

Financial implications of the Senedd Cymru (Members and Elections) Bill

January 2024



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January 2024



About the Committee

The Committee was established on 23 June 2021. Its remit can be found at:
www.senedd.wales/SeneddFinance

Current Committee membership:



Committee Chair:
Peredur Owen Griffiths MS
Plaid Cymru



Peter Fox MS
Welsh Conservatives



Mike Hedges MS
Welsh Labour



Rhianon Passmore MS
Welsh Labour

The following Member attended as a substitute during this inquiry:



Alun Davies MS
Welsh Labour

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Recommendation 5. The Committee recommends that the Minister, in consultation with the Senedd Commission, undertakes modelling work to understand the impact of an increase in committees, beyond the three additional committees estimated in the Regulatory Impact Assessment, on the scrutiny benefits arising from the Bill and that this information should be included in a revised Regulatory Impact Assessment..... Page 28

Recommendation 6. The Committee recommends that the Minister, in consultation with the Senedd Commission, undertakes a cost-benefit analysis on the number of additional committees that may be required and that this information should be included in a revised Regulatory Impact Assessment.
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- an assessment and cost-benefit analysis on the use of open-plan working; and
- an assessment of the energy use. Page 29

Recommendation 8. In light of the new electoral system which may result in uplifts to Members’ travel, residential accommodation and staff costs, the Committee recommends that the Minister, in consultation with the Senedd Commission, reassesses these costs and provides a range rather than using the average costs of current Members, and for this information to be included in a revised Regulatory Impact Assessment. Page 29

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Recommendation 16. The Committee recommends that the Minister provides an update on costs once all the relevant boundary changes have been completed, to enable the Committee or a future finance committee to understand the full financial impact of the Bill..... Page 38

Conclusion 1. The Committee is broadly content with the financial implications of the Bill as set out in the Regulatory Impact Assessment, subject to the comments and recommendations in this report. Should there be significant changes to the Regulatory Impact Assessment as a result of the recommendations made in this report, the Committee may consider those changes in more detail.....Page 14

Conclusion 2. The Committee believes that cost estimates relating to alternative policy goals, namely a different increase in the number of Members of the Senedd or the introduction of job sharing for Members, should not be included within the impact assessment for this Bill. However, should such policies be followed, either using this Bill or through future legislation, they should be accompanied by detailed cost estimates to inform consideration by this or future Seneddau.
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1. Introduction

- 1.** The Senedd Cymru (Members and Elections) Bill¹ (the Bill) and Explanatory Memorandum² (EM), including the Regulatory Impact Assessment (RIA), was introduced by Mick Antoniw MS, Counsel General and Minister for the Constitution (the Minister), on 8 September 2023.
- 2.** On 19 September 2023, the Minister made an introductory statement on the Bill in Plenary.³
- 3.** The Bill's EM states that the Bill's overall purpose is to:

*“... make the Senedd a more effective legislature for, and on behalf of, the people of Wales. This purpose reflects the intention of the Special Purpose Committee, stated in its report, of delivering “a strengthened parliament to represent the people of Wales.”*⁴
- 4.** The Finance Committee (the Committee) appointed Professor Ailsa Henderson⁵ as its Expert Advisor, to assist in its work to consider the financial implications of the Bill.
- 5.** The Committee took evidence on the financial implications of the Bill on 11⁶ and 18 October⁷. The schedule of oral evidence sessions is at Annexe 1.
- 6.** Policy scrutiny of the Bill was undertaken by the Reform Bill Committee, which was established on 12 July 2023.⁸
- 7.** The Legislation, Justice and Constitution Committee also considered the Bill in accordance with matters which fall within its remit.⁹

¹ [Welsh Government, Senedd Cymru \(Members and Elections\) Bill](#)

² [Welsh Government, Explanatory Memorandum](#)

³ [Plenary, Record of Proceedings \(RoP\), 19 September 2023](#)

⁴ Welsh Government, Explanatory Memorandum, page 11

⁵ Professor of Political Science at the University of Edinburgh; Chair of Boundaries Scotland and a Commissioner for the Boundary Commission of Scotland

⁶ [Finance Committee, RoP, 11 October 2023](#)

⁷ [Finance Committee, RoP, 18 October 2023](#)

⁸ [Reform Bill Committee](#)

⁹ [Legislation, Justice and Constitution Committee](#)

2. Background

Purpose and need for the Bill

8. The Bill's provisions provide for:
- increasing the size of the Senedd to 96 Members;
 - increasing the legislative limit on Welsh Government Minister to 17 (in addition to the First Minister and Counsel General), with power to further increase this limit to 18 or 19;
 - increasing the maximum number of Deputy Presiding Officers who may be elected from within the Senedd to two;
 - changing the Senedd's electoral system to elect Members through a closed proportional list system;
 - repurposing and renaming the Local Democracy and Boundary Commission for Wales to the Democracy and Boundary Commission Cymru to provide the Commission with the functions to implement the necessary changes arising from the Bill;
 - returning the normal length of time between Senedd ordinary general elections to four years;
 - requiring candidates to, and Members of, the Senedd to be resident in Wales;
 - a review of the legislation following the 2026 election; and
 - a mechanism for the Senedd's consideration of job-sharing of offices relating to the Senedd, in the Seventh Senedd.¹⁰

Cost of the Bill

9. The RIA presents costs over an eight-year appraisal period from 2024-25 to 2031-32. After this period, it is assumed the changes implemented by the Bill would have had time to achieve a "steady state".¹¹

¹⁰ Welsh Government, Explanatory Memorandum, page 11

¹¹ Welsh Government, Explanatory Memorandum, page 126

10. The total net costs of implementing the legislation is estimated to be between £99.7 to £119.6 million over the appraisal period.

11. The RIA notes the majority of the administrative costs are expected to fall to the Senedd Commission, which will be covered in detail in chapter 3. Other costs will fall to:

- the Welsh Government (covered in chapter 4);
- the Local Democracy and Boundary Commission for Wales, Electoral Commission and Local Authorities (covered in chapter 5).

12. The RIA sets out the cost estimates that will be incurred by the Commission are based on two scenarios: Minimal and greater change scenario.¹²

13. Costs for the Commission therefore are based on common assumptions agreed by the Senedd Commission, in consultation with the Business Committee¹³ and Independent Remuneration Board¹⁴ of the Senedd.¹⁵

Common assumptions and engagement by the Welsh Government on costs

14. Ken Skates MS, the Senedd Commissioner with responsibility for Budget and Governance (the Commissioner) stated:

“... it's important [to] say that the RIA is, of course, a Welsh Government document, and the calculations that the Welsh Government made are based on the data that the Commission provided.”¹⁶

15. The Commissioner confirmed he was “content with the robust process that was followed by officials on both sides—the Welsh Government and the Commission”.¹⁷

16. Manon Antoniazzi, Chief Executive and Clerk of the Senedd (the Chief Executive) told the Committee:

“We have a joint assurance board, which is chaired jointly by colleagues from the Welsh Government and a colleague from

¹² Welsh Government, Explanatory Memorandum, page 138

¹³ [Business Committee](#)

¹⁴ [Remuneration Board](#)

¹⁵ Welsh Government, Explanatory Memorandum, page 284

¹⁶ Finance Committee, RoP, paragraph 14, 11 October 2023

¹⁷ Finance Committee, RoP, paragraph 14, 11 October 2023

the Commission staff, and that is a forum for exchange of information and communication as well.”¹⁸

17. The Chief Executive described the process for the Senedd Commission estimating the costs:

“We were asked by the Welsh Government in December 2022 to provide these costs; we provided them in March 2023. And thereafter, there was an ongoing dialogue with officials to make sure that they understood how we had based the cost. During that phase, costs were reprofiled at the Government’s request—to reflect a four-year term, for example, and to adopt the methodology that the Welsh Government was adopting for the RIA. And then, the final figures that were used in the RIA were communicated to the Llywydd by the First Minister, and that was just prior to the introduction of the Bill. So, there’s been a perfectly proper process of dialogue between us on their preparation.”¹⁹

18. The Chief Executive highlighted that the assumptions made for the cost estimates were “drawn largely from the work of the special purpose committee, and were then refined in consultation with the Business Committee ... and with the independent remuneration board”. She confirmed that some external professional advice was sought on capital costs.²⁰

19. Dr Elizabeth Haywood, Chair of the Independent Remuneration Board of the Senedd (Chair of the IRB) confirmed:

“... We were consulted to agree the common assumption—so, the high-level bit. We didn’t actually take part in the calculations; those were undertaken by the Commission and the Welsh Government, but the Commission did indeed consult us, and we discussed it at board.”²¹

20. The Minister agreed that the engagement between the Welsh Government and the Senedd Commission had been “a process that’s gone backwards and forwards” and that calculations “have been challenged on a mutual basis”.²² He felt these:

¹⁸ Finance Committee, RoP, paragraph 114, 11 October 2023

¹⁹ Finance Committee, RoP, paragraph 16, 11 October 2023

²⁰ Finance Committee, RoP, paragraph 18, 11 October 2023

²¹ Finance Committee, RoP, paragraph 131, 11 October 2023

²² Finance Committee, RoP, paragraph 159, 18 October 2023

“... are the best estimates that we can arrive at in terms of the banding of costs, bearing in mind we have a certain number of unpredictables. For example, the classic one is we don't know how many Ministers there might be, or the status of those Ministers, whether they're Ministers or Deputy Ministers and so on. But, basically, I think they are the best estimates for the impact assessment.”²³

21. The Committee asked the Minister if he intends to refine cost estimates as these become more certain. The Minister confirmed:

“... 'yes'. I think this is work in progress. This isn't a static assessment, because as more becomes known, then obviously— . I mean, this is a best estimate now, but as more information becomes known, when we know about the pairing, then those things will need to be refined, because budgets have to be as transparent and as accurate as is possible.”²⁴

22. The Minister added that:

“If there are any significant or substantial changes that need to be made in terms of the best estimates that we have at the moment, then of course those need to be done. Those need to be before the Senedd.”²⁵

23. The Committee asked how the Senedd Commission intends to present costs relating to Senedd reform in its annual budget, if the Bill receives Royal Assent. The Chief Finance Officer of the Senedd (CFO) said:

“Within the form of the annual accounts, somebody would be putting the actual costs in, but there is scope in other formats to create, in effect, reconciliations between the RIA and the actual costs. That's something that we would be undertaking within the Commission as we move along, recording the costs, ensuring that they are completely ring-fenced, they're identifiable, and that they're monitored and reported on. So, the mechanisms in order to provide full reconciliations as we move through this process will be in place.”²⁶

²³ Finance Committee, RoP, paragraph 159, 18 October 2023

²⁴ Finance Committee, RoP, paragraph 194, 18 October 2023

²⁵ Finance Committee, RoP, paragraph 198, 18 October 2023

²⁶ Finance Committee, RoP, paragraph 62, 11 October 2023

Cost-savings and benefits

24. The RIA notes that the Senedd will be better equipped to:

- hold the Executive to account;
- scrutinise policy and legislation in greater detail; and
- engage with the electorate.²⁷

25. However, the RIA states “it has not been possible to monetise these benefits at this stage”.²⁸

26. The RIA states:

“With a greater number of Members, the Senedd will be better equipped to hold the Executive to account via scrutinising policy and legislation in greater detail, including government Budgets and Bills, which can be expected to result in improved legislation and spending plans which in turn would lead to better outcomes for the people of Wales.”²⁹

27. The Minister said the Bill is “an investment ... in democracy”. He added:

“... I think it's value for money not only because, overall, it will deliver better governance, better scrutiny, better legislation, better use of all the public resources that the Senedd has and the role of the Welsh Government, but, in the short to medium term, it also becomes something that actually pays for itself. This is legislation that is essentially self-funding and, in actual fact, should result in net benefit over a period of time.”³⁰

28. The RIA notes:

“The overall cost implications of the legislation are also considered to be appropriate, as improved scrutiny of spending plans are expected to assist in realising best value for money from Wales’s annual budget of around £24 billion.”³¹

²⁷ Welsh Government, Explanatory Memorandum, page 128

²⁸ Welsh Government, Explanatory Memorandum, page 128

²⁹ Welsh Government, Explanatory Memorandum, page 181

³⁰ Finance Committee, RoP, paragraph 163, 18 October 2023

³¹ Welsh Government, Explanatory Memorandum, page 190

29. The Minister referred to a letter from the Auditor General for Wales (Auditor General) that was sent to the Committee on Assembly Electoral Reform, in May 2020.³² He said:

“... there was interesting correspondence a while back with the auditor general... He said then, as it's the auditor general who basically oversees the ethics of some of these issues:

'The costs and implications of policy and spending decisions taken by the Welsh Government and Senedd are significant...it is important to recognise that a 0.17% annual saving, or improvement in value, in Welsh Government spending'—at the time it was £17.5 billion, and in 2017, I think, this letter would have been written— 'would pay for 30 extra members (at £10 million a year in total, including support costs).'

What we're saying is that these costs basically amount to 0.07 per cent of the Welsh Government's budget, so half that. So, if that 0.07 per cent improvement in the utilisation of money and resources and governance is achieved, then this legislation pays for itself. If we do any better than that, then that will ultimately result in net benefit to the Welsh Government as a whole. So, when I say it's an investment in democracy, it is an investment in democracy, but it's also an investment in getting the best use out of the resources that the Senedd overall, the Welsh Parliament overall, has.”³³

30. Will Whiteley, the Deputy Director of Senedd Reform, Welsh Government explained:

“The basis, I think, for the auditor general's statement around the savings was an analysis of the Public Audit (Wales) Act 2013 The sense from him and his office was that, had there been a greater degree of scrutiny and perhaps rigour around that Act in particular, then it may not have resulted in some of the costs that had arisen as a consequence of managing the implications of that and the unintended consequences, I suppose, of that. So, it's an extrapolation I think of that analysis that led him to that ...”³⁴

³² Letter from the Auditor General for Wales to the Committee on Assembly Electoral Reform

³³ Finance Committee, RoP, paragraphs 164 - 168, 18 October 2023

³⁴ Finance Committee, RoP, paragraph 222, 18 October 2023

31. However, the Auditor General's letter states:

*"Quantifying the benefit of improved scrutiny is clearly very difficult to do... we estimate that the cost of sub-optimal scrutiny of the Public Audit (Wales) Act 2013 led to about £35,000 of additional annual unnecessary fee administration expenditure (some 10% of the total of such expenditure). This cannot be extrapolated to all Welsh Government expenditure because most such expenditure does not relate directly to Welsh legislation."*³⁵

32. The Committee asked why the potential impact of these benefits had not been quantified, for example, by using experiences from other parliaments or from related international studies. The Minister said:

*"I think because each Parliament and each country—[has] its circumstances, the facts relate to those individual countries internationally. I suppose, really, what we do know is good governance leads to better outcomes, and that's why, as I said earlier, the comments from the auditor general were, I think, very clear. I have also had reflections by other bodies, for example, such as the Electoral Reform Society, and others as well. So, I think it's almost like a common standard that if you improve the quality of governance, you improve the quality of scrutiny, you get better outcomes and you get better utilisation of the resources that you apply to that."*³⁶

Committee view

33. This is an unusual Welsh Government Bill in that most of the costs will fall on the Senedd Commission and not the government itself. Although the recommendations in this report are therefore directed to the Welsh Government and the Minister as the Member in charge of this legislation, the Committee expects any further modelling work to be carried out jointly, both by the government and the relevant body to which the recommendation applies.

34. The Committee notes the total cost of the Bill over an eight-year period is between £99.7 and £119.6 million. We welcome that there has been open and productive engagement between the Welsh Government and Senedd Commission on the assumptions and costing; and that a joint assurance board has overseen decisions made between both organisations.

³⁵ Letter from the Auditor General for Wales to the Committee on Assembly Electoral Reform

³⁶ Finance Committee, RoP, paragraph 219, 18 October 2023

35. We note the costs have been modelled based on certain assumptions, including a minimal and greater change scenarios and that capital costs were estimated on the basis of external advice. In some cases these assumptions reflect consultation between the Senedd and Welsh Government or the outcome of deliberations of the Special Purpose Committee, Business Committee, and the Independent Remuneration Board. However, in other cases they reflect the Welsh Government's existing habits on modelling choices for estimating costs relating to legislation, such as using the middle point of the salary band.

36. Throughout this report we have noted concerns regarding assumptions made in the RIA relating to cost estimates and made numerous recommendations which aim to improve and increase the transparency of both costs and potential savings. We note that these estimates are a "work in progress" and are pleased that the Minister intends to refine costs estimates as these become more certain and if significant changes are made to the Bill during its legislative passage.

37. The Minister has linked increased Members to better scrutiny and governance. The Minister states that 0.07 per cent of the Welsh Government's annual budget will be required to pay for the legislation and that if a saving of 10 per cent is made from better scrutiny then the "legislation pays for itself." This calculation appears to be largely based on the Auditor General's view that a 10 per cent saving would have been made if the Public Audit (Wales) Act 2013, had been subject to greater scrutiny, as it would have resulted in fewer costs attributed to unintended consequences. However, the Auditor General notes "this cannot be extrapolated to all Welsh Government expenditure because most such expenditure does not relate directly to Welsh legislation". Therefore the Committee is not assured by the example provided by the Minister which was intended to demonstrate the savings that could be achieved.

38. Furthermore the Committee is disappointed that no detailed savings based on potential scrutiny gains were included in the RIA, and that these seem to have been based instead on a general assumption and "common standard" that, if you improve the quality of governance, you improve the quality of scrutiny and you get better outcomes. The Committee accepts that this is a reasonable assumption. However, better attempts to quantify and accurately model the financial impact of scrutiny benefits should have been undertaken.

39. We welcome claims from the Minister that an increase in the Senedd would lead to improved scrutiny of budgets and legislation, matters which are naturally close to the heart of this Committee given our remit and responsibilities. However, although the Committee strongly supports any efforts to enhance budgetary

scrutiny, we are disappointed that detailed estimates of savings associated with such developments were not included.

40. We also recognise that creating the right procedures and culture for such improvements depends on a number of factors, not just an increase in membership. The expected improvements, and thus cost savings, will come from a culture change that is made easier by an increase in Members, but we note that this will not happen automatically and depends on a number of other factors. The Committee is currently reviewing the budget protocol with the Welsh Government in the hope of developing better scrutiny processes as a foundation for better budget scrutiny in the next Senedd. We welcome the Welsh Government's continued engagement on these issues, but ask the Minister to provide details of how, specifically, an increase in the number of Members would improve budget scrutiny, including details of any modelling undertaken.

41. Since 2023-24 costs relating to Senedd Reform have been presented within the Senedd Commission's budget as ring-fenced; an approach welcomed by the Committee for providing transparency as changes arising from this Bill is implemented.³⁷ We are pleased that the Commission will continue to adopt such an approach if the Bill receives Royal Assent as it is important that these costs continue to be presented in a clear way to aid transparency and scrutiny.

Conclusion 1. The Committee is broadly content with the financial implications of the Bill as set out in the Regulatory Impact Assessment, subject to the comments and recommendations in this report. Should there be significant changes to the Regulatory Impact Assessment as a result of the recommendations made in this report, the Committee may consider those changes in more detail.

Recommendation 1. The Committee recommends that, if significant changes are made to the Bill during its passage through the Senedd, the Minister undertakes the necessary modelling of potential costs and that these should be updated in a revised Regulatory Impact Assessment.

Recommendation 2. The Committee recommends that the Minister models the anticipated savings as a result of this Bill, to quantify the impact of scrutiny benefits, with specific reference to the improved scrutiny of legislation and budgets in the Senedd, and for this information to be included in a revised Regulatory Impact Assessment.

³⁷ Finance Committee: Scrutiny of the Senedd Commission Draft Budget 2024-25, paragraph 79

Conclusion 2. The Committee believes that cost estimates relating to alternative policy goals, namely a different increase in the number of Members of the Senedd or the introduction of job sharing for Members, should not be included within the impact assessment for this Bill. However, should such policies be followed, either using this Bill or through future legislation, they should be accompanied by detailed cost estimates to inform consideration by this or future Seneddau.

Recommendation 3. The Committee recommends that the Senedd Commission continues to present costs relating to Senedd reform as ring-fenced within its annual budget documentation to ensure clarity and transparency.

3. Senedd Commission costs

42. The Senedd Commission would incur total transitional costs of between £5,787,300 to £5,986,800 over the appraisal period.³⁸ These costs include:

- an expansion of the current Siambr;
- the creation of additional offices within Tŷ Hywel; and
- staff costs associated with the implementation of the Bill.³⁹

43. The Senedd Commission would also incur total ongoing costs of between £82,196,900 and £100,017,500 over the appraisal period.⁴⁰ This relates to costs for:

- additional staff within the Commission;
- office holder costs;
- Member and support staff salaries; and
- other allowances.⁴¹

44. The RIA assumes a minimal and greater change scenario. The assumptions for the minimal change scenario were that it would entail:

- up to four party groups;
- one additional committee;
- a similar level of plenary time; and
- a similar number of sitting weeks.

45. The assumptions for the greater change scenario were that it would entail:

- five party groups;
- up to three additional committees; and
- an additional day of plenary time; and an additional sitting week.⁴²

³⁸ Welsh Government, Explanatory Memorandum, page 127

³⁹ Welsh Government, Explanatory Memorandum, page 127

⁴⁰ Welsh Government, Explanatory Memorandum, page 127

⁴¹ Welsh Government, Explanatory Memorandum, page 127

⁴² Welsh Government, Explanatory Memorandum, page 137

Senedd Commission staff costs

46. The RIA notes an increase in Senedd Members from 60 to 96 would require additional staffing within the Senedd Commission across its 15 services.⁴³ It also states:

“In some areas a proportional increase has been assessed as not being necessary and in preparing the material for inclusion in the RIA the assumption was that increases in headcount for Commission staff should be kept to a minimum and reflect any ‘cap’ on the overall Commission staffing establishment agreed in the Senedd Commission’s Medium Term Financial Plan.”⁴⁴

47. The Committee asked the Senedd Commission for assurance that the additional Commission staff estimated in the RIA will be sufficient to meet the expected increase in workload. The Chief Executive told the Committee:

“Yes, and we keep head count increases to a minimum generally, as I’ve reported to this committee before. There is a balance there, of course, between ensuring that we are realistic in our estimates and don’t envisage situations that are going to put too much pressure on staff or require us to pull in additional staff later. But the process I described is the most robust one we can, working from the evidence that we have, to reach the figures that we did.”⁴⁵

48. In relation to staff costs, Alun Davidson, Parliamentary Business Strategy Clerk told the Committee:

“When we initially presented the costs to the Welsh Government, we presented salaries on the basis of the top of the scale, but, in keeping with Welsh Government practice, they then requested that they were presented as an average figure. ... Also, in our first cut of the figures, we had some allowance in there for potential pay increases, but, again, in keeping with Welsh Government practice, which I think is guided by Welsh Treasury guidance, that figure of a potential pay increase was removed.”⁴⁶

⁴³ Welsh Government, Explanatory Memorandum, page 140

⁴⁴ Welsh Government, Explanatory Memorandum, page 140

⁴⁵ Finance Committee, RoP, paragraph 89, 11 October 2023

⁴⁶ Finance Committee, RoP, paragraph 23, 11 October 2023

Organisation of Senedd business

49. The RIA mentions the main areas of uncertainty when calculating the cost impact for the Commission of the provisions in the Bill, including decisions regarding the “organisation of Senedd business”, which will not be known until after the start of the Seventh Senedd in 2026 and decisions around number of Welsh Ministers (the cost implications of increasing the number of Welsh Ministers is considered in Chapter 4 of this report).⁴⁷

50. The Committee asked the Senedd Commission what impact the uncertainties relating to Senedd business could have on the cost estimates. The Chief Executive said:

“I will just say in broad terms we had a request to provide funding for certain scenarios within a certain frame to provide a reasonable basis for cost estimates. It is difficult to make any kind of guess at how much more or less that would cost in different scenarios without knowing what the decisions are that might be taken. I think that the kind of decisions that would impact significantly, of course, would be decisions about the arrangement of business, and so it would be a change in the number of Plenary sessions or a change in the number of committees, that sort of thing.”⁴⁸

51. The Chair of the IRB, likewise explained:

“We don't know exactly how the new Senedd is going to work, and it's not for us to decide that.’ So, there's a lot there that is unknown, and still remains unknown at the moment, but you have to start from somewhere.”⁴⁹

52. The Parliamentary Business Strategy Clerk provided an example of the uncertainty relating to the number of committees, he said:

“Looking at a greater change scenario, three committees were suggested under that scenario—three additional committees—and, of course, there are many variables when it comes to designing a committee system—... and you look at a situation where you have three additional committees, then that's the point, really, where you start to rub up against one of the—as we understand it, anyway—desired benefits from this reform, which is around Member capacity and the need for Members not to

⁴⁷ Welsh Government, Explanatory Memorandum, page 129

⁴⁸ Finance Committee, RoP, paragraph 27, 11 October 2023

⁴⁹ Finance Committee, RoP, paragraph 133, 11 October 2023

sit on multiple committees. So, once you go beyond that sort of point, it's highly likely you would start to see Members having to start doubling up on committees again. So, in those sorts of circumstances, it seemed right to us, or to the Commission, that at about that point of three additional committees was the place to consider drawing the line in the greater change scenario.”⁵⁰

53. The Parliamentary Business Strategy Clerk went on to highlight that there were some costs which were easier to estimate:

“Some other examples within the business modelling are more straightforward because they reflect what was said by the special purpose committee or some of the ranges that exist within the legislation. So, for example, the number of additional Deputy Presiding Officers, or the number of additional Ministers.”⁵¹

54. The Chief Executive also told Members that certain services would be impacted more than others by a change in the number of Members, “in terms of ICT support, in terms of Members' business services, you can expect more Members to create a greater direct need for Commission services”.⁵²

55. The Chief Executive added:

“... what we have done is undertake service planning to the best of our ability with the information that we have now. We've done so as robustly as we could at the time. We've already seen further work refining those costs, as I reported to this committee last week. Our initial estimates for the year 2024-25 are more modest in staff terms than we had originally estimated, and that is part of the difference between an early estimate and the detailed budget that we will put forward when we have fully considered every opportunity for savings.”⁵³

⁵⁰ Finance Committee, RoP, paragraphs 29, 11 October 2023

⁵¹ Finance Committee, RoP, paragraph 30, 11 October 2023

⁵² Finance Committee, RoP, paragraph 40, 11 October 2023

⁵³ Finance Committee, RoP, paragraph 42, 11 October 2023

Costs associated with an increase in Members

56. In relation to the calculation of Members' costs, the Chair of the IRB highlighted that "the assumptions were made on the basis of a previous year's determination".⁵⁴

57. The Bill provides for the size of the Senedd to be increased from 60 to 96 Members, by establishing 16 constituencies with six Members for each constituency.⁵⁵

58. The EM states that the Special Purpose Committee determined that:

*"... the boundaries for the 2026 election should be based upon the final 32 UK Parliamentary constituencies proposed by the Boundary Commission for Wales once it had concluded its 2023 Parliamentary Review, paired to create 16 new constituencies."*⁵⁶

59. The Chair of the IRB highlighted "how things might work in the future" with the new multi-member constituencies.⁵⁷ She explained:

*"... the regional Members have a much larger area to cover, they're doing less—generally speaking; I'm generalising here—in the way of casework. Constituency Members are doing more in the way of casework and they have a much smaller area to cover. Now, constituency Members, assuming they stay on, are going to have a larger area to cover, so they've got to get used to that and how they're going to approach it. Whereas regional Members, if they stay on, will actually be in a smaller area. And so I think the ways that people work—whether it affects travel, whether it affects office space, whether it affects the number of staff or indeed the type of staff—I think that's all open for question. For example, one of the aspects that we were told was hoped for with the changes that are proposed was that, obviously, there'd be more Members available to carry out scrutiny of legislation and, hopefully, to specialise in certain areas. Now that might mean a change in the type of staffing that they need to help them with that. It's one of the things that we want to find out about."*⁵⁸

⁵⁴ Finance Committee, RoP, paragraph 135, 11 October 2023

⁵⁵ Welsh Government, Explanatory Memorandum, page 61

⁵⁶ Welsh Government, Explanatory Memorandum, page 61

⁵⁷ Finance Committee, RoP, paragraph 167, 11 October 2023

⁵⁸ Finance Committee, RoP, paragraph 169, 11 October 2023

60. The Senedd Commissioner subsequently wrote to the Committee to provide further information. The letter states:

“Members are able to claim reimbursement of costs relating to travel on Senedd business (travel, subsistence and accommodation), in accordance with the Determination on Members’ Pay and Allowances. These meet the costs of travelling within Wales, the UK and international travel. Travel costs vary according to the Members’ personal preferences for discharging their functions. Without the detailed understanding of how Seventh Senedd Members’ may organise their constituency work in a multi-member constituency, and without pre-empting decisions which have as yet to be made, detailed analysis of costs estimating number of nights away, numbers of visits, lengths of visits, method of travel, from where to where etc. could not be made. A reasonable assumption was therefore made that it would be a similar pattern as currently exists.”⁵⁹

61. In relation to costs relating to residential accommodation, the letter says:

“... the underpinning assumption to these cost estimates are that the Inner, Outer and Intermediate areas remain as they are in the 2022-23 Determination. The Determination provides that some Members are able to be reimbursed for costs relating to residential accommodation or overnight stays in the Cardiff area in connection with the performance of their duties as a Senedd Member. The amounts they can claim are dependent on where their main home is in Wales.”⁶⁰

62. The Clerk of the Independent Remuneration Board (Clerk of the IRB) said that ahead of the Seventh Senedd the Board will “look at what costs, what support, does a Member need to discharge his or her parliamentary constituency duties”.⁶¹ He added:

“And so we’ll come up with a figure in terms of staffing costs, in terms of office accommodation costs, and they will typically be—. Albeit you’ve noted there are variations regionally in terms of costs of offices, for example, they have previously been set at a fixed budget. Where there have been differentials between Members, of course, is around the residential accommodation expenditure—the inner, intermediate, outer—because Members

⁵⁹ Letter from the Senedd Commissioner for Budget and Governance, 31 October 2023

⁶⁰ Letter from the Senedd Commissioner for Budget and Governance, 31 October 2023

⁶¹ Finance Committee, RoP, paragraph 170, 11 October 2023

have different travelling needs, accommodation needs et cetera. So, the board may or may not—I don't want to pre-empt the decisions of the board—look at different models for Members in different regions and what they might need as a Member in a particular constituency compared to another.”⁶²

63. The Chair of the IRB noted that in the Seventh Senedd there is the potential for “maybe 50 per cent of the Members” to be new and they “may want to conduct their business in a different way”.⁶³ She continued:

“... you might have some of them who don't want any office at all and actually prefer to act in a completely hybrid way—at the moment, we only have one who does that. But we also have to be prudent, and assume that people will want the traditional office structure. And we haven't yet taken any decisions on that office cost figure, or indeed on the staffing figures for the future. That's all work that we are doing some preparatory work on at the moment.”⁶⁴

64. The Clerk of the IRB also noted that leaders of a political group (not in government) are entitled to an additional salary per Member of their group, which is not accounted for in the RIA. He explained:

“... So, if there's a group of three, a group leader of three, the estimates in the RIA need to be uprated by £3,000 for the one group leader in the minimal change, and up to just over £6,000 in the maximum. So, it's only a small change on the face of the RIA.”⁶⁵

65. The Committee asked the IRB about the potential effects on the Members' Pension Scheme as a result of additional Members. The Chair of the IRB indicated that this was a question best put to an actuary, however she noted:

“... if you have younger Members, certainly initially, the costs go down. What the demographic life expectancy is is obviously going to affect things at a later stage.”⁶⁶

66. Subsequently, the Chair of the IRB wrote to the Committee following the Board's meeting with the actuary. The letter states:

⁶² Finance Committee, RoP, paragraph 170, 11 October 2023

⁶³ Finance Committee, RoP, paragraph 159, 11 October 2023

⁶⁴ Finance Committee, RoP, paragraph 159, 11 October 2023

⁶⁵ Finance Committee, RoP, paragraph 138, 11 October 2023

⁶⁶ Finance Committee, RoP, paragraph 179, 11 October 2023

“... the Actuary noted his view that, all other things being equal, a younger membership could mean that Commission contributions to the Scheme would reduce as their benefits are payable at a later date than those of older members and are therefore funded for over a longer period. At the same time the Actuary’s valuation makes it clear that the Scheme’s funding level and ongoing costs are sensitive to both investment markets and inflation. The likely impact of a younger membership will be taken into account in future Scheme valuations alongside such other considerations, if the Senedd’s membership is increased via legislation. The next triennial valuation will be at 1 April 2026 with any potential changes in Commission contributions impacting budgets for 2027-28.”⁶⁷

67. The Committee asked the Senedd Commission if it envisaged an increase in energy costs as a result of increased Members on the Senedd estate. The Commissioner said:

“I don’t think it’s entirely accurate though to assume that costs would increase by a third if you’re increasing the number of Members, because we’ve been able to identify that all of those additional Members will be able to be accommodated within Tŷ Hywel... I think it’d be far, far less than an increase in a third on the utility costs, because we already utilise the space that’s going to be used for those additional Members anyway. So, if anything, it’d be pretty flat.”⁶⁸

Gender quotas

68. The EM mentions that “a further Bill will be brought forward to introduce gender quotas for candidates for election to the Senedd, with the aim of making the Senedd more effective by being more representative of the people it serves”.⁶⁹

69. When asked about the financial impact that this change would have on the Commission, the Minister said he couldn’t “see any circumstances where it should be more expensive to have women Members as opposed to male Members”.⁷⁰ Therefore, he didn’t “envisage that there is any cost implication to that”.⁷¹

⁶⁷ [Letter from the Chair of the Independent Remuneration Board, 23 October 2023](#)

⁶⁸ Finance Committee, RoP, paragraph 70, 11 October 2023

⁶⁹ Welsh Government, Explanatory Memorandum, page 72

⁷⁰ Finance Committee, RoP, paragraph 228, 18 October 2023

⁷¹ Finance Committee, RoP, paragraph 230, 18 October 2023

Job-sharing

70. Section 7 of the Bill relates to the issue of job-sharing for particular offices in the Senedd and the Welsh Government.⁷²

71. The Bill does not introduce any provisions that would establish job sharing but instead places a requirement on the Llywydd to table a motion to establish a Senedd committee to review the issue within six months of the first election held after 6 April 2026. As such, no costs are included in the RIA.⁷³

72. Although the Bill does not introduce any provisions that would establish job-sharing, the Committee asked the Minister what consideration was given to modelling these costs. He said:

“The view I take is that it's not appropriate to have any modelling or to actually address that because the Bill, the legislation, won't change by any stretch the issue of job sharing. What it does is facilitate a debate. It ensures that, by the tabling of a motion by the Llywydd, there will be a discussion of that. Where that discussion goes, how far it goes, will be a matter for the next Senedd. So, I don't think it's appropriate, then, on the basis that there is no proposal for the implementation of that, to do any modelling or to do any costing on it.”⁷⁴

73. Likewise, the Chief Executive said the Commission “haven't had discussions” with the Welsh Government “because the Bill doesn't contain any firm proposals for job sharing” so “those figures weren't requested”.⁷⁵

Sunk costs

74. The EM estimates sunk costs that will be incurred prior to the Bill potentially receiving Royal Assent. The RIA notes these costs “have not been included in the overall costing of this RIA since they will have been incurred even if the Bill were not to complete its legislative passage”.⁷⁶

75. Such costs for 2023-24 include:

- expansion of the Siambr to accommodate 96 Members;

⁷² Welsh Government, Explanatory Memorandum, page 221

⁷³ Welsh Government, Explanatory Memorandum, pages 89 & 90

⁷⁴ Finance Committee, RoP, paragraph 232, 18 October 2023

⁷⁵ Finance Committee, RoP, paragraph 111, 11 October 2023

⁷⁶ Welsh Government, Explanatory Memorandum, page 151

- the creation of offices within Ty Hywel for 96 Members;
- Senedd Commission staff costs;
- ICT equipment; and
- externally contracted services for Members.

76. In relation to the expansion of the Siambr, the Chief Executive said:

“If we're to get the work done in time for 2026, then we need to start commissioning professional services in the coming year. That will give us some designs for the future, which will be an asset for the Commission, even should the Bill fall. But that is an example of the kind of thing that we have to commission in advance of the Bill passing.”⁷⁷

77. The CFO went onto explain:

“... in 2023-24, we actually had a ring-fenced portion of our budget for Senedd reform, and that was to support the initial work that needed to be undertaken. The majority of that is actually staff-related costs, so this is additional posts that we've agreed in order to support the early stages of Senedd reform. And those would be costs that would not have been incurred by the Commission, and so the Welsh Government has categorised those as being sunk costs, so they're not connected, with the exception of the experts that we've had to commission this year to create designs, as Manon has noted—it's not costs connected with the adaptations that will come in 2024-25 and 2025-26. It's specifically and predominantly staff costs; 88 per cent of it is actually additional staff costs that was required to support in 2023-24.”⁷⁸

Committee view

78. The Committee notes that some of the costs to the Commission outlined in the RIA have been calculated on a pro rata basis to reflect the number of additional Members, including salaries and pensions; and office and staff costs. Other costs, particularly those relating to the Senedd's ways of working have been modelled in a minimal and greater change scenario, varying between £14.5 million and £17.5 million annually. The Committee heard that some of the decisions relating to the arrangement of Senedd business will be for a future

⁷⁷ Finance Committee, RoP, paragraph 95, 11 October 2023

⁷⁸ Finance Committee, RoP, paragraph 100, 11 October 2023

Senedd to decide and the Committee notes that these costs are currently unknown.

79. The RIA includes increased costs for additional Commission staff, by grade. The costs by grade were calculated using the middle of the pay scale, with no allowances for pay awards or inflation. The Committee notes that this is in line with standard Welsh Government practice when estimating staffing costs for legislation. We also acknowledge that any new staters would start on the minimum of the pay scale. However, the RIA is unclear on how many of the current Commission staff are on the maximum of the pay scale. The Committee therefore believes that further modelling of Commission staff costs should be undertaken to include the minimum and maximum pay scales to provide a range of costs. Although the Committee recognises the robust processes have been followed by the Commission to estimate the additional staff required in light of this Bill being implemented, this additional information would be useful in understanding the range of costs involved.

80. The minimal and greater change scenarios make assumptions about different models of working, with the greater change scenario assuming an increase of three committees. The rationale for basing costs on the need for three additional committees was that any greater rise in the number of committees would replicate the need for Members to sit on multiple committees and thus could imperil the scrutiny gains made possible by the additional Members. However, a future Senedd might opt for more than three committees. In which case the Committee is concerned that the scrutiny benefits and costs savings may not materialise, and the capacity gains would be limited.

81. The Committee notes the view that some Commission services will be impacted upon more than others as a result of an increase in Members, including ICT and Members' Business Support. The Committee notes that the additional estimates for increased security costs are linked specifically to the increased number of Ministers. However, the Committee believes that it is also possible that an increase in security would be required on the basis that an increase in Members could lead to greater engagement with the public and therefore an increased public footfall on the Senedd estate, as well as extended public opening hours. In relation to translation services, we also believe it is reasonable to consider that a proportionate increase in the number of Welsh-speaking Members could increase current demands.

82. Under the new electoral system, 16 larger constituencies will replace the current forty constituencies and five regions. The Committee is concerned that the creation of larger constituencies on average could have financial implications

for Members' travel costs. There would also be a financial impact on expenditure relating to Members' residential accommodation, which is currently based on inner, intermediate and outer areas, and we note that these will not be re-examined until the new constituencies are known.

83. Whilst the pairing of constituencies is currently not known, the Committee is concerned that larger constituencies and more Members in those constituencies is likely to lead to an increase in travel costs. This might suggest that the existing average travel estimates across constituency and regional Members, which forms the basis for the estimates of travel costs in the RIA, is less precise than it might be as new Members will combine the constituency roles across the larger area of existing regional Members. As a result, a more accurate assessment may be to model costs based on regional Members' travel habits.

84. Furthermore, the type of roles and the amount of travelling undertaken by staff currently employed by constituency and regional Members typically varies, and therefore using an average staff profile to estimate future costs within the RIA may not provide the most accurate costs. The Committee therefore has concerns around the data used in the RIA to estimate these costs and believes that there could be a significant uplift in travel and staffing costs for Members attributed to the new electoral system.

85. The Committee notes that the increase in Members will result in a greater demand for office space within Tŷ Hywel. We also note the Commission's view that there is unlikely to be a significant increase in energy costs on the basis that the space that will be used to accommodate the additional Members is already being used. However, the Committee believes these issues should be explored further to assess the costs implications.

86. The Committee is disappointed that the Determination on Members' Pay and Allowances 2022-23 was used to calculate Members' costs rather than the current financial year's Determination for 2023-24. In addition, whilst the RIA calculates the costs for leaders of a political group, it does not allow for the additional salary a leader is entitled to for each additional Member of that group (up to the maximum allowed for in the Determination). The Committee believes these are gaps in the current estimates and calls for the RIA to be updated to include these costs.

87. The Committee notes that the potential election of younger Members to the Senedd might bring a short term boost to the Members' Pension Scheme as those Members' benefits would be payable at a later date than those of older Members and are therefore funded over a longer period. However, we

acknowledge the Actuary's view that, as the Scheme's funding level and ongoing costs are sensitive to both investment markets and inflation, there remains volatility in the level of savings or costs.

88. The Committee welcomes initiatives that would encourage greater gender parity in the Senedd. However, the Committee also considers that family-friendly working cultures, such as flexible working hours, provisions for on-site childcare and a greater use of hybrid working, will have cost implications. Although we acknowledge such proposals go beyond the policy objectives of this Bill, we believe there is merit in assessing the impact that such initiatives will have on services and costs once details of such proposals have been published.

89. While job sharing is not a direct policy goal of this Bill, the Committee notes that the potential benefits of such an approach has been considered. We also note that Members might be more willing to engage in job sharing if this is perceived to be a route by which to take parental leave and achieve a better work-life balance.

90. The RIA includes sunk costs relating to the expansion of the Siambr. These include costs for additional staff to support the early stages of Senedd reform and professional services to consult on design options for the renovation of the Siambr and Tŷ Hywel estates. In addition, the RIA suggests that there would be costs associated with not implementing the legislation now, and delaying implementation to a later date. The Committee believes this is a reasonable claim given that if this Bill was introduced at a later date, the costs of the Senedd estate renovations could be higher due to inflation.

Recommendation 4. The Committee recommends that the Minister, in consultation with the Senedd Commission, undertakes further modelling of Commission staff costs to include the minimum and maximum pay scales to provide a range of costs, and for this information to be included in a revised Regulatory Impact Assessment.

Recommendation 5. The Committee recommends that the Minister, in consultation with the Senedd Commission, undertakes modelling work to understand the impact of an increase in committees, beyond the three additional committees estimated in the Regulatory Impact Assessment, on the scrutiny benefits arising from the Bill and that this information should be included in a revised Regulatory Impact Assessment

Recommendation 6. The Committee recommends that the Minister, in consultation with the Senedd Commission, undertakes a cost-benefit analysis on

the number of additional committees that may be required and that this information should be included in a revised Regulatory Impact Assessment.

Recommendation 7. The Committee recommends that the Minister, in consultation with the Senedd Commission, undertakes a review of the current configuration of Members' offices in Tŷ Hywel, to include:

- an assessment and cost-benefit analysis on the use of open-plan working; and
- an assessment of the energy use.

Recommendation 8. In light of the new electoral system which may result in uplifts to Members' travel, residential accommodation and staff costs, the Committee recommends that the Minister, in consultation with the Senedd Commission, reassesses these costs and provides a range rather than using the average costs of current Members, and for this information to be included in a revised Regulatory Impact Assessment.

Recommendation 9. The Committee recommends that the Minister, in consultation with the Senedd Commission, updates the cost estimates relating to Members in the Regulatory Impact Assessment:

- using the financial information from the latest available Determination on Members' Pay and Allowances; and
- includes the additional salary to leaders of a political group (not in the government) for each Member in their group (up to the maximum allowed for in the Determination).

Recommendation 10. The Committee recommends that the Minister, in consultation with the Senedd Commission, undertakes further work to assess the impact that different demographics of newly elected Members will have on the Members' Pension Scheme.

Recommendation 11. The Committee recommends that the Minister, in consultation with the Senedd Commission, provides further clarity on the schedule of work that will be undertaken on the Senedd and Tŷ Hywel estates, should the Bill not be agreed.

4. Welsh Government costs

Transitional and on-going costs

91. The RIA notes there will be a transitional cost of £1,968,600 to Welsh Government for the creation of additional Ministerial offices in Tŷ Hywel and staff costs to implement the Bill.⁷⁹

92. The RIA says the Welsh Government's ongoing costs are expected to be between £8,342,300 and £10,270,200. The majority of costs are expected to be the opportunity costs associated with needing additional private office and Cabinet Secretariat staff as well as security and IT.⁸⁰

Additional Welsh Ministers and associated administrative support

93. The RIA notes three scenarios in relation to the number of Ministers:

- no additional Ministers appointed
- appoint five additional Ministers (allowed in the Bill)
- appoint a combination of Ministers and Deputy Ministers to the five additional Ministerial positions.

94. The appointment of five additional Ministers would cost approximately £1.3 million per annum to provide Private Office support.⁸¹ The RIA also includes costs of £963,000 to provide Private Office support for three Ministers and two Deputy Ministers, which would be incurred from 2026-27. Costs are based on the standard composition of Ministerial and Deputy Ministerial Private Offices.⁸²

95. The RIA notes that Welsh Ministers are provided with direct support by the Welsh Government Civil Service to support them in carrying out their Ministerial duties. It is estimated the additional support would be provided from within existing resources by redeploying staff from other roles. This would result in an opportunity cost, which has been included in the cost implications of the Bill.⁸³

⁷⁹ Welsh Government, Explanatory Memorandum, page 127

⁸⁰ Welsh Government, Explanatory Memorandum, page 127

⁸¹ Welsh Government, Explanatory Memorandum, page 171

⁸² Welsh Government, Explanatory Memorandum, page 170 & 171

⁸³ Welsh Government, Explanatory Memorandum, page 168

96. The Minister said:

“... on the basis that the resources we have currently provide for all the existing responsibilities we have, the only circumstances where additional resource would, I think, actually be needed would be, for example, if there were additional devolved responsibilities. You know, of course, of Welsh Government's interest on the issues of youth justice, probation and so on. Well, if those were to come—well, of course, those would be as a result of negotiations with the UK Government, not only in terms of the transfer of those responsibilities, but also in terms of the costs that flow with them. So, those are things that would be incorporated separately, would need to be assessed by the Senedd separately, while on the basis of the existing responsibilities we have, and existing resources, it really is a question of the maximisation of the way in which they are used, the most efficient way and the most prioritised way, and the most focused way.”⁸⁴

97. However, the Minister noted that “if there are additional Ministers, there will be, potentially, in the Senedd, more committees”.⁸⁵ He continued:

“So, there's attendance at committees, there's the support for Ministers in terms of the briefings for those particular committees, potentially more questions that have to be responded to, and there might be more engagements and so on that have to be accommodated. Now, all those are accommodated with a certain number of Ministers at the moment. The issue there, of course, is, in order to have better scrutiny, there needs to be more time allocated to it. But I think the actual work that's done—the briefings, the policy work, the support work—is work that takes place anyway. I think all that happens is that that becomes the subject of much greater focus, and ministerial time is actually greater to enable the Minister to actually be able to, not only specialise in those areas, but, then, to respond to them as well.”⁸⁶

⁸⁴ Finance Committee, RoP, paragraph 209, 18 October 2023

⁸⁵ Finance Committee, RoP, paragraph 209, 18 October 2023

⁸⁶ Finance Committee, RoP, paragraph 209, 18 October 2023

Committee view

98. The Committee is unconvinced by the Minister’s argument that an increase in Welsh Ministers will not lead to an increase in the number of Welsh Government officials unless further responsibilities are devolved to the Welsh Government. The Minister claims that the current staffing levels “provide for all the existing responsibilities”. However, the Senedd is the smallest of the three devolved legislatures, and the Welsh Government is the smallest of the three devolved administrations. Now that the legislative competence gap between Wales and the other two devolved legislatures has decreased, it is reasonable to assume that, if there is an increase to the Executive, an increase in the civil service may also be required.

99. Furthermore, as the Minister acknowledges, the increase in the size of the Senedd and potential increase in the number of Ministers will inevitably have significant implications for the Welsh Government’s own ways of working, as it responds to increased levels of parliamentary scrutiny. The scale of the increases within governmental posts suggests that it will be difficult to sustain levels of ministerial support within existing resources, and we ask that further work is conducted to understand the likely impact of this on the Welsh Government’s workforce.

100. It is worth noting that, the purpose of the legislation is to increase capacity within the Senedd. However, if some of the capacity resulting from additional Members is taken up by an increase in the size of the Executive, less of the new capacity will be available to take on scrutiny roles. This calls into question the potential savings arising from the Bill as a result of better parliamentary scrutiny, and we call for further work to be undertaken to better understand the financial impact of this change.

Recommendation 12. The Committee recommends that the Minister provides evidence to confirm the assertion that no additional Welsh Government staff will be required, as a result of an increase in the Senedd’s membership.

Recommendation 13. The Committee recommends that the Minister undertakes further work to assess the impact that a maximum increase in the number of Welsh Ministers will have on the number of Members available to undertake a scrutiny role and the effect this will have on the potential savings referred to by the Minister through improved scrutiny.

5. Boundary Reviews and Election costs

Local Authorities

101. The RIA states that there is a transitional cost of £60,000 to local authorities arising from the Bill.

102. The RIA notes there is currently a large degree of uncertainty around the costs to the local authorities and it is possible that additional costs and savings could be identified once the pairing arrangements for constituencies have been confirmed and Local Authorities are able to consider the operational impact of those and the implications for election costs.⁸⁷

103. In response to the uncertainties around the costs to local authorities, the Minister assured the Committee that:

“... costs borne by local authorities in respect of elections are borne by the Welsh Government, so they are paid for. We do have the figures in respect of previous elections, and so on. The uncertainties predominantly flow from the boundary pairings, and so on. And as I've said earlier, this is work in progress, and as things are known, then better costings and evaluations will be done of that.”⁸⁸

Reduction in Senedd Term Lengths

104. The Bill provides for the reduction of the length of Senedd terms from five years to four years by changing the frequency of ordinary general elections. This would mean that following the ordinary general election in May 2026, the following ordinary general elections will be held on the first Thursday in May 2030, then May 2034, and so on.⁸⁹

105. The Auditor General wrote⁹⁰ to the Reform Bill Committee in relation to cost implications that arise from the reduction in Senedd terms that are not covered in the RIA. The Auditor General's letter highlights:

“Reversion to a four-year electoral cycle has consequential effects on my sustainable development examination duties set

⁸⁷ Welsh Government, Explanatory Memorandum, page 211

⁸⁸ Finance Committee, RoP, paragraph 242, 18 October 2023

⁸⁹ Welsh Government, Explanatory Memorandum, page 88

⁹⁰ [Letter from the Auditor General for Wales to the Reform Bill Committee](#)

*out in section 15 of the Well-being of Future Generations (Wales) Act 2015.*⁹¹

106. The Auditor General's letter explains he would see a:

*"... 25% increase in the frequency of sustainable development examination and reporting, which will almost certainly lead to some similar increase in the cost of such work. It is difficult to model the exact effect, as some work undertaken to exercise the section 15 duty also informs the exercise of other functions. However, with the present cost of such work at some £1.8 million to meet the minimum statutory requirements for 48 bodies in each election cycle (at current prices and in compliance with current quality standards), such an increase could amount to about £435,000 overall in each cycle. The increase would, of course, be greater if further bodies are designated."*⁹²

107. In addition, the Auditor General's letter states that "there are similar electoral cycle-related effects on the Welsh Government and the Future Generations Commissioner".⁹³

108. However, the letter states that the prospect of increases in costs in Well-being of Future Generations work arising consequentially from the Bill "underlines the need for post-legislative review of the 2015 Act". The Auditor General said that whilst it is his understanding the Welsh Government "may have some post-legislative evaluation planned", it is unknown whether this "will enable changes to the 2015 Act to address the effect of the Bill".⁹⁴ The letter continues:

*"The 2015 Act has successfully embedded the concept and practice of regular external examination of adherence to the sustainable development principle in the setting and pursuit of well-being objectives, but it would now seem to be appropriate to refine the model so that such examination and reporting can be risk-based and so more proportionate and streamlined overall, thus avoiding or mitigating the additional costs I have described."*⁹⁵

⁹¹ Letter from the Auditor General for Wales to the Reform Bill Committee

⁹² Letter from the Auditor General for Wales to the Reform Bill Committee

⁹³ Letter from the Auditor General for Wales to the Reform Bill Committee

⁹⁴ Letter from the Auditor General for Wales to the Reform Bill Committee

⁹⁵ Letter from the Auditor General for Wales to the Reform Bill Committee

Cost savings

109. Ongoing cost savings of £751,000 have been identified for local authorities as a result of changes to the electoral system (reduction in number of ballot papers) and number of constituencies (saving on Returning Officer fees).⁹⁶

110. The RIA also notes:

“Further savings may result once more information is available on the exact pairing of constituencies which will allow decisions to be taken on practical election issues such as size and location of count venues.”⁹⁷

111. The Minister confirmed that the “bulk” of the £751,000 savings will be made from the “operation of the elections” as “there will be only one ballot paper”. He said the savings would be over an eight-year period covering the 2026 and 2030 elections. He added:

“There are certain other savings that exist by virtue of the fact that there will only be, potentially, 16 central counting centres. There are certain imponderables in terms of costs, in terms of knowing precisely once a pairing is complete—we don't know what that pairing might ultimately amount to, but there are certain savings that are there as well.”⁹⁸

112. The Deputy Director of Senedd Reform, Welsh Government explained:

“... Within the broader scope of costs, I think the conversations that we had with the local authority representatives were that a number of these things act against each other, so the larger count venues may be more expensive, but then you would have fewer of them, for example, and you may therefore have some additional savings that are offset by others. So because there were a number of things interplaying, it was just impossible to quantify it.”⁹⁹

113. The Deputy Director of Senedd Reform, Welsh Government told the Committee that a working group had been established which includes representation from the electoral community across a number of local authorities”.¹⁰⁰ He said:

⁹⁶ Welsh Government, Explanatory Memorandum, page 127

⁹⁷ Welsh Government, Explanatory Memorandum, page 127

⁹⁸ Finance Committee, RoP, paragraph 187, 18 October 2023

⁹⁹ Finance Committee, RoP, paragraph 251, 18 October 2023

¹⁰⁰ Finance Committee, RoP, paragraph 174, 18 October 2023

“... they identified that there may be other savings and also other costs that were impossible to quantify until the constituencies were known, and that involves the counts and the count venue, but also the location of polling stations, and so on, which may need to be reviewed in light of the boundary review having been completed.”¹⁰¹

Local Democracy and Boundary Commission for Wales

114. The RIA states that there will be a transitional cost of £42,000 to the Local Democracy and Boundary Commission for Wales for undertaking boundary reviews ahead of the 2026 and 2030 elections.

115. The Local Democracy and Boundary Commission for Wales would incur costs of £2,037,600 for undertaking boundary reviews ahead of the Senedd elections in 2026 and 2030.¹⁰²

116. The Minister said for the 2026 elections:

“... we're using the parliamentary boundaries that are now established. The election after that ... for 2030, it would be a review, which allows some review of the boundaries within, I think, a 10 per cent margin. So, that would be, obviously, substantially more work...”¹⁰³

117. The Deputy Director of Senedd Reform, Welsh Government added:

“The review ahead of the 2026 election is a streamlined review, but it is undertaken in a much shorter time frame, whereas, the full review that would follow the 2026 election, the annual costs are lower, but, actually, it's over a three-year period as opposed to over a single-year period. The Bill obviously requires the boundary commission to undertake certain steps, including public consultation, and so the costs are associated with that step as well as obviously the work to actually pair for 2026, and then, obviously, a much more detailed exercise.”¹⁰⁴

118. The Deputy Director of Senedd Reform, Welsh Government said:

“The RIA does include, for the local democracy and boundary commission, the cost of additional commissioners, but also the cost of additional staff—or rather the staff required to deliver on

¹⁰¹ Finance Committee, RoP, paragraph 188, 18 October 2023

¹⁰² Welsh Government, Explanatory Memorandum, page 127

¹⁰³ Finance Committee, RoP, paragraph 274, 18 October 2023

¹⁰⁴ Finance Committee, RoP, paragraph 275, 18 October 2023

the boundary review—some of which, as you said, Chair, are opportunity costs and some are actually requirements for additional staff.”¹⁰⁵

119. In a letter to the Reform Bill Committee, the Minister states:

“It will be for the DBCC to determine its needs having given consideration to its workload in the round. Initial discussions with the current secretariat of the Local Democracy and Boundary Commission for Wales suggest that the comparatively straightforward and streamlined pairing nature of the 2026 review would – in itself – mean that the Commission could potentially undertake the review with the existing complement of Commissioners. However, the workload of the DBCC will also include the additional functions conferred by the Elections and Elected Bodies (Wales) Bill and the Commission will need to take account of these in its business planning. Consequently, the legislation provides for an increase in the maximum number of Commissioners to nine, which reflects the anticipated increased workload for the Commission in the longer term, which, in addition to the need for full Senedd boundary reviews, will also arise from the transfer of the functions of the Independent Remuneration Panel and establishment of the Electoral Management Board, via the Elections and Elected Bodies (Wales) Bill. However, this is a maximum number of Commissioners, and not a target. Any increase in the actual number of Commissioners will be subject to requirement, and a robust public appointment procedure.”¹⁰⁶

Committee view

120. The Committee notes the initial transitional costs of £60,000 to local authorities in 2025-26, and is pleased to hear that there will be an estimated saving of £375,500 per election year after this point. An increase in election frequency to four-year terms was costed, as were costs associated with the need for bigger counting venues, which were offset by the need for fewer of them and the use of one ballot paper rather than two.

121. The Committee believes the reduction in elections to every four years, and the increase of Members could lead to greater volatility in membership from one Senedd to the next. If a larger number of Members leave office, and this occurs

¹⁰⁵ Finance Committee, RoP, paragraph 271, 18 October 2023

¹⁰⁶ [Letter from the Counsel General and Minister for the Constitution to the Reform Bill Committee, 8 November 2023](#)

more frequently than under the current five-year election cycle, there could be an increase in cost implications for resettlement grants and other costs allowed for in the Determination on Members' Pay and Allowances. However, the Committee notes that any volatility could be mitigated by the new electoral system, which may produce greater stability in terms of a turnover of Members at each election.

122. We note the letter from the Auditor General to the Reform Committee Bill. The letter highlights the potential cost implications to the Auditor General, Welsh Government and the Future Generations Commissioner arising from the four year election cycles. The Committee is keen to understand if the Minister is intending to avoid or mitigate these additional costs. If this is not the case, the costs identified by the Auditor General should be assessed and incorporated into the Regulatory Impact Assessment. As the Committee responsible for the oversight of Audit Wales during the current Senedd, we note the impact that this change will have on its work.

123. The Committee notes the initial boundary review will be a pairing exercise, using the 32 UK Parliamentary constituencies for Wales proposed by the Boundary Commission for Wales and pairing them to create 16 constituencies for Senedd elections. For subsequent reviews, new constituencies will be drawn such that no constituency is 10 per cent over or under electoral parity. This could, therefore, lead to considerable change and thus higher costs.

Recommendation 14. The Committee recommends that the Minister undertakes further work to understand the level of volatility in membership from one Senedd to the next and associated cost implications, including the impact on the Members' Pension Scheme, in light of the move to a four-year election cycle.

Recommendation 15. The Committee recommends that the Minister provides clarity on the potential costs identified to the Welsh Government, Auditor General for Wales and the Future Generations Commission resulting from a four-year election cycle.

Recommendation 16. The Committee recommends that the Minister provides an update on costs once all the relevant boundary changes have been completed, to enable the Committee or a future finance committee to understand the full financial impact of the Bill.

Annexe 1: List of oral evidence sessions.

The following witnesses provided oral evidence to the committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed on the [Committee's website](#).

Date	Name and Organisation
11 October 2023	<p>Ken Skates MS, Senedd Commissioner with responsibility for Budget and Governance</p> <p>Manon Antoniazzi, Chief Executive and Clerk of the Senedd</p> <p>Kate Innes, Chief Finance Officer of the Senedd</p> <p>Alun Davidson, Parliamentary Business Strategy Clerk, Senedd</p>
11 October 2023	<p>Dr Elizabeth Haywood, Chair, Independent Remuneration Board of the Senedd</p> <p>Daniel Hurford, Clerk, Independent Remuneration Board of the Senedd</p>
18 October 2023	<p>Mick Antoniw MS, Counsel General and Minister for the Constitution</p> <p>Will Whiteley, Deputy Director, Senedd Reform, Welsh Government</p> <p>Emma Alexander, Head of Senedd Reform Delivery, Welsh Government</p>