

The Assembly Parliamentary Service And The National Assembly For Wales Commission:

Budget For The Year Ending 31 March 2008

Summary

1. The National Assembly is invited to approve this budget submission which has been prepared in compliance with Standing Order 21. It is also intended to assist the compilation of the Budget Motion required by Section 125 of the Government of Wales Act 2006 (as interpreted by the transitional provision in paragraph 60 of Schedule 11). The submission covers the resource and cash requirements of the National Assembly for Wales Commission for the year ending 31 March 2008, and incorporates the requirements of the Assembly Parliamentary Service (APS) for the short period from 1 April 2007 until the Commission formally comes into being sometime after the May 2007 election¹.

2. The Budget Motion will authorise the net resources to be used for the services and purposes of the Assembly Commission, 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. These requirements are summarised in the table below.

Table 1: Summary of 2007/8 budget requirements

	£000
Resources other than accruing resources for use by the National Assembly for Wales Commission (and the Assembly Parliamentary Service prior to the National Assembly for Wales Commission taking up its functions) on revenue and capital costs associated with the administration and operation of the National Assembly for Wales ("the Assembly"); promotion of the Assembly including payments to the Electoral Commission; payments in respect of the Commissioner for Standards; any other payments relating to functions of the Assembly or functions of the National Assembly for Wales Commission.	<p style="margin: 0;">33,582</p> <p style="margin: 0; font-size: small;">Plus liability in respect of recoverable VAT</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 (and the Assembly Parliamentary Service prior to the National Assembly for Wales Commission taking up its functions): <ul style="list-style-type: none"> • From the disposal of fixed assets and other capital income for use on the purchase or acquisition of fixed assets; • Rental income; gifts; income from commercial sales and other services provided to the public or others for use on administrative costs of the Assembly. 	<p style="margin: 0;">-</p> <p style="margin: 0;">151</p> <p style="margin: 0; font-size: small;">Plus recoverable VAT</p>

¹ Under Section 161 of the 2006 Act, the Commission comes into existence on the day after the First Minister is appointed by Her Majesty. The work of the existing Assembly Parliamentary Service will be subsumed within the Commission from that date. The Act provides for the budget motion to be moved in accordance with Section 125 to cover the whole 2007/8 financial year and not just the period after the Commission comes into existence.

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.	32,748
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3. The resource budget is analysed by subjective expense and income heading at Annex 2 and by objective functional or service heading at Annex 3. Annex 4 reconciles the net resource requirement to the cash drawing requirement from the Welsh Consolidated Fund.

Analysis of budget changes

4. The approved APS net resource budget for 2006/7 was £32.212m, including £1.215m use of accrued End of Year Flexibility. The budget includes exceptional and one-off items totalling £972,000 and, furthermore, recurring efficiencies/savings of £629,000 per annum have been identified in-year. New expenditure commitments have been agreed since the budget was approved, the most significant of which is for support of ICT in the Senedd – though the exact form of this support has yet to be agreed. These new commitments amount to an estimated £2.011m. In recognition of the new constitutional structure, £264,000 will be transferred to the Commission from the Assembly Government to account for repatriation of specific service budgets. Additionally, capital charges for the Senedd project, non-cash accounting adjustments for the Members' Pension Fund, and a recalculation of ICT user charges, have yet to be quantified and transferred from the Assembly Government's budget. The known recurring costs have been factored into the Commission's adjusted baseline budget for 2007/8, with the currently unquantified costs to be brought in at a later date by way of in-year, supplementary resource request.
5. Table 2 below, supported by Annex 1, provides an adjusted baseline budget for 2006/7 of £32.711m.

Table 2: Adjusted 2006/7 baseline budget

	Revenue £000	Capital £000	Total £000
Net 2006/7 approved budget for the Assembly Parliamentary Service	32,192	20	32,212
<i>Less exceptional and one-off items in the 2006/7 budget</i>	-972	-	-972
<i>Less recurring efficiencies & savings in the 2006/7 budget</i>	-629	-	-629
<i>Less costs chargeable direct to the Welsh Consolidated Fund in 2007/8</i>	-175	-	-175
<i>Add recurring costs currently in the Assembly Government's budget</i>	264	-	264
<i>Add new recurring commitments agreed during 2006/7</i>	2,011	-	2,011
<i>Adjusted 2006/7 baseline</i>	32,691	20	32,711

6. The movements from the adjusted 2006/7 baseline to the net resource request for 2007/8 of £33.582m are summarised in Table 3.

Table 3: Movements in budget from 2006/7 to 2007/8

	Revenue £000	Capital £000	Total £000
Adjusted 2006/7 baseline	32,691	20	32,711
<i>Add pay and price inflation</i>	771	-	771
<i>Less further efficiencies/savings</i>	-800	-	-800
Comparative 2007/8 budget	32,662	20	32,682
<i>Add costs arising for the Assembly Commission</i>	600	-	600
<i>Add minimum provision for the cost of new functions and service developments</i>	250	-	250
Revised 2007/8 budget excluding one-off costs	33,512	20	33,532 (2.5%)
<i>Add exceptional and one-off items falling due in 2007/8</i>	-	50	50
Net 2007/8 resource request	33,512	70	33,582

7. In line with Welsh Assembly Government assumptions, a 2.5% pay and price inflation cost (£771,000) has been included in the comparative budget, for Members' pay & allowances, staff pay and general administrative expenditure.
8. Further efficiencies/savings (£800,000) have been achieved through a review of service budgets; this is in addition to the £629,000 already identified in the adjusted baseline, being delivered during 2006/7 on a recurring basis.
9. The recurring costs arising (£600,000) reflect largely unavoidable costs of services that will be required by the Commission as a new, free-standing organisation – such as enhanced capacity in its Finance Team and maintenance of the Commission's website.
10. The provision for the cost of new functions (£250,000) is a lower limit estimate of the cost of services which will be developed as the third-term of the Assembly takes shape. For example, enhanced legal and clerking support for the processing of Orders in Council and Assembly Measures.
11. The quantified exceptional and one-off cost expected in 2007/8 (£50,000) relates to development of the Commission's integrated Payroll/HR system to enable the bringing in-house of the payroll service. This approach is expected to deliver cost savings in future years, coupled with an improvement in service quality.

Current uncertainties

12. The net resource request of £33.582m reflects the best estimate that can be made by the House Committee at the present time. There are a number of unknown costs that could arise relating to the extent of separation of services from the Welsh Assembly Government, the operation of the Senedd, the 2007 Election, and the operation of the reconstituted Assembly, any or all of which could impact on the budget. An upper limit assessment on these additional costs would be of the order of £2m.
13. Such costs will be kept to a minimum and where possible will be offset by savings elsewhere, but the House Committee considers it essential that these are flagged now so that they can be earmarked against reserves and, if necessary, authorised through an in-year supplementary resource request motion.

Service provision

14. In accordance with its remit, the Shadow Commission is working to ensure that services continue to be provided into the new Assembly term to the standards rightly expected by Assembly Members. A managed transfer from the Assembly Parliamentary Service to the Assembly Commission is planned for – building on the work already done, yet recognising the need to develop and re-engineer services on a proactive basis to meet the emerging needs of the new Assembly. Any additional costs of such service developments, over and above the £250,000 included in the draft budget, would be considered by way of supplementary resource request against the £2m referred to in paragraph 12.

Forward look

15. Indicative forward-look budgets are set out in the following table:

Table 4: Indicative resource budget for 2008/9 and 2009/10

	2008/9 £000	2009/10 £000
Baseline	33,532	33,970
<i>Add pay and price inflation</i>	838	850
<i>Less efficiencies/savings</i>	-400	-400
Net indicative resource request	33,970	34,420

16. The indicative resource request is dependent on the developing service needs that will be determined by the Assembly Commission over the course of the next financial year. However, the House Committee

envisages that the Commission may be able to continue to identify efficiency savings on a recurring basis, so provision for this has been included in the above estimates.

Recommendation

That the National Assembly for Wales adopts the draft budget as summarised in Table 1 above.

The Budget Motion for the Draft 2007/8 Budget for the Assembly Parliamentary Service and National Assembly for Wales Commission is scheduled for debate on 10th October 2006.

Laid 29th September 2006

Annex 1

Adjusted 2006/7 Baseline budget

	Revenue £000	Capital £000	Total £000
ORIGINAL BASELINE BUDGET 2006/7	32,192	20	32,212
<i>Less exceptional and one-off items:</i>			
GoW Bill Standing Orders team	-146		
Separation programme team	-136		
Other one-off 06/7 projects/spend	-690		-972
<i>Less recurring efficiencies/savings:</i>			
Vacant posts savings provision	-250		
Assembly Offices rent restructure	-220		
Funded post of Director of Corporate Services Division	-99		
Other savings – HR/Library	-60		-629
<i>Less costs chargeable direct to the Welsh Consolidated Fund</i>	-175		-175
<i>Add budgets transferring from the Assembly Government</i>	264		264
<i>Add new recurring 2006/7 commitments:</i>			
Senedd ICT Support Service	1,489		
Senedd & security related	200		
Increase in pension contributions	90		
Approved new posts (part EYF funded 06/7)	91		
Commitments agreed by the House Committee	141		2,011
ADJUSTED 2006/7 BASELINE	32,691	20	32,711

Annex 2

Budget analysed by type of cost and income

	2007/8 Budget £000	<i>2006/7 Budget £000</i>	<i>2005/6 Actual £000</i>
<u>Revenue expenditure</u>			
Members salaries, allowances and related costs ²	10,112	10,280	9,749
Staff salaries and related costs	9,786	9,687	8,411
Travel and subsistence	207	287	230
Training & development costs	294	161	120
Information and communications technology ³	4,342	2,655	1,953
Accommodation	5,625	5,856	4,588
Catering	288	305	262
Security	625	578	554
Marketing & Publicity	437	345	347
Recruitment	133	200	128
Translation	422	677	284
Other	1,192	1,183	806
<i>Total</i>	33,463	32,214	27,432
<u>Capital charges</u> ⁴	200	129	159
<i>Total Revenue Expenditure</i>	33,663	32,343	27,591
<u>Revenue income</u>			
Shop	-25	-25	-24
Rental income	-100	-126	-
Other	-26	-	-99
<i>Total income</i>	-151	-151	-123
Net Revenue Expenditure	33,512	32,192	27,468
<u>Capital expenditure</u>			
Purchase and acquisition of assets	70	20	1,390
<i>Total</i>	70	20	1,390
<u>Capital income</u>			
Disposal of fixed assets	-	-	-
<i>Total</i>	-	-	-
Net Capital expenditure	70	20	1,390
Net resource requirement	33,582	32,212	28,858

² This excludes the Presiding Officer and Deputy Presiding Officer from the date of the election 2007, as their salary related costs then become chargeable directly to the Welsh Consolidated Fund.

³ The increase in 2007/8 reflects an estimate for the cost of a support service for ICT in the Senedd.

⁴ Capital charges relating to the Senedd are currently part of the Assembly Government's budget but are likely to be transferred during the latter part of 2006/7. This will result in a change to the baseline budget. Furthermore the capital charges of £129,000 included for existing assets is insufficient and requires a further budget transfer from the Assembly Government, that has been agreed and is awaiting action.

Annex 3

Budget analysed by function

	Revenue Expend £000	Revenue income £000	Capital Expend £000	Capital income £000
Chamber Services ⁵	343	-	-	-
Members Research & Committee Services ⁶	3,155	-	-	-
Assembly Communications Service ⁷	8,253	-25	-	-
Legal Service	309	-	-	-
Corporate Support Services ⁸	10,339	-126	70	-
New functions	250	-	-	-
Total – Assembly Services	22,649	-151	70	-
<i>The Presiding Office, and offices of the Assembly Commission and Chief Executive/Clerk to the Assembly</i>	702	-	-	-
<i>Members' salaries, allowances and related costs</i>	10,112	-	-	-
<i>Depreciation & Capital Charges</i>	200	-	-	-
TOTAL BUDGET	33,663	-151	70	-

Revenue Expenditure	33,663
Revenue Income	-151
Capital Cost	70
Capital Income	-
NET BUDGET	33,582

⁵ Consisting of Chamber Secretariat and the Table Office.

⁶ Consisting of the Members research service, Members' library and Committee support.

⁷ Consisting of Public Information/Education, ICT/Broadcasting, Press & Media, and Translation/Interpretation.

⁸ Consisting of Accommodation/Facilities, Fees & Finance, and HR.

Annex 4

Reconciliation of resource requirement to cash drawing requirement from the Welsh Consolidated Fund

	2007/8 £000
Net expenditure	33,582
<i>Less non-cash capital charges (depreciation and interest)</i>	-200
Movement in provisions for liabilities and charges	0
Movement in year-end debtors and creditors	-634
Use of provisions	0
Net cash requirement	32,748