p3.

<sup>6</sup> ROP, Finance Committee, 3 October 2012, Para 42

24. Angela Burns revealed that a major review of Committee business was underway. She said: “The short answer is, no, we are not content. We have a new committee structure; it is a different scenario to how it was in the Third Assembly. That has necessitated a change in working practices. The amount of work that Assembly Members have to get through on every committee is utterly phenomenal.

“There are issues about whether or not we are delivering, for example, briefings on time, papers on time and Welsh translations on time. There is an enormous amount of issues. There is no doubt that the teams are up against it and it is a consequence of how we have chosen to work our committee structure. Given that we know this and that we have been listening to Members and the issues that they raise, our director of Assembly business is now conducting a full-scale review of how committees work, the support services that we need to provide, whether or not we are meeting Members’ expectations and the objectives.”<sup>7</sup>

### **Official Languages Bill**

25. Members expressed concerns about potential additional costs arising from amendments to the Official Languages Bill, which were not accounted in the draft budget.

26. The Official Languages Bill is draft legislation intended to clarify the duties of the National Assembly and of the Assembly Commission in relation to the provision of bilingual services.

27. It emerged during our meeting that while there is £250,000 in the budget to cover expected translation costs, there were amendments tabled to the Bill which could have added additional costs of £600,000 in the first year.

28. The Head of Assembly Resources admitted that they would face “tough choices”<sup>8</sup> if all the amendments were passed. However, on the afternoon of October 3, Members debated the Bill in plenary and it was passed without the more expensive amendments.

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<sup>7</sup> RoP, Finance Committee, 3 October 2012, Para 86

<sup>8</sup> RoP, Finance Committee, 3 October 2012, Para 92

### 3. Investment in ICT

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29. The Commission's paper and oral evidence made repeated references to investment in ICT (Information and Communication Technology). Steve O'Donoghue called it "the main priority". Angela Burns said it was the subject of most complaints in an as yet unpublished survey of Assembly Members.

30. The Assembly's ICT infrastructure delivers information and services to over 700 users, located at the Assembly estate in Cardiff Bay and at regional and constituency offices across Wales. This complex infrastructure is maintained and supported by ATOS, via the Merlin contract currently shared with the Welsh Government. There are break points in the contract in 2014 and 2019. The Commission will decide in November if it wishes to extend the current contract, or take up the 2014 break point.

31. The draft budget paper notes: "The Senedd has been operational for six years now and much of the original ICT infrastructure is approaching, or has reached, the point where it needs updating to ensure that the Assembly can continue to function effectively and efficiently. Some of this is under way."<sup>9</sup>

32. Members also raised specific questions about the ICT procurement process, both during and following the meeting. These are being addressed in notes to the committee and individual meetings with the Director of ICT.

33. Angela Burns said: "It is not just about cost; it is about the benefits, the expectations, and the delivery. Of all the projects, we will be measuring this one like no other project has ever been measured before.

"So, we have an enormous risk and benefit analysis going on in tandem with a cost analysis. I promise you that this will be benchmarked and crawled over by absolutely everyone before we make the decision. We have already put together a project team of dedicated finance people for the purpose of project management.

"Basically, it is under way and it is our No. 1 priority as a Commission."<sup>10</sup>

34. We note the importance of the forthcoming decision on ICT provision and the chequered history of public sector procurement in this area. We welcome the considered approach being taken by the Commission.

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<sup>9</sup> National Assembly for Wales, Assembly Commission Draft Budget 2013-14, p11

<sup>10</sup> RoP, Finance Committee, 3 October 2012, Para 145

## 4. Sustainability & Equality

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### Sustainability

35. The tensions between reducing costs and investing in sustainability were a recurrent theme during the evidence session. The Commissioner noted at one point<sup>11</sup> that some of the ambitions with regard to sustainability were not affordable in the current three year strategy period.

36. The draft budget paper notes that, “Energy emissions have been cut by 24% over the past four years,” and that the Assembly is now “recycling 95% of our waste”.<sup>12</sup>

37. Members welcomed the achievements to date on sustainability and questioned whether there was scope for further progress.

38. The Head of Assembly Resources stated: “I think it’s fantastic that we have achieved a 24% reduction in carbon emissions over the past four years, and a 9% reduction last year alone. However, we are coming to the end of what can be achieved relatively easily. There are not many lights left to be switched to sensor control.

39. “Looking forward to the 40% target, we are facing a pretty big and difficult decision about the air cooling system in Ty Hywel because it is very carbon-hungry. The options are looking unaffordable. We are going to have to come back to consider that in a future budget strategy.”<sup>13</sup>

### Equality

40. We were pleased to hear of the Assembly’s achievements as an employer. The Assembly is a gold standard Investor in People and ranked 20<sup>th</sup> in Stonewall’s top 100 UK employers for staff who are lesbian, gay or bisexual.”<sup>14</sup>

41. Members questioned whether the high standards maintained by the Assembly as an employer were matched by contractors. The panel were unable to answer definitively on the spot, but agreed to produce a note for the committee.

42. The written note confirms that all companies invited to tender for contracts have to complete a section on equal opportunities, and that all contracts include a five point clause on equality considerations.

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<sup>11</sup> ROP Finance committee, 3 October 2012 para 33

<sup>12</sup> National Assembly for Wales, Assembly Commission Draft Budget 2013-14, p14

<sup>13</sup> RoP, Finance Committee, 3 October 2012, Para 163

<sup>14</sup> National Assembly for Wales, Assembly Commission Draft Budget 2013-14, p9

43. The note also says that all contracted catering and cleaning staff are currently paid at least £7.12 an hour from the start of October.

44. While there is nothing specific insisting on trade union membership, the current contract does refer to unions. The note states: “We do not at present promote the recognition of trade unions through our contracts though our terms and conditions include the provision that tenderers must not ‘discriminate against anyone, or treat anyone unfairly, on the grounds of...[amongst other things] trade union membership’.”<sup>15</sup>

45. Angela Burns said: “I believe that it is being monitored and it does happen, but what has not happened is that it is not high enough up the organisational thought process.

“However I will suggest to my fellow Commissioners that, when we have our Commission meetings, we could ensure that we have a regular slot to ask questions of management. As you have said, it is not good enough for it just to be in the Commission, it is about making sure that our suppliers are also playing the game as we would like to see them do it.”

46. We appreciate the Assembly’s ambition to be an exemplar employer, and welcome the Commissioner’s promise to monitor the employment practices of contractors and suppliers more closely.

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<sup>15</sup> Note to the Finance Committee  
<http://www.senedd.assemblywales.org/documents/s10890/Letter%20to%20Action%20Point%20-%20Chair%20from%20Assembly%20Commissioner.pdf>

## Annexe 2

### Commission Budget scrutiny: Key facts and background Q&A

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#### Key facts

Total budget: £49.5m

This is an increase of £2.5m or 5.3% compared to last year.

This represents 0.3% of the £15bn Welsh Block, in line with previous years.

Breakdown:

- £13.7m to provide the budget for the Remuneration Board's Determination for Assembly Members' salaries, those of their Support Staff and the costs of running their constituency/regional offices located all over Wales. Members' salaries are frozen at their 2011 level until at least 2015;
- £16.3m to meet the costs of employing the Commission's staff;
- £19.5m to meet investments and running costs, for the Senedd and Assembly estate, ICT and other supplies and services.

Facts taken from Assembly Commission Draft Budget 2013-14

#### **What is the Finance Committee?**

The Finance Committee is a cross party committee of the National Assembly for Wales, made up of Members from all four political parties represented at the Assembly.

The Committee is responsible for reporting on proposals laid before the Assembly by Welsh Ministers relating to the use of resources. The committee can also consider and report on any other matter related to, or affecting, expenditure out of the Welsh Consolidated Fund.



## **What is the Assembly Commission?**

The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

In its own budget document, the Assembly Commission describes itself. “The Assembly Commission serves the Assembly to help make it a strong, accessible and forward looking democratic institution and legislature that delivers effectively for the people of Wales.”<sup>16</sup>

## **What is the Assembly Commission’s draft budget?**

The National Assembly for Wales’ Standing Order 20.13 sets out that:

1. “Not later than 1 October in each financial year, a member of the Commission must lay before the Assembly a draft budget for the Commission setting out the amounts of resources and cash which the Commission proposes to use for the following financial year and provisional amounts for the subsequent two years or for such other period as the Commission has agreed with the Welsh Ministers.”<sup>17</sup>

The Finance Committee is responsible for reporting on this draft budget.

## **Why did we scrutinise this draft budget?**

The Assembly Commission receives public money, and as such it is important that it delivers the best value for money possible. Rigorous scrutiny of the Commission’s budgetary proposals is a critical tool in establishing such.

As noted above, the Assembly Commission is also responsible for delivering parliamentary services to an excellent standard. It therefore plays an important role in ensuring the Welsh Government is democratically held to account.

Following our report, Standing Order 20.16 sets out that:

2. “A member of the Commission must table a motion that the budget laid under Standing Order 20.15 be agreed and incorporated in the annual budget motion under Standing Order 20.26(ii).”<sup>18</sup>

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<sup>16</sup> National Assembly for Wales, Assembly Commission draft budget 2013-2014, page (p) 3.

<sup>17</sup> National Assembly for Wales, Standing Orders of the National Assembly for Wales, Standing Order 20.12

<sup>18</sup> National Assembly for Wales, Standing Orders of the National Assembly for Wales, Standing Order 20.16

Subsequently, there will be a final budget motion (the annual budget motion), as required by Section 125 of the *Government of Wales Act 2006*. The *Government of Wales Act 2006* provides that there must be at least one budget motion (the annual budget motion) moved in relation to each financial year.

Standing Order 20.29 sets out that no amendments can be tabled to the annual budget motion.

### **How did we scrutinise this draft budget?**

We considered the National Assembly for Wales Commission Draft Budget for 2013-14 at our meeting of 3 October 2012.

At this meeting we took evidence from:

Angela Burns AM, Assembly Commissioner for budget and governance;  
Claire Clancy, Chief Executive and Clerk of the Assembly; and  
Steve O' Donoghue, Head of Assembly Resources.

Following the meeting, on 3 October 2012, the witnesses provided further written evidence to the Committee on several issues that were raised at our meeting.

### **How can I find out more?**

All of the committee's background papers, transcripts of the evidence session, and copies of the additional correspondence received by the committee can be seen on the Finance Committee's web page.

<http://www.senedd.assemblywales.org/mgCommitteeDetails.aspx?ID=229>