

Budget: 2019-20

November 2018



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

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1. Introduction

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

The budget for the Assembly Commission is used to meet the running costs of the National Assembly for Wales and the costs of Assembly Members' Salaries and Allowances as determined by the independent Remuneration Board.

The Assembly Commission serves the National Assembly to help facilitate its long-term success as a strong, accessible, inclusive and forward looking democratic institution and legislature that delivers effectively for the people of Wales.

Its function is to provide the National Assembly with the staff, property and services required to fulfil this role.

Assembly Members carry a significant responsibility and privilege representing the interests of Wales and its people, making laws for Wales, agreeing Welsh taxes and holding the Welsh Government to account. It is our role as the Assembly Commission to provide high quality specialist staff and support services to ensure Members are fully equipped to undertake their scrutiny, legislative and representational roles and meet the expectations of the people of Wales.

The Commission's strategic goals for the Fifth Assembly are to:

- provide outstanding parliamentary support;
- engage with all the people of Wales and champion the Assembly;
- use resources wisely.

Our current priorities to achieve the Commission's strategy are as follows.

Outstanding parliamentary support	Engage all the people of Wales and champion the Assembly	Use resources wisely
<ul style="list-style-type: none">▪ Innovate and tailor our services to best support Members, exploiting technology▪ Enabling a strong institutional response to constitutional change and the outcome of the EU referendum▪ Deliver exemplary bilingual services	<ul style="list-style-type: none">▪ Engage strategically to make an impact on Assembly business through people visiting our estate, across Wales and online▪ Commit strongly to the young people of Wales▪ Make trusted information easy to find, use and share in a digital world▪ Share our learning in Wales and beyond	<ul style="list-style-type: none">▪ Continuously increase efficiency and effectiveness and measure and report on improvement▪ Be completely transparent and accountable in the financial management of our budget▪ Reduce our environmental impact▪ Build our people capability▪ Integrate diversity and inclusion into decision making, service design and delivery

This budget focuses on the delivery of the Commission's priorities in the context of a Fifth Assembly facing ongoing, significant constitutional changes, with the UK scheduled to withdraw from the EU on 29 March 2019.

In this budget document, we set out the progress we have made and the areas for further focus over the next two financial years. Indicative figures for 2021-22, the first year of the Sixth Assembly are also included.

Last year, the Finance Committee indicated that they would expect the Commission's budget to increase by no more than the corresponding change in the Welsh Government's budget. Our budget proposals reflect this recommendation.

Inevitably, we have to make difficult choices in achieving our ambitions against the backdrop of continued significant financial challenge across public sector finances. To ensure that resources are focused on priority areas, our budget

strategy and corporate planning sets out our priorities for change, innovation and investment over the remainder of this Assembly. They are reflected in these budget proposals.

We have in place robust frameworks for service and resource planning, performance reporting and achieving value for money. A new Executive Board, led by the Chief Executive, ensures strong governance, planning and oversight of our budget strategy and corporate planning. The Executive Board also has oversight of resourcing and prioritisation activities.

This budget for 2019-20 sets out a total Commission resource requirement for £57.023 million. The budget:

- will enable us to resource services properly and to invest in essential development work;
- demonstrates our commitment to improving the clarity and transparency of our investment plans and our governance arrangements.

Commissioners



Elin Jones AM (Plaid Cymru)

The Llywydd is Chair of the Assembly Commission and also has responsibility as a Commissioner for communications and engagement.



Suzy Davies AM (Welsh Conservatives)

Commissioner with responsibility for budget and governance, including Audit and Risk Assurance Committee membership.



Joyce Watson AM (Welsh Labour)

Commissioner with responsibility for equalities, and the Commission as the employer of Assembly staff.

Commissioner (UKIP)

Commissioner with responsibility for security and Assembly resources.



Adam Price AM (Plaid Cymru)

Commissioner with responsibility for official languages, and delivery and transformation of services to Members.



2. Budget Approach 2019-20

The budget approach for 2019-20 makes provision for costs that can be predicted with relative certainty, while building in resilience. This reflects the uncertainty facing the Commission over the next financial year, with regards to the emerging impact of Brexit, the Assembly's new powers and wider constitutional change within Wales and the UK.

Budget Ambit

Despite increasing pressure on resources over the first three years of this Assembly, the 2019-20 operational budget remains as previously stated in the 2018-19 budget document. At £36.076 million this is an increase of 1.66% on the 2018-19 operational budget.

The Finance Committee's November 2017 report on the Commission's 2018-19 Draft Budget, made the following recommendation:

the Committee recommends that in the remaining years of this Assembly, the Commission's budget should not be in excess of any changes to the Welsh Block Grant.¹

The Welsh Government has indicated that the expected increase to the Welsh Block Grant is likely to be in the region of 1.67%. The 1.66% increase in the Commission's operational budget for 2019-20 is within the 1.67% increase expected to the Welsh Block Grant in 2019-20.²

The Commission's overall budget, including Member related costs and a new project fund, has increased in line with the expected increase to the Welsh Block Grant and shows an increase of 1.67%.

¹ Scrutiny of the Assembly Commission Draft Budget 2018-19 (p9)
<http://www.assembly.wales/laid%20documents/cr-ld11245/cr-ld11245-e.pdf>

² <https://www.parliament.uk/documents/commons-committees/welsh-affairs/Wales-Office-Main-Estimates-Memorandum-2018-19.pdf> - Section 8 - Welsh Government DEL.

The 2018-19 budget document included a projection of the likely budget requirement for the remainder of the Fifth Assembly. This document projects forward to 2021-22, the first year of the Sixth Assembly. Inflationary increases of 1.66%³ and 1.74% have been used to estimate the operational budgets for 2020-21 and 2021-22 respectively. These are indicative budgets, and with the scale of change and challenge faced by the Assembly, it is likely that these forecasts will need revising in future budget documents. Any significant changes to either the size or remit of the Assembly will be fully costed and would be likely to require an entirely new budget strategy.

The Commission has taken a prudent view of the required funding, mindful of the wider public sector position.

The 2019-20 budget provides for the following;

- expenditure under the Commission's direct control (the operational budget);
- a project fund;
- depreciation;
- the budget for the Remuneration Board's Determination for Members' Pay and Allowances; and
- the accounting provision for the Members' Pension Scheme under the HM Treasury's Annually Managed Expenditure (AME) heading.

³ https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-june-2018-quarterly-national-accounts?utm_source=683cbb2d-0795-4f7e-9933-96daf0212871&utm_medium=email&utm_campaign=govuk-notifications&utm_content=weekly

Project fund

Annex 3 details the Commission's priority projects for 2019-20. The Executive Board will monitor and manage available funds to ensure any works that are undertaken are consistent with the goals and priorities of the Commission and provide value for money.

The 2018-19 Budget document noted that priority projects were funded from three sources:

- The capital budget;
- Underspend against operational budget lines; and
- Underspend against the Determination budget line.

The Finance Committee's recent inquiry to establish how other parliaments, within the UK and more widely, budget for expenditure related to Members' pay and allowances, recommended the following:

The Committee recommends the Commission reviews its approach to funding capital projects, ensuring that funding is allocated for core projects within its capital budget. ⁴

and also referred to the committee's earlier recommendation:

The Committee remains concerned as to the transparency associated with budgeting for forecasted underspend,....the Committee recommends that serious consideration is given to how the budget is determined.⁵

⁴ The Assembly Commission's use of the Remuneration Board's Determination underspend (p12)
<http://www.assembly.wales/laid%20documents/cr-ld11528/cr-ld11528-e.pdf>

⁵ Scrutiny of the Assembly Commission Draft Budget 2018-19 (p9)
<http://www.assembly.wales/laid%20documents/cr-ld11245/cr-ld11245-e.pdf>

Historically, the budget for the Remuneration Board's Determination has delivered an underspend which has been utilised by the Commission to fund certain projects. To address these recommendations and to increase transparency, this 2019-20 budget incorporates the following:

- any underspend against the Remuneration Board Determination budget line in 2019-20 will not be drawn from the Welsh Consolidated Fund and will be available for carry forward within the Welsh Reserve.
- a new project fund line is included, in addition to the Commission operational budget. This replaces the previous investment fund which was funded from determination and operational underspends.

These changes address the Finance Committee's recommendations by ensuring that there is additional transparency and that there is allocated funding for the Commission's capital and other large priority projects.

Capacity and Staffing Establishment

The Commission is very aware of and has responded to the continuing constraint around public sector finances, including a commitment to managing its staffing resources robustly to meet the needs of the Assembly, within its fixed establishment of 491 posts, until the next election.

Through a process of review, six vacant posts have been reallocated to meet the priority needs of Brexit and Assembly Reform.

The Capacity Review identified a number of services, functions and processes for an efficiency and effectiveness review, including committee support and communications. Some of this work is already underway and the Executive Board is planning further reviews over the next 12 months. .

In a number of service areas, we have taken the opportunity to share responsibilities between services as vacancies have arisen and this approach has contributed to the six vacancies mentioned above.

No organisation stands still in terms of its need for specific skills and experience, equally changing Assembly needs mean that the skills of some staff are no longer able to be used to meet new priorities. To help manage this change in resource needs, we have previously offered a Voluntary Exit Scheme (VES) to staff. The benefit of running a VES is that it enables the Commission to utilise the capacity released to deliver the highest priority needs and to adapt the skills mix so that it is aligned to current and identified future challenges. Any VES would be subject

to robust criteria for targeting and selection and also to manage costs. Given that we know we will face additional demands for resource to address the legislation arising from Brexit and Assembly Reform, within the establishment cap, we are seriously considering offering a VES in the final quarter of the 2018-19 financial year. The VES could be funded through operational business savings from the 2018-19 and 2019-20 staff budgets.

International Financial Reporting Standard (IFRS) 16 - Leases

A forthcoming change to accounting rules will require operating leases to be recognised as assets in the Statement of Financial Position and subject to depreciation, in order to increase transparency regarding an organisation's committed liabilities. The change is likely to take effect from the start of the 2019-20 financial year.

This budget document does not reflect the impact of this change. Once HM Treasury has reviewed and communicated its conclusions, following its consultation which closed on 31 July 2018, we will review its Financial Reporting Manual for 2019-20. This will be published in December 2018. The Commission will reflect any amendments that are required to the 2019-20 budget via a Supplementary budget to be laid in June 2019.

Any changes will affect the presentation of the budget but will not change the cash drawing requirement from the Welsh Consolidated Fund as stated in Table 3.

Civil Service Pension Scheme

The Government Actuary's Department is currently undertaking a valuation of the Civil Service Pension Scheme. The results of the valuation will determine the employer contributions the Commission will pay to the scheme from 1 April 2019.

It is possible that the Commission's contributions could increase from an average of 21% to an average of 28%. This increase could result in the Commission paying additional contributions of around £1.1million. This increase is not reflected in the figures contained within this budget document.

The Commission will review the implications of an increase to the employer contributions once the increase is known with certainty. If this increase cannot be accommodated within the 2019-20 budget, a supplementary budget will be considered during the 2019-20 financial year.

Procurement

The Commission is developing a strategy for increasing contract opportunities for Welsh based suppliers. Progress will be monitored regularly through a new corporate KPI which is set at 43% of supplier spend to be with Welsh based companies by the end of this Assembly. An action plan was approved by Executive Board in September 2018, setting out a series of actions aimed at encouraging Welsh based suppliers to interact with the Commission and bid for work.

3. The Challenges Ahead

The National Assembly faces unprecedented opportunities and challenges during the next two years.

Brexit and constitutional change

The Commission is determined to ensure the Assembly is equipped and prepared to play its part in the Brexit process. This means ensuring that Wales' interests are reflected in negotiations within the UK, with the European Union and with international trading partners, and being ready to scrutinise a significant volume of complex primary and secondary legislation in both Cardiff Bay and Westminster.

Scrutiny of Brexit is likely to put significant pressure on Members and staff. It may affect and, as a consequence, test the Assembly's existing procedures. It could also mean a major shift in the focus of Members' work towards scrutiny of subordinate legislation, Westminster Bills, potential Assembly Bills and Legislative Consent Memoranda. The Business Committee has an important role in maintaining oversight of the impact on Assembly business, while the Chairs' Forum discusses Brexit as a standing agenda item at its termly meetings, including the capacity of the Assembly to engage effectively. The Commission will continue to monitor developments to assess any resource implications arising.

This programme of Brexit legislation is taking place against a unique background of significant constitutional change in Wales. The devolution of powers to the Assembly and a move to a reserved powers model signals a new constitutional basis for the Assembly. Supporting Members to develop and implement new procedures, providing advice on legislative competence under the new settlement and undertaking more sophisticated fiscal analyses are all new challenges for Commission officials.

Assembly reform

The Wales Act 2017 gives the Assembly powers to address some important constitutional issues. This includes new powers over aspects of its internal and electoral arrangements.

Acting on behalf of the institution, the Commission is leading a programme of Assembly reform to consider how best to make use of these powers to help make

it a stronger, more accessible, inclusive and forward-looking legislature that delivers effectively for the people of Wales.

To ensure that any legislative proposals brought forward by the Commission are based on robust, politically impartial, independent advice, the Llywydd established an Expert Panel on Assembly Electoral Reform to review the evidence and make recommendations to her and the Commission, which was chaired by Professor Laura McAllister CBE.

The Panel reported in December 2017, making 16 recommendations for reform of the Assembly and its electoral arrangements. In February 2018 the Assembly unanimously endorsed the Commission's decision to consult the public on the Panel's recommendations and other proposals for reform of the Assembly. The consultation took place between February and April 2018.

On the basis of the consultation findings and political discussions, in July 2018 the Llywydd announced that the Commission had decided to pursue a two-phase legislative strategy. The first phase will include, among other reforms, legislating in 2019 to reduce the minimum voting age for Assembly elections to 16 with effect from 2021, and changing the name of the institution to Senedd Cymru / Welsh Parliament. The Commission will be seeking a mandate from the Assembly before it introduces any legislation. Any legislative proposals will be accompanied by robust estimates of the financial and other implications of any changes for the Commission and other stakeholders.

The costs of implementing a change in the Assembly's name are anticipated to arise in 2019-20 and 2020-21, subject to the passing of a Bill by the Assembly. In order to minimise the potential costs of changing the institution's name, the Commission intends to change only the Assembly's name, not pursue a wholesale rebrand or a change to the logo. Until legislation to change the name of the Assembly is in place, the institution will continue to be known by its current statutory name, the National Assembly for Wales, to avoid confusion and to minimise cost and disruption.

The Llywydd's statement in July 2018 stated that while there is sufficient support for the proposal to increase the number of Assembly Members there is not yet consensus on the voting system that should be used to elect that larger institution. The Commission has therefore decided to allow time for those discussions to continue over the coming months before returning to decisions on the potential second phase of its legislative reform programme.

The majority of the scoping and development of the legislative proposals will be delivered by re-prioritising of Commission staff resource. The Assembly

Commission has also agreed to share resources with Welsh Government in order to deliver the first phase, to avoid duplication of effort, given the policy overlaps between the Assembly Commission's Bill and the Local Government Bill. Reforming the Assembly's electoral system is a highly technical policy area which requires additional expertise and capacity for a short timeframe. Specialist legislative drafting expertise has been procured, with costs potentially falling in 2019-20 and 2020-21 (subject to the final scope of the legislative reforms). Some additional costs may also arise in these financial years to facilitate access to expert policy advice on technical issues.

Capacity and Prioritisation

Since 2007 there has been a steady growth in the Commission's establishment, (total number of posts), to meet the increased needs of the Assembly and its Members and in line with its expanded powers and responsibilities. This growth has been thoroughly scrutinised each year by the Finance Committee, Public Accounts Committee and the Assembly itself.

In September 2017, the Commission asked the Chief Executive and Clerk to the National Assembly for Wales to lead a review of the Assembly's structure and processes to understand how resources are currently allocated within the organisation and to evaluate whether this provides the most effective and efficient deployment of these resources.

The main themes to emerge from the first phase of the capacity review were:

- An agreement on the Commission's priorities;
- Improved planning and delivery;
- Greater agility in capacity and capability; and
- Development of a shared understanding of what the Commission does and what users can expect.

Following the Commission's consideration and approval of the Capacity Review's initial findings, a Steering Group was established to develop and agree proposals for delivering improvements in organisational efficiency and effectiveness.

This second phase of work considered the findings of phase one in more detail and developed approaches to delivering services more efficiently and effectively. The phase two report, published in July 2018, which concluded the capacity review, found that the Commission is in a strong position to face the challenges

ahead. The Executive Board is overseeing the implementation of the final action plan which will be delivered over the next 18 months.

Some of the significant actions which have been taken as a result of the Review include:

- formal engagement with the Committee Chairs' Forum and the Business Committee around prioritisation and forecasting of work and particularly resource planning for Brexit;
- better alignment of service and capacity planning with the budget planning cycle, enabling more informed decision-making and more effective long-term planning;
- re-structuring the senior management board arrangements;
- We have developed, tested and introduced a criteria-based Investment Prioritisation tool and process, to support our decision making;
- introduced immediate changes to staffing policies to deliver greater flexibility around allocation of staffing to meet short-term demands;
- The Executive Board has taken increased ownership of corporate change planning and risk management, effectively becoming the Commission's Change Board
- published a revised set of corporate priorities and organisational values
- identified service areas for review to improve efficiency and effectiveness

4. Supporting the Assembly

The 2019-20 budget is designed to ensure that the Assembly is resourced to meet the scrutiny implications of Brexit, the implementation of the new reserved powers model and the Commission's own legislative ambitions.

The priority projects for 2019-20 are based on the organisational priorities of the Commission - providing outstanding parliamentary support, increasing engagement with the people of Wales and using our resources wisely.

The projects prioritised for 2019-20 will address these challenges and assist the Commission in achieving these three strategic objectives.

TO PROVIDE OUTSTANDING PARLIAMENTARY SUPPORT

Legislation

Supporting legislation is a highly specialist and demanding task that draws in expertise from across the Commission's teams, in particular clerking, research, legal, communications and translation.

As well as continuing to invest in the staff who support the legislative process, enhancements will be made to the existing legislation software used by the Assembly Commission and the Welsh Government.

Legislation software is essential as it enables the production of high quality Bills, amendments and amendment lists facilitating the legislative process and providing business efficiency. Without the software, it would be necessary to increase the staff complement to manage the process and/or renegotiate the deadlines for legislative work set out in Standing Orders and the timetables agreed by the Business Committee.

The changes and benefits of enhancements to the existing software could include:

- Efficiency savings, which supports committees, Table Office and translation and reporting staff to shift more of their time from convoluted

process tasks, such as manually formatting amendments, to more value added tasks, such as drafting and making the legislation more accessible;

- A more integrated system which is closely aligned with external bodies such as the Welsh Government, The National Archive and other legislatures;
- A more seamless publication process to make Bills, amendment lists and Acts available in a consistent open data format from start to finish; and
- Eliminating the need for manual interventions so that the end-to-end system is more joined-up;

The estimated cost of these enhancements for the Commission is £200,000 over the next two financial years. Total costs of around £400,000 will be split to meet the joint objectives of the Commission and the Welsh Government. This will continue for two years while the next steps are considered for a long-term replacement of the software. The Commission's contribution is £100,000 in 2019-20 and £100,000 in 2020-21.

Plenary and Committees

The Commission provides extensive, tailored and high quality support to Plenary and committees. Many Commission services are directly involved in this provision including clerking, procedural, research, media and legal support; security and visitor services, simultaneous interpretation and translation; production of verbatim records; IT and broadcasting.

The ambition of the Llywydd, Commission and committee chairs is considerable – for instance, increased demand from committees for engagement and outreach work that feeds directly into committee legislative and policy oversight and scrutiny; significantly higher expectations for social media and other digital communications.

Two projects, focused on Petitions and Plenary, are currently in train, earmarked for completion during 2019-20.

The Petitions system is the most direct way that the public can raise their concerns and is viewed as an important gateway for engagement with the Assembly. Improvements to Petitions made by other parliaments have led to a significant increase in public engagement, there is therefore great potential for a new Petitions system to do the same.

The new Petitions system aims to deliver significant public engagement benefits:

- Improvements in the experience of Petitions Committee Members, as well as to Members and their support staff more widely, making it easier for them to be aware of issues of public interest being expressed through the Petitions system; and
- Efficiencies and release of staff time, which could be realised if the right solution is introduced.

Plenary systems use outputs from both Record of Proceedings and Table Office systems. The plenary project is looking at how those systems could integrate with efficiencies made in both processes and creating better outputs for Members and the public. This could release a significant amount of staff time which is currently spent on transferring data from other systems, and eliminating human errors.

The project will also look at an enhanced function for Members to request to speak in Plenary, potentially building on the Table Office portal which Members and their staff use successfully.

Academic Engagement

The Commission's Strategy for 2016-2021 includes a specific commitment to "leverage external expertise where necessary". We therefore developed an academic engagement strategy in 2016 to support policy and legislative scrutiny work, which included piloting and then evaluating a range of academic engagement initiatives.

We are now in a strong position to take forward specific, evidence based initiatives to enable us to bring in additional, often very specific expertise at a low cost to supplement the more generalist knowledge of our own staff who have to cover multiple policy areas. These include:

- The **Brexit Framework Agreement** which specifically addresses the priority area of support for Brexit related work. The Framework allows us to commission, at short notice, pieces of work on complex, technical aspects of Brexit, as well as contributing to the professional development of Members;
- Funding for an ongoing **academic Fellowship scheme**, building on the successful pilot scheme carried out in 2017-18. The Fellowship scheme allows us to facilitate the production of timely, relevant and useful academic research that can be used in a very practical sense to inform debate both within the Assembly and outside;

- A programme of **academic placements and internships** with the Assembly, including the UKRI Policy Internship scheme where PhD students each spend 3 months working in the Research Service. Six students were placed with us through this scheme in 2018 and we expect a similar number in 2019;
- **New pages for the website** featuring information about academic engagement;
- Further development of **other, complementary, initiatives** such as awareness raising workshops for academics about the work of the Assembly.

TO ENGAGE WITH ALL THE PEOPLE OF WALES AND CHAMPION THE ASSEMBLY

The Llywydd's engagement priorities for the Fifth Assembly include the development of our online engagement services, establishing a Youth Parliament, the development of an Assembly archive; and the ambitions described in the Commission's own Public Engagement Strategy (January 2017). Further specific recommendations and impetus have been added by the **report of the Digital News and Information Task Force**.

Public Information and Engagement

The Assembly celebrates its twentieth anniversary in 2019. The Digital News and Information Taskforce recommended that

“the twentieth anniversary since the Assembly's establishment in May 2019 is at the heart of a campaign to promote the stories of devolution and recommend to the Llywydd that she consider organising a Festival of Welsh Democracy to coincide with that anniversary.”

In June 2018, the Commission agreed to mark the anniversary by promoting its work, achievements and history during the week commencing 6 May 2019. The Commission also agreed to host a festival of democracy as the centrepiece of the anniversary to include lectures, events, and activities accompanied by performances likely to take place early in the autumn term and across Wales. The festival will engage, entertain and inform a variety of audiences, reflecting contemporary Welsh life, culture and excellence. It will also provide a space for citizens, civic groups, charities, community activists, and Members to discuss and share ideas about tackling key societal issues.

The Commission concluded its response to the Taskforce's Recommendations in December 2017. It agreed to invest in improved social listening tools and pursue the option of investing in an existing news wire service to increase the volume of dedicated Assembly news output. The proposal is to run the service as a pilot for twelve months subject to a full business case.

Website

The Digital Taskforce also recommended that we invest in the development of a new Assembly website. A high performing website and content management is critical to the Assembly's success and our current approach urgently requires fundamental improvements

Website and content management plays a critical role in achieving our strategic objectives, particularly to 'Engage all of the people of Wales and champion the Assembly'.

There is a sizeable gap between our current performance and the needs of our users, the recommendations of our independent experts (most recently the Digital Information and News Taskforce), and our ability to achieve our strategic objectives.

Fundamental improvements are required, including:

- Restructuring and redesigning our website to make it user-friendly, easy to navigate, and fast and accurate to search;
- Integrating our website with other ways of accessing the Assembly online, so all relevant content can easily be accessed in one place; and
- Introducing a far more efficient and effective way of creating and publishing content that is relevant and engaging for all of the people of Wales.

A project to deliver these improvements is currently underway. We have tested users' needs, have drafted requirements and are on track to deliver a new website experience for 2020-21.

TO USE RESOURCES WISELY

Estates and Facilities Management ---

The EFM team have developed a 10 year work plan to show the nature and timing of works that need to be undertaken to maintain the Assembly estate. A budget for routine maintenance is provided as part of the annual service budget for EFM. However, additional works and projects arise each year that are the subject of business cases to request funding.

The focus for the effective management of the estate as a key asset will continue to be directed by the priorities identified in the long term (rolling) prioritised project plan for the estate. These will include a number of life cycle replacements and refurbishments of systems nearing the end of their operational life such as lifts, lighting, access control for the estate and our electrical infrastructure. Other priorities include boiler replacements which, as well as providing more reliable systems, will also provide more energy efficient and effective heating that will contribute to our sustainability objectives.

- **Essential Repairs and Replacement to Tŷ Hywel Atrium**

Funding is required during 2019-20 to undertake the following projects: replacement glazing to rectify leaks, refurbishment of lighting to LED, installation of a system for safe working at height for future maintenance and cleaning of metal work. This work has been delayed from 2017-18.

- **Windows**

Previous surveys have identified the poor condition and performance of the twenty five year old windows in Tŷ Hywel and window replacement has been included on the forward maintenance register. Recent thermographic surveys have also highlighted the poor thermal performance of the windows. An increasing number of windows have faults and replacement parts can no longer be obtained to carry out repairs. The increasing level of faults and failures experienced together with deteriorating performance has highlighted the need to address these issues and develop and prioritise a phased programme of window replacement over the next three to five years.

- **Boilers**

The existing boilers have exceeded their operational life and we are experiencing breakdowns. It is becoming more challenging to be able to keep them working through reactive repairs and parts can take a long

time to source. These works have been delayed from previous financial years.

- **Fire Door Replacements - Phase 1**

Following recent fire risk assessments and building audits, a number of fire doors in Tŷ Hywel have been identified as needing replacement and a phased programme to complete these works over the next three years has been developed.

ICT

The Commission is committed to maintaining an appropriate level of investment in ICT and broadcasting services, in order to ensure that critical systems, essential for the Assembly to work effectively and efficiently, are supported and developed. The Commission has developed a three-year investment plan for ICT, which identifies both strategic and operational needs for investment and this allows the Executive Board to make informed and prioritised decisions. Priority projects for 2019-20 include:

- **Infrastructure Refresh**

This project covers those items of equipment that are on-site (rather than in the cloud). This includes network equipment and specialist systems to support internet access.

- **Cyber Security**

The Commission has recognised the increasing need to invest in cyber security including improved vulnerability testing. Through training, we will further strengthen our defences against the more human aspects of the threat, such as social engineering.

Voice to Text

We previously considered voice to text software in our review of the Record of Proceedings in 2015. The software at that time was in its infancy and we could only find limited examples of the technology being used in parliamentary settings. The Assembly Commission in the Fourth Assembly therefore dismissed this as an option during the review and we undertook to keep developments under review. Since then, we have seen some examples of how this is starting to emerge as a cost-effective solution for the provision of a draft of the text that can be edited quickly for publication. This technique is being used in some parliaments, outside the UK, for example, the Chamber of Deputies in Italy. We have commenced a project and invited companies to start demonstrating their products to us so that we can establish:

- How the technology has developed
- The options available
- The costs
- The staff savings that might be made

Though the scoping is at an early stage, there may be a business case for introducing a software solution to enable the Record to be produced more quickly and more efficiently.

5. Financial Governance and Control

The Assembly Commission Audit and Risk Assurance Committee (ACARAC) supports the Commission and the Principal Accounting Officer with regard to their responsibilities for risk management, internal control and corporate governance. As part of its role, it maintains a strong interest in and oversight of the internal financial control environment.

Updates on accounting policies and budgetary position are considered by ACARAC and it also takes a keen interest in the audit of the Annual Report and Accounts. Members of the Committee have also provided oversight and challenge of the assurance framework and governance statement.

External and Internal Audit provide important sources of assurance to ACARAC and the Accounting Officer. The Auditor General for Wales (AGW) is the Commission's external auditor and he is supported in his work by the Wales Audit Office (WAO). For the 2017-18 financial year the AGW issued an unqualified opinion on the financial statements and there were no significant issues raised in the Audit of Financial Statements Report or Management Letter completed by the WAO engagement team.

Following a review of the Commission's governance arrangements, two new Boards have been created to replace the former Management Board and Investment and Resourcing Board. It is the new Executive Board that sets operational priorities based on the Commission's strategy, goals and priorities. The Executive Board monitors the budget, agrees investment and resourcing priorities, oversees corporate risk and has an oversight of change management. All members of the Board consciously set aside their line management responsibilities and participate with a remit to act in the interests of the organisation as a whole.

The new Leadership Team has developed its role in generating ideas and providing constructive challenge. Its role as a forum for sharing and disseminating information has been strengthened. The Leadership Team conducts scenario-planning exercises, options analyses and supports the Executive Board by undertaking a first-stage prioritisation exercise on all proposed investments. Leadership Team membership has been extended and now includes all Service

Heads. The Chief Executive and Directors still attend, but the group is chaired by one of its members.

The new arrangements introduce greater understanding about what is on the horizon, enabling us to plan and budget more effectively and ensure that the appropriate topics get coverage at the right time. A co-ordinated forward work programme has been introduced. The Leadership Team challenges proposals and gives a steer to Executive Board before the Board makes its final decisions.

The financial systems, controls and procedures supporting the production of accounts were all found to be robust and accounting policies appropriately followed and applied, which reflects positively on the work undertaken by the Financial Services Team. The strength of the financial internal control environment is further evidenced by the work that Internal Audit has undertaken over the last financial year. In this period the Key Financial Controls and the administration of the Assembly Members' Pension Scheme have been subject to audit. Any issues raised were addressed immediately, with no recommendations raised during the audit of the Pension Scheme. Budgetary control will be audited during November 2018.

The Financial Services team work to ensure that they meet a number of targets and report on their performance as part of the Assembly Commission Corporate Performance Report. These targets provide a means of focus and ensure that performance is regularly monitored and engagement maintained between the central finance team and the wider organisation. The team has consistently managed to meet the targets on the areas of payment of suppliers and Members and value for money savings targets. The targets are regularly reviewed to ensure that they remain both challenging and realistic and re-calibrated if necessary.

6. The Remuneration Board's Determination

The Remuneration Board is the independent body that determines the pay and remuneration of Members and their staff and the system of financial support needed for Members to fulfil their responsibilities as elected representatives.

The system provides funds to cover the expenses associated with being a Member and / or an Office Holder, for example:

- running an office and engaging with constituents;
- salaries and travel expenses of the support staff;
- residential accommodation in Cardiff for Members whose home is a significant distance away (eligibility criteria apply); and
- support for the Party Groups and policy research.

At the start of this Assembly, the basic salary for Assembly Members was set at £64,000, to be uprated each year in line with average earnings in Wales as measured in the Annual Survey of Hours and Earnings (ASHE). Assembly Member salaries were increased by 2.1% in 2017-18 and again by 2.3% in 2018-19. An increase of 2.5% per annum has been assumed to apply for the remainder of this Assembly. Additional salaries are paid to Members holding offices carrying significant extra responsibilities, such as Ministers, the Llywydd and committee chairs.

At the start of the Assembly, the Remuneration Board put in place funding (up to £95,000 per Member per annum) for Members to employ up to three full-time equivalent staff to support them in all aspects of their role. This was increased by 2.1% in 2017-18 and again by 2.3% in 2018-19. An increase of 2.5% per annum has been assumed to apply for the remainder of this Assembly.

The Remuneration Board reviewed the support provided to Members during 2018-19 and made the following changes following consultation with Members:

- allowing the remaining balance of the Staffing Allowance for a Member and support for political parties to be calculated at actual cost rather than potential maximum cost;
- removing the 111 hour cap on permanently employed staff;

- allowing Members to vire up to 25 per cent from their Office Cost Allowance into their Staffing Allowance and removing the provision within the Determination which allows for the virement of funds from the Member's Staffing Allowance to the Support for Political Parties Allowance.

The first of these is likely to have the greatest impact on the utilisation of the Determination budget. The underspend will no longer supplement the Commission's own project fund and unused amounts will not be drawn from the Welsh Consolidated Fund. The changes will be implemented partially as of October 2018 and in full at the start of the next financial year.

The Remuneration Board has also recently consulted on extending similar flexibilities to the Political Party Support Allowance. A final decision is yet to be made on this by the Board but it could be assumed that allowing the remaining balance of the allowance to be calculated at actual rather than total maximum cost is likely to have the greatest impact on the budget.

The Remuneration Board is expected to conclude its review of staffing support in 2019, so there may be additional changes forthcoming.

A 2.5% increase in the Support Staff budget has been estimated for 2019-20 to allow for a potential increase over and above that applied to Members' salaries for any other potential changes to be made by the Remuneration Board as a result of their review.

Members' salaries and the mechanism for any uplift is set for the remainder of this five year Assembly. The Board will review the other elements of its Determination on an annual or periodic basis to ensure that they remain appropriate. The Office Costs budget is reviewed annually and adjusted as necessary. For the purpose of providing indicative figures for future years, an inflationary uplift only has been assumed.

The budget to fund the Remuneration Board's Determination for the remaining years of the fifth Assembly and the first year of the sixth Assembly is shown in Table 9.

7. Budget Ambit

This budget submission is laid in compliance with the National Assembly Standing Order 20.13 to assist in the compilation of the Annual Budget Motion required by Section 125 of the Government of Wales Act 2006. The submission covers the resource and cash requirements of the Assembly Commission for the year ending 31 March 2020.

The Budget Motion will authorise the net resources to be used for the services and purposes of Members and Assembly Services. The motion includes the maximum income (or accruing resources) that may be retained for use on those services and purposes instead of being paid into the Welsh Consolidated Fund and the cash amount that will need to be issued from the Welsh Consolidated Fund to meet the anticipated net amounts falling due for payment by the Commission.

The 2019-20 Budget for the Assembly Commission addressing these requirements is set out in Table 1

Table 1: 2019-20 Budget for Assembly Commission against requirements

Assembly Commission requirements	2019-20 £'000
<p>Resources other than accruing resources for use by the National Assembly for Wales Commission on resource and capital costs associated with the administration and operation of Assembly Services to support the National Assembly for Wales; promotion of the Assembly including payments to the Electoral Commission and others; payments in respect of the Commissioner for Standards and Remuneration Board; any other payments relating to functions of the Assembly or functions of the National Assembly for Wales Commission.</p> <p>Resources other than accruing resources for use by the National Assembly for Wales Commission in respect of decisions of the Remuneration Board and expenditure in respect of Assembly Members' Pension provision.</p>	£57,023 Table 3
<p>Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the National Assembly for Wales Commission; from the disposal of fixed assets and other capital income for use on the purchase or acquisition of fixed assets, rental income, gifts, grants, cheques, recharges and income from commercial sales and other services provided to the public or others for use on administrative costs of the Assembly</p>	£220 Table 8
<p>Amount to be issued from the Welsh Consolidated Fund to meet the anticipated amounts falling due for payment in the year in respect of the above services and purposes less expected retainable receipts and recoverable VAT</p>	£53,623 Table 3

Annex 1: Budget Overview

Table 2: Budget overview

Budget Heading	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Commission Related Expenditure				
Staff salaries and related costs (Table 4)	£23,401	£23,784	£24,384	£25,019
Accommodation and facilities (Table 5)	£7,526	£7,525	£7,525	£7,525
ICT costs (Table 6)	£2,044	£2,220	£2,220	£2,220
Other costs (Table 7)	£2,316	£2,267	£2,267	£2,267
Total Revenue Expenditure	£35,287	£35,796	£36,396	£37,031
Total Income (Table 8)	(£300)	(£220)	(£220)	(£220)
Capital Expenditure – creation of fixed assets	£500	£500	£500	£500
Total Operational Resource	£35,487	£36,076	£36,676	£37,311
Project Fund	£0	£1,000	£1,015	£1,035
Commission Related Expenditure excluding Depreciation	£35,487	£37,076	£37,691	£38,346
Depreciation and amortisation charges	£2,400	£2,250	£2,250	£2,250
Total Commission Related Expenditure	£37,887	£39,326	£39,941	£40,596
Member Related Expenditure				
Members' salaries and related costs (Table 9)	£16,201	£16,197	£16,598	£16,511
Election related expenditure	£0	£0	£500	£2,500
Members' Pension finance costs	£2,000	£1,500	£1,500	£1,500
Total Member Related Expenditure	£18,201	£17,697	£18,598	£20,511
Total Commission Budget	£56,088	£57,023	£58,539	£61,107

Table 3: Reconciliation of the new resource requirement to the cash drawing requirement from the Welsh Consolidated Fund

Net Cash Requirement	2019-20 £'000
Members' net revenue requirement	£16,197
Commission net revenue requirement	£38,826
Net capital requirement	£500
Annually Managed Expenditure	£1,500
Subtotal	£57,023
Adjustments	
Depreciation	(£2,250)
Movements in provisions	(£1,500)
Movement in debtors and creditors	£350
Subtotal	(£3,400)
Net cash requirement from the Welsh Consolidated Fund	£53,623

Annex 2: Budget Detail

Table 4: Analysis of Staff salaries and related costs

	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Staff Establishment (including pay award)	£23,401	£24,284	£24,884	£25,519
Vacancy / Churn provision	£0	(£500)	(£500)	(£500)
Total	£23,401	£23,784	£24,384	£25,019

Table 5: Analysis of Accommodation and Facilities

	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Rent and rates incl. car parking	£4,291	£4,265	£4,265	£4,265
Maintenance and works	£972	£980	£980	£980
Security	£694	£691	£691	£691
Utilities	£548	£550	£550	£550
Cleaning	£472	£488	£488	£488
Catering	£334	£346	£346	£346
Photocopier rentals	£155	£145	£145	£145
Furniture and fittings	£60	£60	£60	£60
Total	£7,526	£7,525	£7,525	£7,525

Table 6: Analysis of ICT Costs

	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Contracted out services incl. telephone	£638	£528	£528	£528
Broadcasting	£496	£580	£580	£580
Licences and maintenance	£660	£1,012	£1,012	£1,012
Revenue and consumables	£250	£100	£100	£100
Total	£2,044	£2,220	£2,220	£2,220

Table 7: Analysis of Other Costs

	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Training and development	£400	£344	£344	£344
Promoting awareness and understanding	£313	£311	£311	£311
Language contracted-out services	£293	£260	£260	£260
Printing, stationery and postage	£263	£242	£242	£242
Other HR costs	£123	£153	£153	£153
Staff travel and subsistence	£162	£144	£144	£144
Publications	£120	£127	£127	£127
Other travel and subsistence	£104	£115	£115	£115
Insurance and legal costs	£115	£113	£113	£113
Audit	£82	£75	£75	£75
Remuneration Board related costs	£62	£62	£62	£62
Hospitality	£39	£48	£48	£48
Specialist advice	£45	£48	£48	£48
Academic Engagement	£0	£40	£40	£40
Accounting and financial services	£44	£36	£36	£36
Consultancy	£25	£30	£30	£30
Vetting	£26	£17	£17	£17
Uniforms and clothing	£20	£15	£15	£15
Other items <£20k	£80	£87	£87	£87
Total	£2,316	£2,267	£2,267	£2,267

Table 8: Analysis of 'Income'

	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Sales – the Assembly Shop	£15	£30	£20	£20
Accommodation – rental income	£50	£60	£50	£50
Car park income and other income	£235	£130	£150	£150
Total	£300	£220	£220	£220

Table 9: Analysis of 'Members' salaries and related costs'

	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Assembly Members' Salary and on-costs	£6,140	£6,320	£6,478	£6,640
Assembly Members' Support Staff Salaries and on-costs	£8,365	£8,568	£8,781	£9,000
Allowances and Office Costs	£1,696	£1,809	£1,839	£1,871
Vacancy / Churn Provision	£0	(£500)	(£500)	(£1,000)
Total	£16,201	£16,197	£16,598	£16,511

Annex 3: Priority Projects

Table 10: Summary of estimated funding released for 2019-20 and Commission priority projects for 2019-20

Project Fund 2019-20	£'000
Capital Budget	£500
Commission project fund	£1,000
Total project fund	£1,500

2019-20 Commission Investment Priorities:		£'000
TO PROVIDE OUTSTANDING PARLIAMENTARY SUPPORT		£185
Legislative Workbench	£100	
Plenary and Petitions projects	£60	
Name Change	£25	
TO ENGAGE WITH ALL THE PEOPLE OF WALES AND CHAMPION THE ASSEMBLY		£400
Public information and engagement	£125	
Website	£275	
USE RESOURCES WISELY		£915
Estates Priority Expenditure		
▪ Infrastructure repairs - Atrium	£65	
▪ Window replacement – Phase 1	£345	
▪ Boilers	£295	
▪ Fire Door and window replacement – Phase 1	£80	
ICT Priority Expenditure		
▪ Infrastructure refresh	£50	
▪ Cyber Security	£30	
Voice to Text project	£50	
2019-20 Investment Priorities		£1,500

Annex 4: Glossary

Annually Managed Expenditure (AME)

A categorisation of expenditure reserved for less predictable and controllable items. Can only be allocated to the purpose for which it is assigned.

Assembly Bill

Proposals for legislation made by the Assembly that would, if agreed, become Acts of the Assembly

Budget

Sets out the resource and cash amounts proposed for use in the following financial year and indicative figures for the subsequent financial years.

Capital

Expenditure that generally results in a fixed asset (e.g. a building, equipment or land) intended to benefit future accounting periods, or spend that increases the capacity, economy, efficiency or lifespan of an existing fixed asset.

Depreciation

A measure of the consumption, wearing out or otherwise reduction in the useful life of a fixed asset.

Financial Reporting Manual

The technical accounting guide for the preparation of financial statements.

Fixed Assets

Items that are purchased with an expected life greater than one year for the economic benefit of the business such as land, buildings and equipment.

Government of Wales Act 2006

The Act of the Parliament of the United Kingdom that reforms the National Assembly for Wales and allows further powers to be granted to it more easily. The Act creates a system of government with a separate executive drawn from and accountable to the legislature.

Legislative Consent Memoranda

Explanations by the Welsh Government of proposals contained in Bills at Westminster that would be within the Assembly's legislative powers, and that therefore require the Assembly's consent.

Provisions

A provision is a liability of uncertain timing or amount. A cost is recognised in the Commission's Resource Account when we have a present obligation (legal or constructive) as a result of a past event, when it is probable that a transfer of economic benefits will be required to settle this obligation, and when a reliable estimate can be made of the amount of the obligation.

Real terms

The value of expenditure adjusted to take account of general price inflation. Enables comparisons of spending across years without the distortion caused by price changes.

Remuneration Board

The independent board that ensures Assembly Members have adequate resources to carry out their roles of representing the people of Wales, holding the Welsh Government to account and making laws for Wales.

Revenue / Running Costs

Current expenditure covering day-to day running costs such as staff salaries and the purchase of consumable goods and services.

Standing Orders

The rules which govern the Assembly's procedures, taking account of any relevant provisions set out in the Government of Wales Act 2006.

Statement of Financial Position

One of the main financial statements showing the net resources at the financial year end. It is often referred to as the Balance Sheet

Subordinate Legislation

Legislation made by Ministers using powers contained in Acts of Parliament or the Assembly, usually in the form of orders or regulations

Value for Money

The process under which an organisation's procurement, projects and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, value and avoidance of error and other waste, judged for the public sector as a whole.

Welsh block

Is the block grant of money, calculated using the Barnett Formula, voted by Parliament to the Secretary of State for Wales for funding that comes to Wales.

Welsh Consolidated Fund

Created by the Government of Wales Act 2006, this is a neutral bank account held by the Paymaster General. The account into which the money voted by the UK Parliament for use by the Welsh Government, the Assembly Commission, the Auditor General and the Public Services Ombudsman for Wales is paid.