

National Assembly for Wales
Finance Committee

Report on the Assembly Commission draft budget 2014-15

October 2013



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

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Information on the Committee, its membership, its remit and previous publications can be found at: **www.senedd.assemblywales.org/mgCommitteeDetails.aspx?ID=229**

A list of witnesses and oral and written evidence of relevance to this report is available at: **<http://www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?IId=5722>**

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Finance Committee

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draft budget 2014-15**

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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



Simon Thomas
Plaid Cymru
Mid and West Wales

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Chair's foreword

Last year the Finance Committee recommended that the Commission produce performance indicators to ensure that the people of Wales, and their elected representatives, could see what difference that investment was making.

I am pleased to see these have been published alongside the budget this year, and these indicators – although imperfect – will provide ever richer data as they evolve and include more years of comparison. This is a big step forward in demonstrating to the people of Wales, what they get for the money spent by their National Assembly.

Following this third and final year of the Commission's investment plan, Finance Committee has been clear that next year's budget will need to be within the bounds felt by other public bodies in Wales. The indicative figures show that the Commission has grasped this nettle.

There remain a number of areas where the committee is uncertain of the Commission's ability to achieve its ambitious aims: on its work to ensure both of Wales' Official Languages have equal status; on the introduction of its new ICT strategy and on achieving the difficult final stages of its 2015 targets to reduce its impact on the planet.

However, the Commission has stuck to its plan to invest, and is now set on a more cautious path for the remainder of this fourth Assembly. The Finance Committee will, of course, be keeping a close eye on its progress.

I would like to thank our witnesses, and my fellow Committee Members, for their contributions throughout our scrutiny of the Assembly Commission's draft budget.

The Committee's Recommendations

The Committee's recommendations to the Assembly Commission are listed below, in the order that they appear in this Report. Please refer to the relevant pages of the report to see the supporting evidence and conclusions:

Recommendation 1. We recommend that a Member of the Committee (Paul Davies AM) works closely with the Commission to scrutinise expenditure and reports back to Finance Committee in the run up to next year's budget.

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Recommendation 2. We recommend that a Member of the Committee (Mike Hedges AM) works closely with the Commission to scrutinise expenditure and reports back to Finance Committee in the run up to next year's budget.

(Page 12)

Recommendation 3. We recommend that the Commission continues to monitor the geographical spread of visitors, and new schools visiting the Assembly, in line with its aim of giving every child in Wales the opportunity to visit the Assembly. We also recommend the Commission reviews the travel subsidy for schools in North and West Wales, to ensure that cost and distance are not insurmountable barriers to access.

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Recommendation 4. We recommend that where changes are proposed to the performance indicators which mean that the previous year or quarter's figures are no-longer comparable these should be reported to the Chair of Finance Committee for approval.

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Recommendation 5. We recommend that the Commission considers whether and how it could improve transparency and offer extra detail about new programmes and emerging risks in future budgets, while retaining the high level of accessibility in its budget documents. For our part, Finance Committee will write to the Commission ahead of next year's draft budget publication setting out any more detailed information we feel may be useful to aid the committee's scrutiny.

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Introduction

Who are we?

1. 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.
2. The Committee is not part of the Welsh Government. Rather, 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?

3. 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.
4. 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.”¹

What is the Assembly Commission’s draft budget?

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

“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.”²
6. The Finance Committee is responsible for reporting on this draft budget.

¹ National Assembly for Wales, Assembly Commission draft budget 2014-2015, p3.

² National Assembly for Wales, Standing Orders of the National Assembly for Wales, Standing Order 20.12

Why did we scrutinise this draft budget?

7. 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.

8. 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.

9. Following our report, Standing Order 20.16 sets out that:

“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).”³

10. 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.

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

How did we scrutinise this draft budget?

12. We considered the National Assembly for Wales Commission Draft Budget for 2014-15 at our meeting of 3 October 2012.

13. At this meeting we took evidence from:

- Angela Burns AM, Commissioner;
- Claire Clancy, Chief Executive and Clerk of the Assembly; and
- Nicola Callow, Head of Finance.

14. Following the meeting, on 3 October 2013, the witnesses provided further written evidence to the Committee on several issues that were raised at our meeting.⁴

³ National Assembly for Wales, Standing Orders of the National Assembly for Wales, Standing Order 20.16

⁴ Letter from Angela Burns to the Finance Committee

15. Our report is structured around the four principles of financial scrutiny:

- Affordability
- Prioritisation
- Value for Money
- Budget Process

Commission budget total

2013-14 = £49.5m
2014-15 = £50.6m
2015-16 = £50.9m

1. The overall Assembly Commission budget

16. This year's budget is the third year of a three year investment plan. The broad thrust of this investment plan – which was designed to allow the Assembly to meet the additional responsibilities arising from the referendum on powers was agreed by the Finance Committee in 2011, and confirmed in 2012.

17. In her introductory remarks Angela Burns said:

“You will all, I am sure, recall that the Commission set a very clear strategy for the fourth Assembly, which was underpinned by a programme of investment and service delivery that I believe has kept us true to our aims. Again, for refreshment, our aims are to provide outstanding parliamentary support, to engage with the people of Wales, to promote Wales, and to use our resources as wisely as we can. In order to achieve these aims, we sought the agreement of the Finance Committee to commit to a measured investment programme over three financial years, commencing in 2012-13. So, the budget you have before you is our final year—2014-15—and we believe that the level of funding for which we are seeking your approval is exactly that as set out for the final year of that three-year programme.”⁵

18. Finance Committee notes that this is the final year of a three year investment plan. Last year we recommended that any increases to the budget for the remainder of the Assembly should be no greater than the increase in the block grant. We are pleased to see that the Commission has taken this on board in its indicative plans for 2015-16. The Committee was unanimous in repeating this guidance when the Commission is preparing its draft budget for 2015-16.

19. A year ago, committee also requested that the Commission provide some performance indicators to allow Members to see at-a-glance whether the increased investment was leading to better performance.

20. These Key Performance Indicators (KPIs) have been provided and we were pleased to hear that the Commission also sees these KPIs as a starting point for further work to catalogue improvement in performance.⁶

⁵ National Assembly for Wales, Record of Proceedings, Finance Committee, Thursday 3 October. Para 4

⁶ National Assembly for Wales, Record of Proceedings, Finance Committee, Thursday 3 October. Para 6

2. Affordability

21. Finance Committee raised three main areas of concern around the affordability of the Commission's budget. These concerned the ability to meet the ambitious aims of the Official Languages Scheme, ICT Strategy and the decisions of the Independent Remuneration Board.

Official Languages Scheme

22. The National Assembly for Wales (Official Languages) Act 2012 placed a statutory duty on the Assembly and the Commission to treat Welsh and English equally.

23. The budget document states:

“Our ambition is to be a truly bilingual institution in which Assembly Members and the public can choose to work or communicate in either or both of our official languages, and where the use of both languages is a source of pride to all.”⁷

24. Members questioned whether there was sufficient money for the programme.

25. Angela Burns said:

“Yes and no... ‘Yes’ in that, for what we are trying to do at present, we believe we have the funds...but ‘no’, not for every single engagement. What we are very much trying to do is not treat language as a bolt-on; we are trying to integrate both of our languages throughout our work as a Commission, and that will take us time, and it is going to take money and resource, and we have to do it in a practical, pragmatic and responsible way.”⁸

26. The Chief Executive and Clerk to the Assembly, Claire Clancy, added that priority was being given to tools like machine translation which would allow more words to be translated more quickly.

27. Members praised the work being done with Microsoft to improve its translation tool, which could see translation built in to its office programmes. If this work were to be successful, the benefits would not just be for the Assembly,

⁷ National Assembly for Wales, Assembly Commission Draft Budget 2014-15, page 16

⁸ National Assembly for Wales, Record of Proceedings, Finance Committee, Thursday 3 October. Para 44

but also for other institutions and individuals across Wales using Microsoft software.

28. Claire Clancy told the committee:

“We have been working with Microsoft to populate their language tool. If we can get it up to standard it will be a step forward, not just for us but right across Wales. We’ve fed in to the system every translation we have ever had. We think that effort is worth it. Without tools of this sort the costs could be prohibitive.”

29. Finance Committee remains sceptical that the total cost of fully implementing the Official Languages Scheme is affordable.

We recommend that a Member of the Committee (Paul Davies AM) works closely with the Commission to scrutinise expenditure and reports back to Finance Committee in the run up to next year’s budget.

ICT Strategy

30. The Commission agreed earlier this year to exercise a break in its current contract and bring its ICT provision in house. The Commissioner said this would lead to greater transparency and a better service.⁹ In the absence of detailed figures covering costs and savings from the new proposals, Members questioned what savings this would generate.

31. Angela Burns said:

“We believe that this will give us savings of about 10% over time, once we have actually completed the task. I am not going to say to you, ‘Here is 10%-worth of savings’, because, as we all know, ICT is a hungry beast that constantly has to be updated and constantly fed. What we are intending to do is to constantly redeploy that 10%.”¹⁰

We recommend that a Member of the Committee (Mike Hedges AM) works closely with the Commission to scrutinise expenditure and reports back to Finance Committee in the run up to next year’s budget.

⁹ National Assembly for Wales, Record of Proceedings, Finance Committee, Thursday 3 October. Para 65

¹⁰ National Assembly for Wales, Record of Proceedings, Finance Committee, Thursday 3 October. Para 65

Remuneration Board

32. The Independent Remuneration Board sets salaries and allowances for AMs and their staff. In the coming year 28 % of the Commission's budget will be spent on items determined by the Board

33. Members questioned whether there were any changes in the pipeline which might have an impact on the budget. They were assured that provision had been made for all decisions in the coming year.

34. Claire Clancy said:

“Everything that we know that it has already decided is in the budget. We have provision to fund the work that it has in its work plan for the remainder of this year and there are no more decisions scheduled that will have a budget implication for 2014-15. There potentially will be decisions that would have implications beyond that, and when we come to you with future budgets, we will make provision for that.”¹¹

¹¹ National Assembly for Wales, Record of Proceedings, Finance Committee, Thursday 3 October. Para

3. Prioritisation

Sustainability

35. Members questioned whether the Commission's ambitious targets on carbon reduction were still attainable.

36. Nicola Callow said:

“We have also done all the quick and easy things that we can do to really improve our targets. So, we are now bringing the Carbon Trust back in and working alongside that organisation and Arup to develop our carbon reduction route-map, the aim of which will be to set out for us the options for the sorts of things that we could do, the costs associated with them and benefits that they would bring to achieving our targets. That work is about to be commissioned and will have an end date of January 2014, at which point we will have enough information to start taking some decisions.

“In the meantime, we have been doing what we can with integrating sustainability into maintenance, refurbishment and any other types of renewal work that we have been doing. You may have noticed the LED lighting, the passive infrared sensor lighting and things such as that. We have also been linking the air conditioning and heating controls to the lighting in meeting rooms, so, when one goes down, the others go to a default setting. We have been doing all sorts of things like that, but it is going to be a challenge to keep delivering against our sustainability targets, most certainly.”¹²

Strategic Transformation

37. Members noted the creation of a new team to lead the strategic transformation of the Assembly in coming years, and questioned whether it was sufficiently well resourced.

38. Claire Clancy said the team would work closely with other teams in the Assembly, so was sufficiently well resourced for the moment.

¹² National Assembly for Wales, Record of Proceedings, Finance Committee, Thursday 3 October. Para 159-160

Engaging with young people

39. The Assembly is currently consulting on a new programme of engagement with Young People. Members praised the work to date and asked whether the budget included the capacity to respond to the consultation.

40. Angela Burns said:

“We obviously do not know what is going to come out of the consultation. We have left if very much to the young people to tell us what they think, rather than a raft of usual suspects telling young people what they think they should have. So, anything is on the table and any possibilities are out there. We have a small sum of money set aside that we can start to use on the projects that they bring forward, but, again, they are going to have to pass the test of being fair, reasonable and practical, and it will be a gradual implementation.”¹³

School Visits

41. Members questioned whether school visits were available to schools in all parts of Wales, or whether those geographically closest booked up all available slots. They questioned whether schools were unable to access the education provision on a regular basis, because slots had already been filled.

42. In a written response, Angela Burns noted that there had been changes to the way bookings are done to ensure greater equality of access.

“In the past the Education Bookings Calendar opened on the first Monday after Spring half term for the whole of the forthcoming academic year. This operated on a first come first served basis.

“This year the Education Bookings Calendar opened on 03 June for the Autumn term – the months of September to December 2013 only. For bookings for the Spring and Summer terms

¹³ National Assembly for Wales, Record of Proceedings, Finance Committee, Thursday 3 October. Para 100

bookings will open after half term on Monday 04 November. It is still a first come first served service.

“Schools are not turned away since we can offer other dates and if those are not suitable we can offer a Senedd only visit or an outreach presentation.”¹⁴

43. The letter from Mrs Burns states

“During the academic year 2012-13 the education service delivered presentations and workshops to a total of 557 groups (616 in 2011-12), 415 schools and colleges reaching an audience of 16,158 pupils (17,698 in 2011-12). This figure also includes youth groups outside formal education.

“A total number of 49 groups visited from North Wales. This amounts to 18% of all visits to Siambr Hywel. The table below shows the breakdown via constituency of schools who received educational visits at the Assembly.”¹⁵

Constituency	Number of Visits
Anglesey	7
Arfon	10
Aberconwy	3
Clwyd West	4
Vale of Clwyd	1
Clwyd South	9
Delyn	3
Dwyfor Meirionydd*	5
Alyn and Deeside	1
Wrexham	6

44. Members remain concerned that while the Assembly subsidises travel costs for schools in North and West Wales making an official Education booking, that support is not available for schools visiting the Senedd. Without an official Education booking, and the associated subsidy, the costs of visiting the Senedd can become prohibitive.

¹⁴ Letter from Angela Burns

¹⁵ Letter from Angela Burns

We recommend that the Commission continues to monitor the geographical spread of visitors, and new schools visiting the Assembly, in line with its aim of giving every child in Wales the opportunity to visit the Assembly. We also recommend the Commission reviews the travel subsidy for schools in North and West Wales, to ensure that cost and distance are not insurmountable barriers to access.

4. Value for money

45. Given that the Assembly Commission has sought, and received budget increases above those in the rest of the public sector, Members questioned whether it was giving enough consideration to value for money.

46. Angela Burns said:

“When we put together our three-year investment programme, we very much made sure that some of the underpinning drivers for the entire programme would be a constant search for value for money, a constant search for things like competitive tendering, and a constant search for making sure that every single penny that we planned for those three years was going to be utilised on the areas that we had initially indicated. Of course, nothing in life is ever perfect, so we have had the odd blip here or there where we might have said, ‘Right, we will take that bit of money and put it here, because, in fact, that has taken a lot less funding than we thought’. As I say, the value-for-money element of our entire three-year investment programme has, I think, ensured that we have delivered as much of the savings as we possibly could within that three-year time frame.”¹⁶

Preparation for the future

47. Indicators of future public spending suggest it is unlikely the Assembly will see its budget grow in the near future. Members questioned whether the Commission had made sufficient preparations for this.

48. Angela Burns said:

“We have tailored into our prediction for the following year a reduction of just over 1%, which we believe, from reading all of the mood music out there, will be in line with what will happen with the CSR and the block grant. Of course, we are in constant dialogue with the Welsh Government to try to make sure that we are completely in tune with what happens.

¹⁶ National Assembly for Wales, Record of Proceedings, Finance Committee, Thursday 3 October. Para 8

“When we made our three-year plan to you, if you recall, we were very clear that, once we had done this investment programme we felt that that would give us the bandwidth, if you like, to carry on on a very flat plane for a substantial number of years, just to re-group, if you like, gather strength and to see the next way forward. We have not made enormous plans, though, for the fifth Assembly, because we feel that it is only right that the commissioners who will be elected by the Assembly for that fifth Assembly should have the ability to set their own programme. What we would encourage them to do is to come to an agreement and set a three or four-year rolling programme, because that has made it an awful lot easier to manage our budgets than having to come every year and try to wonder what we can do next. The three-year programme has been a real success, I think.”¹⁷

¹⁷ National Assembly for Wales, Record of Proceedings, Finance Committee, Thursday 3 October. Para 11

5. Process

Performance Indicators

49. Finance Committee welcomed the publication of Key Performance Indicators (KPIs) and noted the intention to improve their effectiveness over time.

50. However, Members were keen to ensure that any changes did not come at the expense of comparability with previous years.

We recommend that where changes are proposed to the performance indicators which mean that the previous year or quarter's figures are no-longer comparable these should be reported to the Chair of Finance Committee for approval.

No figures for the third year

51. The Commission's draft budget has traditionally set provisional figures for the two years after the draft budget – but this year only sets out one further year. Mrs Burns confirmed in committee, and in her written response, that this had been agreed with Welsh Ministers, as the UK government had given no provisional figures that far in to the future.

Transparency vs accessibility.

52. Members praised the easy-to-read layout of the Assembly's draft budget, but questioned again whether there was enough detail in some areas eg the lack of identifiable savings as a result of bringing ICT in-house.

53. Much of the document focuses on changes that have been made in the current year, rather than detailing how changes in spending will drive changes in performance in the coming year.

We recommend that the Commission considers whether and how it could improve transparency and offer extra detail about new programmes and emerging risks in future budgets, while retaining the high level of accessibility in its budget documents. For our part, Finance Committee will write to the Commission ahead of next year's draft budget publication setting out any more detailed information we feel may be useful to aid the committee's scrutiny.

Witnesses

The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at:

www.senedd.assemblywales.org/ieListDocuments.aspx?CId=229&MID=1791

3 October 2013

Angela Burns AM	Commissioner
Claire Clancy	Chief Executive and Clerk of the Assembly
Nicola Callow	Head of Finance

List of written evidence

The following provided written evidence to the Committee. All written evidence can be viewed in full at

www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?IId=1707

<i>Organisation</i>	<i>Reference</i>
Angela Burns AM, Commissioner	FIN(4)-15-13 Paper 1
	FIN(4)-15-13 Paper 2
	Additional Information requested from Assembly Commission at meeting of 3 October 2013