

**National Assembly for Wales**  
Finance Committee

## Assembly Commission Draft Budget 2015-16

October 2014



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

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

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## Finance Committee

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

Their remit also includes specific statutory powers under the Public Audit Act 2013 relating to new responsibilities for governance oversight of the Wales Audit Office.

## Current Committee membership



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



**Christine Chapman**  
Welsh Labour  
Cynon Valley



**Nick Ramsay**  
Welsh Conservatives  
Monmouth



**Mike Hedges**  
Welsh Labour  
Swansea East



**Alun Ffred Jones**  
Plaid Cymru  
Arfon



**Ann Jones**  
Welsh Labour  
Vale of Clwyd



**Julie Morgan**  
Welsh Labour  
Cardiff North

Due to his responsibilities as an Assembly Commissioner, Peter Black AM absented himself from all Committee meetings when the Assembly Commission's draft Budget 2015-16 was considered.



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

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## The Committee's Recommendations

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

**Recommendation 1.** The Committee recommends that the Commission publishes a breakdown on the estimate of the pre-election costs for 2015-16 to increase transparency and accessibility of information. (Page 9)

**Recommendation 2.** The Committee recommends that up to date information on the Assembly Commission's Key Performance Indicators are published at the same time as the Commission's draft budget to allow for fuller scrutiny. (Page 11)

**Recommendation 3.** The Committee recommends that the Assembly Commission consider options for utilising the travel subsidy for train travel as well as coach travel in order to ensure maximum value for money is being achieved. (Page 12)

**Recommendation 4.** The Committee recommends that the Assembly Commission continues to pursue opportunities to purchase the freehold of Ty Hywel, and in the absence of the Assembly Commission having the required borrowing powers, we recommend that the Welsh Government should give serious consideration to facilitating the purchase. (Page 14)

**Recommendation 5.** The Committee recommends that the Assembly Commission provides an update to the Committee on the planning for the fifth Assembly, in particularly the planning for dealing with the new financial powers. (Page 15)

# 1. Introduction

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## Who are we?

1. The Finance Committee is a cross party committee of the National Assembly for Wales, made up of Members from all four political parties represented at the Assembly.
2. The Committee is not part of the Welsh Government. Rather, the Committee is responsible for reporting on proposals laid before the Assembly by Welsh Ministers relating to the use of resources. The Committee can also consider and report on any other matter related to, or affecting, expenditure out of the Welsh Consolidated Fund.

## What is the Assembly Commission?

3. The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.
4. In its own budget document, the Assembly Commission describes itself:

“The Assembly Commission serves the Assembly to help make it a strong, accessible and forward looking democratic institution and legislature that delivers effectively for the people of Wales.”<sup>1</sup>

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

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

“Not later than 1 October in each financial year, a member of the Commission must lay before the Assembly a draft budget for the Commission setting out the amounts of resources and cash which the Commission proposes to use for the following financial year and provisional amounts for the subsequent two

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<sup>1</sup> National Assembly for Wales, Assembly Commission draft budget 2015-2016, page 6

years or for such other period as the Commission has agreed with the Welsh Ministers.”<sup>2</sup>

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

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

7. Standing Order 20.14 sets out that the responsible committee (the Finance Committee in this instance) must consider and report to the Assembly on the draft budget for the Commission no later than three weeks after it has been laid before the Assembly.

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

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

10. Following the publication of this report on the Assembly Commission’s draft budget, Standing Order 20.16 sets out that:

“A member of the Commission must table a motion that the budget laid under Standing Order 20.15 be agreed and incorporated in the annual budget motion under Standing Order 20.26(ii). No amendment to the motion may be tabled and the motion must be debated within five working days of it being tabled (not counting working days in non-sitting week).”<sup>3</sup>

11. The last stage of the process is the final budget motion (or the annual budget motion), as required by Section 125 of the *Government of Wales Act 2006*. The *Government of Wales Act 2006* provides that there must be at least one budget motion (the annual budget motion) moved in relation to each financial year. This will be debated in the Assembly.

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<sup>2</sup> National Assembly for Wales, Standing Orders of the National Assembly for Wales, Standing Order 20.13

<sup>3</sup> National Assembly for Wales, Standing Orders of the National Assembly for Wales, Standing Order 20.16

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

12. We considered the National Assembly for Wales Commission Draft Budget for 2015-16 at our meeting of 2 October 2014.

13. At this meeting we took evidence from:

- Dame Rosemary Butler, Presiding Officer and Chair of the Assembly Commission;
- Claire Clancy, Chief Executive and Clerk of the Assembly; and
- Nicola Callow, Director of Finance.

14. Apologies were received from Angela Burns, the Commissioner with responsibility for the Commission budget.

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

- Affordability
- Prioritisation
- Value for Money
- Budget Process

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

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16. The Assembly Commission (the Commission) requested £50.9 million in the draft budget 2015-16, compared to the £50.6 million in 2014-15. This is an increase of £0.3 million or 0.6%, compared to the Welsh Block which is due to increase by 0.8% in 2015-16.

17. The draft budget deviates from the provisional estimate set out last year through the inclusion of an additional £500,000 for pre-election expenses and an increase of £400,000 annually managed expenditure (AME).

18. The increase of £400,000 AME related to non-cash accounting adjustments in respect of the National Assembly for Wales Members' Pension Scheme. This was notified in the Commission's supplementary budget in June 2014.<sup>4</sup>

19. The Committee noted that the Commission draft budget request for 2015-16 is broadly in line with the provisional estimates from last year. The Committee also noted that this was the first year where the Commission has not requested an increase in excess of any changes in the Welsh block, having now completed the three year investment programme which was set out in the Commission's Final Budget 2012-13.

20. The Committee noted that figure of £500,000 for pre-election expenses were ring-fenced and based on previous election experiences. The Committee felt that it would be useful for a breakdown of the estimate costs to be published to identify where the money was being spent.

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

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<sup>4</sup> [National Assembly for Wales, Assembly Commission, Supplementary Budget 2013-14](#)

### 3. Affordability

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21. The draft Commission budget for 2015-16 contains a reduction following a period of sustained investment. The Committee questioned the Commission on whether the organisation was prepared for this decline in resources. We were reassured that this had been factored into the long term planning for the Commission and that there had been a great deal of consultation with staff about the proposed budgets. Claire Clancy told the Committee that:

“I do not think that it will be a barrier in the coming year because, as the Presiding Officer has said, from the beginning, in 2011, we have known that this is the journey that we would be on, and that there would be years of investment. We let the staff know all about the budget plans going forward, so, for example, earlier this year, there was an all-staff meeting, and we talk about the budget not just for the current year, but for future years, so there has been a high level of awareness of the budgets to come.”<sup>5</sup>

#### **Review of the Record of Proceedings**

22. The Committee questioned the Commission on the review of the Record of Proceedings which is due to report in Spring 2015, and whether the budget offered sufficient flexibility to respond to the recommendations. The Committee welcomed the assurances that this was accounted for, and we would encourage the Commission to implement changes such as requesting speaking notes from Assembly Members after debate contributions as soon as possible in order to recognise any potential savings such changes may deliver.

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<sup>5</sup> Finance Committee, RoP, 2 October 2014, paragraph 11

## 4. Prioritisation

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### Assembly Commission Priorities

23. The Committee discussed with the Commission the reprioritisation of the Assembly goals to account for this estimate. The Commission set out that it had held a number of strategy discussions, and sought to achieve its Key Performance Indicators (KPIs). The Presiding Officer outlined that these were subject to challenge at all Commission meetings, and would be evaluated to see whether they were achieved at the end of the Assembly.

24. The Committee welcomes the assurance that these goals will be subject to evaluation. At the time of publishing the draft budget, the Commission latest KPI information related to the period ending March 2014. The Committee is of the view that it would be useful to have a more up to date position on the KPIs at the time of publishing the draft budget.

**The Committee recommends that up to date information on the Assembly Commission's Key Performance Indicators are published at the same time as the Commission's draft budget to allow for fuller scrutiny.**

### ICT Investment

25. The Committee questioned the Commission on the ICT development costs and the potential for further savings in this area.

26. The Committee welcomed the assurance from the Commission that consideration was being given to implementing small changes in the ICT such as switching to electronic payslips. The Committee believes that these small savings could amount to more substantial savings in the long term.

27. The Committee believes that the Commission should ensure that it presses ahead with delivering a bespoke service for Members in terms of ICT development, and in particular discussing Member requirements in advance of procurement to try and ensure it delivers what is required. The Committee felt that this would ensure best value for money is achieved in terms of expenditure.

## **Youth Engagement**

28. The Committee questioned the Commission on the work done to remove barriers to schools visiting the Assembly from areas outside South Wales.

29. The Committee noted that there had been a number of improvements made to the geographical spread of the visiting schools, and welcomed the work done to engage with young people online as well.

30. The Committee welcomed that the subsidy towards travel costs for eligible schools visiting the Senedd on an organised education visit would remain, and was reactive depending on the number requests made. The Committee suggested that the Commission may wish to explore options for allowing the subsidy to be used for train travel as well, which may be more practical in some instances, and may help to contribute to sustainability targets.

**The Committee recommends that the Assembly Commission consider options for utilising the travel subsidy for train travel as well as coach travel in order to ensure maximum value for money is being achieved.**

## 5. Value for money

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31. The Committee noted that the Commission had just completed a three year investment plan, and welcomed that the initial indications from this programme are showing improvements.

32. The Committee questioned the Commission on their strategy for achieving the £500,000 savings target. The Committee welcomed the full answer provided by the Commission setting out their approach to savings, and that there was drive to increase the percentage achieved via non-vacancy management savings, which should be more sustainable in the long term.

### **Ty Hywel**

33. The Committee discussed with the Commission about the potential for purchasing Ty Hywel (the office building attached to the Senedd), which is currently leased by the Commission on a full repair and insuring lease, and which requires a significant maintenance programme. The Commission explained that they had previously submitted costed proposals to the Welsh Government setting out the value for money case for purchasing Ty Hywel, but these had not been taken forward.

34. Nicola Callow, the Director of Finance outlined that the payback on purchasing Ty Hywel:

“The last business case that we put together showed that, as we approached the teens and 20-year mark, we would see a complete pay-back. When we assessed the business case, we did this over the life of the building. So, you can imagine a 20-year pay-back on a building that has a life in excess of 65 or 85 years—and you could argue indefinite life with the value of the maintenance and the type of work that we do to ensure that the building is kept up to standards.”<sup>6</sup>

35. Given that the current expenditure on rent and the potential timescale for complete payback, the Committee believes that the Commission have a strong case for purchasing Ty Hywel. We believe such a purchase is in line with the invest to save model which is

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<sup>6</sup> Finance Committee, RoP, 2 October 2014, paragraph 106

promoted by the Welsh Government. We would like to offer our support to the Commission in future attempts to purchase Ty Hywel.

**The Committee recommends that the Assembly Commission continues to pursue opportunities to purchase the freehold of Ty Hywel, and in the absence of the Assembly Commission having the required borrowing powers, we recommend that the Welsh Government should give serious consideration to facilitating the purchase.**

## 6. Process

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36. The Committee explored with the Commission whether any capacity planning had been undertaken in relation to the devolution of further fiscal powers to Wales.

37. The Presiding Officer confirmed to the Committee that she had asked the Chief Executive and Clerk to start considering these issues and put together a package setting out:

“...what it would actually mean if we had more Members in terms of the capacity of the building, additional staff, office space and a whole range of things.”<sup>7</sup>

38. The Committee welcomes that the Commission has started to consider these issues, and would urge that any considerations ensure that there will be sufficient time and resource to scrutinise future Welsh Government spending, borrowing and taxation plans and associated financial legislation fully, as this will be a significant change in the fifth Assembly.

**The Committee recommends that the Assembly Commission provides an update to the Committee on the planning for the fifth Assembly, in particularly the planning for dealing with the new financial powers.**

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<sup>7</sup> Finance Committee, RoP, 2 October 2014, paragraph 119

## Witnesses

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

[www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?lId=1243](http://www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?lId=1243)

*2 October 2014*

Dame Rosemary Butler	Presiding Officer and Chair of the Assembly Commission
Claire Clancy	Chief Executive and Clerk of the Assembly
Nicola Callow	Director of Finance, National Assembly for Wales