

Scrutiny of the Senedd Commission Draft Budget 2023-24

October 2022



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October 2022



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



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Recommendations and Conclusions

Recommendation 1. The Committee notes the ‘Senedd Commission Draft Budget 2023-24’ and, subject to the comments and recommendations in this report, supports the overall request for resource in 2023-24, and recommends the Senedd supports this budget.Page 15

Recommendation 2. The Committee recommends that the Senedd Commission adopts a collaborative approach to reducing energy use on the Senedd estate and engages with Members, their staff and Commission staff to gather ideas and to plan and implement projects and policies that meet these aims.Page 15

Recommendation 3. The Committee recommends that the Senedd Commission provides periodic updates on:

- the energy-saving initiatives that are both planned and have been implemented;
- the effectiveness of those initiatives in delivering sustainable outcomes; and
- the associated impact on costs and savings. Page 15

Recommendation 4. The Committee recommends that the Senedd Commission:

- considers the financial and operational benefits or otherwise of purchasing the freehold of Tŷ Hywel as an alternative to extending the current lease; and
- provides regular updates on the options evaluated in relation to the future of all buildings on the estate to ensure transparency and value for money. Page 20

Recommendation 5. The Committee recommends that the Senedd Commission provides an update as soon as decisions relating to the future of the Colwyn Bay office and the Senedd presence in north Wales have been made.Page 21

Recommendation 6. The Committee recommends that the Senedd Commission considers providing additional support for lower paid staff and/or staff who may experience difficulties as the effects of the increases in living costs are felt.Page 25

Recommendation 7. The Committee recommends that the Senedd Commission puts steps in place to evaluate the effectiveness of the initiatives it has introduced to mitigate the impact of cost of living pressures on staff and shares its findings from such reviews.Page 26

Recommendation 8. The Committee recommends that the Senedd Commission seeks the views of Members to better understand the engagement work they wish to take forward and, once that work is completed, provide an update to the Committee on how such proposals can be delivered within existing budgets.Page 28

Conclusion 1. The Committee welcomes the inclusion of a dedicated budget line for Senedd Reform in the draft budget and notes the Senedd Commission’s intention to provide as much transparency as possible in presenting costs attributable to plans for Senedd Reform in future budgets.....Page 20

1. Introduction

Background

1. The Senedd's Standing Order 20.13 states that:

*"Not later than 1 October in each financial year, a member of the Commission must lay before the Senedd a draft budget for the Commission setting out the amounts of resources and cash which the Commission proposes to use for the following financial year and provisional amounts for the subsequent two years or for such other period as the Commission has agreed with the Welsh Ministers."*¹

2. The Finance Committee (the Committee) is responsible for reporting on this draft budget. Standing Order 20.14 states that:

*"The responsible committee's report may recommend variations in the amounts proposed in the draft budget provided that the net effect of those variations would not increase the aggregate amounts of resources or cash proposed in the draft budget for the Commission."*²

3. The Senedd Commission's (the Commission) Draft Budget for 2023-24³ (the draft budget) was laid on 28 September 2022. The Committee considered the Commission's proposals at its meeting on 5 October 2022,⁴ taking evidence from:

- Ken Skates MS, Commissioner for Budget and Governance;
- Manon Antoniazzi, Chief Executive and Clerk of the Senedd;
- Nia Morgan, Director of Finance, Welsh Parliament.

¹ Standing Orders of the Welsh Parliament

² Standing Orders of the Welsh Parliament

³ Senedd Commission, Welsh Parliament Draft Budget 2023-24, 28 September 2022

⁴ RoP, Finance Committee, 5 October 2022

2. Senedd Commission Draft Budget 2023-24

Context

4. The Finance Committee of the Fifth Senedd issued a Statement of Principles⁵ it expects directly funded bodies ('DFBs')⁶ to have regard to when formulating budget requests. The current Committee reaffirmed that these principles should continue to be applied by DFBs in the Sixth Senedd at its meeting on 8 July 2021.⁷

Statement of Principles for DFBs:

- Budget requests should be set in the context of the long term financial funding situation in Wales and funding pressures in the wider public sector.
- Requests should show how annual and multi-annual objectives will be prioritised, monitored and achieved.
- DFBs should not assume an increase in funding, regardless of the block grant change as any increase to their funding reduces resources available to other devolved public bodies.
- DFBs should continually seek to improve processes and accrue efficiencies.
- Where any increases in funding are requested, these should be backed by evidence both of the need, benefit and attempts that have been made to reduce such costs. Also, the consequences of not obtaining the requested increase in resource should be made clear and quantified.

5. On 14 July 2022, the Minister for Finance and Local Government wrote to the Committee to set out various factors to inform the forward financial planning for DFBs as they prepare their budgets for the 2023-24 financial year.⁸

The Senedd Commission's Draft Budget 2023-24

6. The Commission's overall budget for 2023-24 is £67.6 million, an increase of 4.1 per cent from 2022-23, or £2.6 million. Of this, Commission-related expenditure (which excludes

⁵ Finance Committee, *Statement of Principles that the Finance Committee of the Senedd Cymru expects Directly Funded Bodies to have regard to when making budget proposals*, May 2019

⁶ The directly funded bodies are those funded directly from the Welsh Consolidated Fund and include: Audit Wales; the Public Services Ombudsman for Wales and the Senedd Commission.

⁷ Finance Committee, *Agenda*, 8 July 2021

⁸ *Letter from the Minister for Finance and Local Government*, 14 July 2022

Members'-related expenditure), including depreciation, increased by 5.1 per cent, or £2.3 million, with £571,000 of this increase attributed to costs relating to Senedd Reform.

7. Commission-related expenditure (excluding interest and depreciation), over which the Commission has control, is £41.1 million, up 5.9 per cent or £2.3 million. Other costs include:

- Members' salaries and related costs are £17.8 million, an increase of 1.6 per cent or £282,000;
- Commission depreciation and interest charges, which are now shown in the budget following implementation of the new accounting standard for leases IFRS 16, are £6.3 million, down slightly from £14,000 in 2022-23; and
- Members' pension finance costs £1.8 million, unchanged from 2022-23.

8. A lesser focus is given in this report to the budget for the Remuneration Board's Determination. Pay and allowances for Members and their staff are set by the Independent Remuneration Board, so the Commission does not have control over setting this budget. Funding for the Commission and resources linked to the Remuneration Board Determination are separated following an inquiry by the previous Finance Committee into the Commission's use of the Remuneration Board's Determination underspend.⁹ Any underspends against this Determination are therefore returned to the Welsh Consolidated Fund.

9. The draft budget now shows a budget line "to support the Independent Remuneration Board" (see Table 1). This follows the request for additional funding to support the Board in the Supplementary Budget 2022-23. This budget line is increased by a further £70,000 in 2023-24.

Table 1: Senedd Commission draft budget 2023-24¹⁰

Commission Related Expenditure	2022-23	2023-24	Change	
	£000	£000	£000	%
Staff salaries and related costs	£27,416	£28,357	£941	3.4%
Accommodation and facilities	£5,489	£6,069	£580	10.6%
ICT costs	£2,614	£2,801	£187	7.2%

⁹ Finance Committee (Fifth Senedd), The Assembly Commission's use of the Remuneration Board's Determination underspend, May 2018

¹⁰ Source: Senedd Commission, Welsh Parliament Draft Budget 2023-24, 28 September 2022 and Senedd Research calculations

Commission Related Expenditure	2022-23	2023-24	Change	
	£000	£000	£000	%
Other costs	£2,002	£1,961	–£41	–2.0%
Senedd Reform costs	£0	£571	£571	–
Total Revenue Expenditure	£37,521	£39,759	£2,238	6.0%
Total Income	–£220	–£170	£50	–22.7%
Capital Expenditure	£516	£500	–£16	–3.1%
Project Fund	£970	£1,000	£30	3.1%
Total operational resource (excl. interest / depreciation)	£38,787	£41,089	£2,302	5.9%
Interest Charges	£880	£866	–£14	–1.6%
Depreciation and amortisation	£5,410	£5,406	–£4	–0.1%
Total Commission related expenditure	£45,077	£47,361	£2,284	5.1%
Members' salaries and related costs	£17,552	£17,834	£282	1.6%
Budget for Office of the Standards Commissioner	£97	£101	£4	4.1%
Budget to support the Independent Remuneration Board	£477	£547	£70	14.7%
Members' pension finance costs	£1,800	£1,800	£0	0.0%
Total Commission budget	£65,003	£67,643	£2,640	4.1%

10. The Commissioner indicated that the process of setting the budget for 2023-24 is “very challenging” stating they had considered a number of additional factors, including:

“... the increasing utility costs, and alongside that, Senedd reform and the ongoing pressures that we face concerning the pandemic, post-Brexit scrutiny, and, of course, quite a significant amount of legislation.”¹¹

11. The Commissioner also described two key factors considered by the Commission when setting the budget for 2023-24:

¹¹ Finance Committee, RoP, 5 October 2022, paragraph 19

*"One is the Commission's set of strategic objectives to provide the best possible parliamentary support that we can, to serve the people of Wales as best possible and make sure that citizens are at the heart of what we do, and to engage thoroughly with them, and then, to ensure that we use our resources sustainably ... And secondly ... we consider the Finance Committee's statement of principles, and I can confirm that the statement of principles was considered at all times during the process of setting the budget."*¹²

12. The Commissioner confirmed that the Commission considered a number of budget scenarios, including setting a lower budget, but concluded that doing so:

*"... would have resulted in pretty significant impairment of our ability to be able to deliver in the sixth Senedd; it would have had impacts in terms of public engagement, in terms of moving towards a more energy-efficient estate, and it would have had staffing repercussions as well."*¹³

Energy Prices and Sustainability

13. In its draft budget documentation, the Commission states that the largest factor driving the increase in non-staff operating costs relates to increases in energy costs, which amounts to approximately £700,000 for 2023-24.¹⁴

14. The Commission's Annual Report and Accounts 2021-22¹⁵ highlighted it had historically been "reasonably-well insulated" from energy price rises due to a contract with Crown Commercial Services, via the Welsh Government. The overall cost of gas and electricity has risen by approximately 10 per cent in 2021-22. The contract will offer some protection during the current year, in 2022-23, but the Commission reported there would be a "significant rise in unit costs" during that year.¹⁶

15. The Committee recommended last year that the Commission should prioritise and implement changes associated with its Carbon Neutral Strategy 2021-2030 that are simple and cost-effective at the earliest opportunity.¹⁷ The Commission's response¹⁸ stated that, in 2021-22

¹² Finance Committee, RoP, 5 October 2022, paragraph 20

¹³ Finance Committee, RoP, 5 October 2022, paragraph 25

¹⁴ Senedd Commission, Welsh Parliament Draft Budget 2023-24, 28 September 2022, page 8

¹⁵ Senedd Commission, Annual Report and Accounts 2021-22, June 22, page 96

¹⁶ Senedd Commission, Annual Report and Accounts 2021-22, June 22, page 96

¹⁷ Finance Committee, Scrutiny of the Senedd Commission Draft Budget 2022-23, October 2021, Recommendation 8

¹⁸ Senedd Commission, Response to the Report on the Scrutiny of the Senedd Commission Draft Budget 2022-2023, November 2022

and 2022-23, it would progress further LED lighting replacement for Tŷ Hywel and will introduce new metering capability to target areas where it can reduce energy consumption. In addition, the Commission is intending to join Cardiff District Heating network during 2024, to use waste heat from the Cardiff incinerator to heat the Senedd estate, which would be cheaper than wholesale gas costs. Further information regarding the Commission's top level priorities within its strategy for reducing its energy costs and carbon footprint was provided to the Committee through correspondence issued on 14 October 2022.¹⁹

16. The Commissioner told the Committee that the Commission is "somewhat sheltered" because the utility rates are fixed until the end of March 2023, but added that it faces a "particular challenge"²⁰ during the forthcoming financial year. The Commissioner confirmed that:

*"The increase in utility costs has resulted in a 1 per cent increase in that overall budget. Had it not been for the increase in energy costs, then we'd be presenting a budget with an overall increase of 1 per cent less."*²¹

17. The Senedd's Director of Finance stated that the budget for utility costs has increased from "£552,000 to over £1.2 million"²² and that work had been undertaken over the summer to see if efficiencies could be made to cover the additional utility costs but concluded that "an increase of around £669,000 was not achievable in the short term" within existing budgets.²³

18. The Commissioner outlined further options that were being considered to keep utility costs as low as possible. This includes reducing the temperature of Tŷ Hywel and the Senedd buildings by 1 to 1.5 per cent and a greater use of zonal energy systems to shut off energy usage in rooms, spaces, zones that are not widely used, and particularly not used at weekends.²⁴ According to the Commissioner:

*"Those considerations will lead us to be able to reduce our gas consumption by 15 per cent, and in so doing reduce the cost of gas."*²⁵

19. The Commissioner added that there is "an opportunity for Members to contribute to ongoing considerations over how we can reduce the cost of energy".²⁶

¹⁹ [Letter from Ken Skates MS](#), 14 October 2022

²⁰ Finance Committee, RoP, 5 October 2022, paragraph 20

²¹ Finance Committee, RoP, 5 October 2022, paragraph 22

²² Finance Committee, RoP, 5 October 2022, paragraph 27

²³ Finance Committee, RoP, 5 October 2022, paragraph 27

²⁴ Finance Committee, RoP, 5 October 2022, paragraph 31

²⁵ Finance Committee, RoP, 5 October 2022, paragraph 55

²⁶ Finance Committee, RoP, 5 October 2022, paragraph 31

20. When asked about the Cardiff District Heating network, the Commissioner confirmed that the Commission would be joining the initiative in 2024 and that it will “lead to benefits in future financial years, but not necessarily in 2023-24”.²⁷ The Chief Executive added that “we’re hoping that it will lead to a reduction in our fuel price and it’s a more sustainable solution as well”.²⁸

Project Fund

21. The draft budget includes a Project Fund, comprised of a revenue and capital budget,²⁹ for “priority items”.³⁰ It says that “investment plans will be prioritised according to need and the financial and personnel resource required to deliver them”.³¹ There is a proposed budget of £1.5 million for the Project Fund for 2023-24, compared to £1.486 million in 2022-23, an increase of 0.9 per cent or £14,000. Further information regarding identified projects for 2023-24 contained within the Project Fund was provided to the Committee by the Commissioner in correspondence issued on 14 October 2022.³²

22. The Commissioner explained that the purpose of the Project Fund was to support the Commission’s strategic objectives:

“The project fund has remained at there or thereabouts £1.5 million for the past six or so years, and the project fund enables us to modernise the estate, make it more energy efficient, which, of course, is vitally important right now, and to carry out important engagement work with the people of Wales.”³³

23. When asked whether the Project Fund could be used to try and reduce energy costs across the estate, the Commissioner said:

“... that’s exactly what we’ve been using the project fund for—we’ve been rolling out the installation of LED lights, for example, and I mentioned a little earlier that we have now installed a zonal heating system. That wasn’t in place in previous years. That allows us to press down energy costs.”³⁴

²⁷ Finance Committee, RoP, 5 October 2022, paragraph 41

²⁸ Finance Committee, RoP, 5 October 2022, paragraph 45

²⁹ Project Fund costs are included in Table 1 under both the “Project Fund” and “Capital Expenditure” budget lines.

³⁰ Senedd Commission, [Welsh Parliament Draft Budget 2023-24](#), 28 September 2022

³¹ Senedd Commission, [Welsh Parliament Draft Budget 2023-24](#), 28 September 2022

³² [Letter from Ken Skates MS](#), 14 October 2022

³³ Finance Committee, RoP, 5 October 2022, paragraphs 19-23

³⁴ Finance Committee, RoP, 5 October 2022, paragraph 54

24. The Commissioner added that the Commission “would like to move at greater pace, but that would require a larger budget”.³⁵

Committee view

25. The Committee acknowledges that the difficult economic climate, as well as the Commission’s ambitious goals for the Sixth Senedd, has made the budget setting process for 2023-24 particularly challenging and notes that this is a situation facing all public sector bodies as they plan for the next financial year.

26. The Committee is pleased with the prudent way in which the Commission has developed its budget proposals and particularly the way that it has actively listened to the Committee’s previous recommendations, especially around adhering to the Statement of Principles and presenting its budget in a clear, transparent and evidence-based way. As a result, the Committee believes that the draft budget for 2023-24 is reasonable and proportionate.

27. The Committee is deeply concerned by the significant increases in utility costs and its impact on the Commission’s ability to deliver core services. The Committee welcomes initiatives developed by the Commission to reduce energy consumption across the Senedd estate and awaits the outcomes of these developments with interest. Issues relating to reducing energy consumption and embedding sustainability need long-term investment, and the Committee believes that initiatives to reduce gas and electricity usage as well as the decision to join the Cardiff District Heating network are positive steps toward achieving the Commission’s sustainability goals.

28. The Committee also welcomes the Commission’s decision to use Project Fund allocations to implement changes to improve energy efficiency across the estate. It believes that the installation of LED lights and the use of zonal heating within Ty Hywel and the Senedd are simple yet effective solutions that should help to both drive down costs and push the Commission towards meeting its sustainability aims. As with all public bodies, the Commission has a duty to ensure that it works as sustainably as possible, and the Committee welcomes efforts to ensure that this happens.

29. The Committee accepts that the success of these initiatives depends in large part on engaging with and changing the behaviours of those working across the Senedd estate. The Committee is therefore pleased to see the Commission engaging with Commission staff, as well as with Members and their support staff on this issue and believes that further collaboration is essential to making the Commission’s energy consumption affordable and sustainable. The

³⁵ Finance Committee, RoP, 5 October 2022, paragraph 55

Committee also urges the Commission to accelerate changes to ways of working that reduce energy use and to investigate innovative funding approaches in this area.

Recommendation 1. The Committee notes the 'Senedd Commission Draft Budget 2023-24' and, subject to the comments and recommendations in this report, supports the overall request for resource in 2023-24, and recommends the Senedd supports this budget.

Recommendation 2. The Committee recommends that the Senedd Commission adopts a collaborative approach to reducing energy use on the Senedd estate and engages with Members, their staff and Commission staff to gather ideas and to plan and implement projects and policies that meet these aims.

Recommendation 3. The Committee recommends that the Senedd Commission provides periodic updates on:

- the energy-saving initiatives that are both planned and have been implemented;
- the effectiveness of those initiatives in delivering sustainable outcomes; and
- the associated impact on costs and savings.

3. Senedd Reform

Resourcing Senedd Reform

30. The draft budget states that, if Senedd Reform is to be delivered by 2026, then investment in staffing resource and other costs will commence by 2023-24.³⁶ The draft budget sets out early estimates of “Senedd Reform costs” in 2023-24 of £571,000, made up of:

- £462,000 staffing in the business directorate and £74,000 in the resources directorate; and
- £35,000 non-staff costs. Non-staff cost estimates are also provided for 2024-25 of £450,000 and 2025-26 of £1,730,000.

31. In 2023-24, staffing costs will resource workstreams on procedural review work, Senedd Reform business co-ordination and business programme reviews. In addition, further support at senior and administrative level will be required to “enable existing staff to focus on Senedd Reform”.³⁷ The draft budget also notes that:

“...staffing costs relate to those additional posts commencing in 2023-24 only. Additional staffing costs are likely, with additional posts commencing in 2024-25 and 2025-26, however accurate projections are not currently available.”³⁸

32. The draft budget highlights the challenging timescales for Senedd Reform³⁹ and, in particular, notes that the Commission wishes to commence the consideration of strategic changes during the Sixth Senedd as a foundation for the implementation of legislative proposals.

33. The draft budget documentation also refers to the potential for a number of savings and efficiencies which could help limit future increases in resource requirements:

“A detailed review of staffing and non-staff budgets during August 2022 has identified potential efficiencies and savings, that may offset some of the costs of future growth requirements. The Commission is developing these potential

³⁶ Senedd Commission, [Welsh Parliament Draft Budget 2023-24](#), 28 September 2022, page 11

³⁷ Senedd Commission, [Welsh Parliament Draft Budget 2023-24](#), 28 September 2022, page 11

³⁸ Senedd Commission, [Welsh Parliament Draft Budget 2023-24](#), 28 September 2022, page 11

³⁹ Senedd Commission, [Welsh Parliament Draft Budget 2023-24](#), 28 September 2022, page 10

options into a Resource Management Strategy, that will guide its approach to resource requirements for the remainder of the Sixth Senedd term."⁴⁰

34. The Commissioner told the Committee that the allocations for Senedd Reform are "largely associated with staffing resources aligned to Senedd reform" adding that "we anticipate that costs will increase further in 2024-25".⁴¹

35. When asked how the Commission proposes to differentiate between accommodation costs that relate to Senedd Reform and other ongoing costs, such as those associated with the new Ways of Working Strategy, the Commissioner stated that:

*"... we are ring-fencing costs as much as possible with regard to Senedd reform, in the interests of transparency."*⁴²

36. The Director of Finance added:

*"... you'll see within the draft budget document a new line being included for Senedd reform costs. So, anything related to Senedd reform, whether that be staff or additional fees, for example, will be ring-fenced to be as transparent as possible."*⁴³

37. The Chief Executive told the Committee that the Commission is "working on an assumption that the Bill will be introduced in about a year's time" and that it "will take about a year to make its way through the various stages".⁴⁴ The Chief Executive added:

*"... at this stage, we can't see with a huge amount of clarity what we need to budget for beyond the coming financial year, which we're asking you about. We have done our best to estimate what staff will be needed to support the passage of the legislation and to prepare the accommodation options in this coming year and so, for full transparency, we've put that in. Beyond that, we're not in a position to make a realistic estimate, so it would be misleading to put a figure forward when the work is yet to be done."*⁴⁵

⁴⁰ Senedd Commission, Welsh Parliament Draft Budget 2023-24, 28 September 2022, page 15

⁴¹ Finance Committee, RoP, 5 October 2022, paragraph 111

⁴² Finance Committee, RoP, 5 October 2022, paragraph 104

⁴³ Finance Committee, RoP, 5 October 2022, paragraph 105

⁴⁴ Finance Committee, RoP, 5 October 2022, paragraph 112

⁴⁵ Finance Committee, RoP, 5 October 2022, paragraph 112

38. However, the Chief Executive did confirm that full costs relating to Senedd Reform will be included in the explanatory memorandum accompanying the Bill when it's introduced, to ensure "complete transparency".⁴⁶

Ways of Working Strategy

39. On 14 March 2022,⁴⁷ the Commission considered the Estate Strategy, Agile Futures and Capacity Reviews and agreed their consolidation into an integrated Ways of Working Strategy for how Commission staff will work in the short, medium and longer term.⁴⁸ The draft budget states that:

*"The strategy will put Member and Senedd needs first, and contain ambitions to deliver a more responsive, efficient and effective service delivery."*⁴⁹

40. In its report on the Senedd Commission's draft budget for 2022-23, the Committee recommended that the Commission provided updates on how the new Ways of Working Strategy; the requirements for office space by the Welsh Government, and any proposals for Senedd Reform, were impacting on the Commission's estate plans and needs for office space, particularly where this may have resource implications.⁵⁰ The Commission provided a brief update in correspondence to the Committee on 2 February 2022, which mentioned the development of an Estate Strategy.⁵¹

41. The Commissioner explained that the Ways of Working Strategy "represents the biggest potential change to how the Senedd operates since 2006, when the Senedd building itself was created".⁵² He went on to say that:

*"... it's no exaggeration to say that the ways of working strategy is going to be an immense piece of work, and certainly the future of the Cardiff Bay accommodation is a key factor. The regional working work stream as well, and how we ensure that we respond to Members and Members' staff and Commission staff needs for ways of working, in terms of remote and hybrid working."*⁵³

⁴⁶ Finance Committee, RoP, 5 October 2022, paragraph 109

⁴⁷ Senedd Commission, [Agenda](#), 14 March 2022

⁴⁸ Senedd Commission, [Welsh Parliament Draft Budget 2023-24](#), 28 September 2022, page 12

⁴⁹ Senedd Commission, [Welsh Parliament Draft Budget 2023-24](#), 28 September 2022, page 12

⁵⁰ Finance Committee, [Scrutiny of the Senedd Commission Draft Budget 2022-23](#), October 2021, Recommendation 7

⁵¹ [Letter from Ken Skates MS](#), 2 February 2022

⁵² Finance Committee, RoP, 5 October 2022, paragraph 99

⁵³ Finance Committee, RoP, 5 October 2022, paragraph 99

42. In terms of the Welsh Government's presence in the Tŷ Hywel building and on the future use of the Pierhead the Chief Executive confirmed that the Commission is in discussion with the Welsh Government about the future use of the estate.⁵⁴ She also confirmed that Cardiff University is not using its premises in the Pierhead any longer.⁵⁵

43. Asked whether the Commission had considered purchasing the Tŷ Hywel office building as an alternative to extending the current lease when it ends in 10 years' time, the Commissioner told Members:

*"... that is a consideration that was put to the Commission in June of this year. We're now seeking professional advice, not just on that, but on a number of core options for the future of the entire estate, but specifically, with regard to Tŷ Hywel, how we deal with the building once the lease expires in 2032."*⁵⁶

44. When asked about the future of the Senedd's physical presence in north Wales, the Commissioner told the Committee that:

*"... it's felt by Commissioners that it's absolutely essential to maintain a presence in north Wales. But equally there's a feeling that perhaps the Colwyn Bay office doesn't offer the best space to engage with the public, and therefore we engaged in discussions with Welsh Government with a view to potentially sharing space at Llandudno Junction ... The executive board will consider the next steps in terms of the potential sharing of space. They'll then make recommendations to the Commission and I anticipate a decision will be made on the future of the Colwyn Bay office by the end of this calendar year."*⁵⁷

Committee view

45. The Committee believes that the work involved in delivering proposals relating to Senedd Reform will present the Commission with its biggest organisational challenge to date.

46. The Committee also understands the difficulties faced by the Commission in separating on-going costs of maintaining the current estate from investment that will be needed to support Senedd Reform, in preparation for the Seventh Senedd, and welcomes the Commission's efforts

⁵⁴ Finance Committee, RoP, 5 October 2022, paragraphs 79 and 80

⁵⁵ Finance Committee, RoP, 5 October 2022, paragraphs 79 and 80

⁵⁶ Finance Committee, RoP, 5 October 2022, paragraph 77

⁵⁷ Finance Committee, RoP, 5 October 2022, paragraph 102

to provide transparency in this area: It is crucial that clarity on these costs are provided by the Commission and that the Committee has ample opportunities to scrutinise such proposals in detail.

47. The Committee recognises the long-term challenges facing the Commission as it develops its Estate Strategy and is particularly interested in the impact of Senedd Reform on any proposed changes. This includes the potential need for increased office space to accommodate more Members in the Seventh Senedd.

48. The Committee also calls on the Commission to explore as many options as possible to ensure that value for money can be delivered in the way its buildings are managed. In particular, it urges the Commission to consider the long-term benefits or otherwise of purchasing the Tŷ Hywel building, as an alternative to extending the current lease. This reiterates the view of the Finance Committee in the Fourth Assembly which recommended in October 2014 that the Commission should pursue opportunities to purchase the freehold of Tŷ Hywel.⁵⁸ The Committee believes that these views are still valid and asks the Commission to give them fresh consideration.

49. The Committee is pleased that consideration is being given to the future of the Colwyn Bay office. The Committee agrees that retaining a presence in north Wales is important and welcomes the discussions being held regarding sharing office premises with the Welsh Government if this provides a better and more cost-effective solution.

Conclusion 1. The Committee welcomes the inclusion of a dedicated budget line for Senedd Reform in the draft budget and notes the Senedd Commission's intention to provide as much transparency as possible in presenting costs attributable to plans for Senedd Reform in future budgets.

Recommendation 4. The Committee recommends that the Senedd Commission:

- considers the financial and operational benefits or otherwise of purchasing the freehold of Tŷ Hywel as an alternative to extending the current lease; and
- provides regular updates on the options evaluated in relation to the future of all buildings on the estate to ensure transparency and value for money.

⁵⁸ Finance Committee, *Assembly Commission Draft Budget 2015-16*, October 2014, Recommendation 4

Recommendation 5. The Committee recommends that the Senedd Commission provides an update as soon as decisions relating to the future of the Colwyn Bay office and the Senedd presence in north Wales have been made.

4. Workforce

Staffing Costs

50. In its draft budget, the Commission states it is planning to “respond to the largest change the organisation has faced to date”, which will require “mature and long-term workforce planning”.⁵⁹

51. Changes to estimated staffing costs within the draft budget are based on a long-term pay agreement for Commission staff based on historic pay inflation in Wales, resulting in a 2.4 per cent pay award. Increases in Members and their support staff pay are decided by the Independent Remuneration Board, who make an annual Determination on Member support staff salaries and could make an emergency Determination to decide on Members’ remuneration. Increases have been based on data within the Annual Survey of Hours and Earnings (ASHE) for Wales, due out in November 2022, but have been capped at 3 per cent. The decrease in National Insurance contributions, which will take effect from 6 November 2022, is also reflected in the draft budget.⁶⁰

52. When asked whether the Commission had appropriate levels of staff in the right areas to deal with the changing demands of the forthcoming year, the Commissioner responded that he was “confident we have”, but that the staff budget is “closely managed” and that “we’ve been able to maintain a pretty tight ship in terms of staff numbers”.⁶¹ The Commissioner added that:

*“The demands ... are increasing all of the time, but we’re focused on ensuring that human resource is allocated in a way that is meeting the priorities of the sixth Senedd.”*⁶²

53. The Chief Executive also stated that:

*“... part of our capacity review is to make sure that we have the capacity at the right grade and in the right quantity. So, it is something that we do keep constantly under review.”*⁶³

⁵⁹ Senedd Commission, [Welsh Parliament Draft Budget 2023-24](#), 28 September 2022, page 14

⁶⁰ Senedd Commission, [Welsh Parliament Draft Budget 2023-24](#), 28 September 2022, page 15

⁶¹ Finance Committee, RoP, 5 October 2022, paragraphs 123 and 124

⁶² Finance Committee, RoP, 5 October 2022, paragraphs 123 and 124

⁶³ Finance Committee, RoP, 5 October 2022, paragraph 142

54. The Commissioner confirmed that the current pay settlement is in place until 2025⁶⁴ and that “there is no intention to look at it earlier because it is a contract we have in place”.⁶⁵ The Commissioner added:

“... there are other ways and means of supporting staff on the lowest levels of salary, including those services such as the hardship advance.”⁶⁶

55. In terms of providing assistance to staff to help with cost of living increases, the Commissioner told the Committee that all Commission staff “receive at least the living wage”⁶⁷ and outlined the steps taken by the Commission in this area during the current and previous years:

“In terms of initiatives, there is an employee assistance programme. That’s a confidential service and it includes debt advice. In May of this year, the executive board also launched a hardship advance so that staff are able to draw down up to £999 and repay it steadily over two years. In addition, we’ve got a health and well-being strategy that focuses very much on mental health and well-being, but there is also a strong focus on financial well-being within it. And, of course, there are a number of salary sacrifice schemes in place, including travel and bike loans.”⁶⁸

56. The Commissioner added that the Commission was able to respond to demands of Commission staff and Members and their staff through the staff survey and that, in relation to help with childcare, “there is an entire package of mechanisms to support working parents, including single parents”.⁶⁹

57. The Commissioner said that it was too early to evaluate the usage of these initiatives and that it might be worth waiting until later in the autumn “to test the take-up, because we’re not really going to feel the full impact until later in this year”.⁷⁰

58. When asked about the impact of the decrease in National Insurance contributions on the Commission’s budget, the Director of Finance confirmed that those figures are reflected in the draft budget:

⁶⁴ Finance Committee, RoP, 5 October 2022, paragraph 158

⁶⁵ Finance Committee, RoP, 5 October 2022, paragraph 160

⁶⁶ Finance Committee, RoP, 5 October 2022, paragraph 160

⁶⁷ Finance Committee, RoP, 5 October 2022, paragraph 154

⁶⁸ Finance Committee, RoP, 5 October 2022, paragraph 154

⁶⁹ Finance Committee, RoP, 5 October 2022, paragraph 167

⁷⁰ Finance Committee, RoP, 5 October 2022, paragraph 156

*"That overall figure is in the region of £300,000 and we felt it was prudent to remove that from the budget rather than maintain it and then come back to the Senedd with a supplementary budget and, at a later date, remove that figure."*⁷¹

59. The Director of Finance also clarified the impact the decrease would have on the current 2022-23 budget:

*"The savings for this financial year will be around £75,000 on the Commission side and then an element for the determination. So, we look at both in isolation and then put recommendations to the Commission, and, all things being as expected, you should expect a supplementary early in January."*⁷²

Independent Remuneration Board Costs

60. The Commission notes in its draft budget documentation that it is not possible to anticipate decisions that the Remuneration Board may take for their 2023-24 Determination and it has applied the latest GDP deflator of 2.4 per cent to non-staff costs.⁷³ This deflator has not changed since the last OBR forecasts in March, so is likely to be an underestimation of inflation. Allowances and other office costs are budgeted to fall slightly, by £18,000 in 2023-24.

61. When submitting their first supplementary budget for 2022-23 in May 2022, the Commission decided to show administrative support for the Remuneration Board as a separate budget line, outside core Commission costs. Staff costs to support the Board are budgeted to increase in 2023-24 to £462,000, by £68,000.

Committee view

62. The Committee is concerned that the increases in living costs will have a detrimental impact on Commission staff, particularly those on lower grades, and that this will result in more staff facing financial difficulties in the months ahead. However, the Committee welcomes the approach taken by the Commission to mitigate the impact of these pressures on staff: It is particularly pleased that all Commission staff receive at least the living wage and that the Commission has put in place generous policies and initiatives to help staff through difficult economic times.

63. While the Committee accepts that it is too early to evaluate the effectiveness of these initiatives, it warns the Commission against complacency and calls for steps to be taken to

⁷¹ Finance Committee, RoP, 5 October 2022, paragraphs 47-48

⁷² Finance Committee, RoP, 5 October 2022, paragraph 51

⁷³ Senedd Commission, Welsh Parliament Draft Budget 2023-24, 28 September 2022, page 19

ensure that the initiatives achieve their stated intention and reach the right people. The Committee is also interested in any evaluations conducted and calls on the Commission to share its findings from such reviews.

64. The Committee notes that the draft budget includes pay assumptions which are well below inflationary and indicators of average wage growth. The Committee recognises that these are based on existing long-term agreements with unions for Commission staff of 2.4 per cent and under the Independent Remuneration Board's current ceiling of 3.0 per cent for Members and their staff.

65. The Committee notes that any pay increases are based on increases in the Annual Survey of Hours and Earnings (ASHE) data for Wales, with Commission staff salary rises based on the average increases of the three years 2019, 2020 and 2021. Increases in Members and Members support staff salaries have been based on the 2022 changes, due out in November 2022, however it is possible that the Independent Remuneration Board could change its approach in the Determination for 2023-24.

66. The Committee further notes that, as the pay agreement for Commission staff is based on historic increases and because of the considerable uncertainty regarding the likely peak and duration of the high inflation currently being experienced, there will be a lag between when increases in pay inflation are reflected in pay increases for staff and also after wage inflation has fallen.

67. Although the Committee accepts that the existing pay arrangements for Commission staff are in place until 2025, it believes that the Commission should continue to monitor the outlook for public sector funding and public sector pay in 2023-24 to make sure that any future decisions on pay are broadly contemporaneous to those made elsewhere in the public sector, particularly so that those on lower grades are not worse off.

68. The Committee notes commitments made by the Commission to return funding received through the first supplementary budget for 2022-23 following the decrease in National Insurance contributions. It also notes that these funds were included in the baseline for the Commission's 2022-23 budget and further notes the Commission's decision to remove these contributions from its draft budget for 2023-24.

Recommendation 6. The Committee recommends that the Senedd Commission considers providing additional support for lower paid staff and/or staff who may experience difficulties as the effects of the increases in living costs are felt.

Recommendation 7. The Committee recommends that the Senedd Commission puts steps in place to evaluate the effectiveness of the initiatives it has introduced to mitigate the impact of cost of living pressures on staff and shares its findings from such reviews.

5. Engagement

69. The draft budget states that the Commission “will be taking full advantage of the new ways of working by utilising digital technology to further enhance audience participation and experience”.⁷⁴

70. In its report on the draft budget for 2022-23, the Committee recommended that the Commission should report on its success or otherwise in engaging with hard to reach cohorts, particularly those in lower socioeconomic groups, to ensure that its engagement and outreach activities are effective and provide value for money.⁷⁵

71. When asked about the engagement work conducted by the Commission in this area, the Commissioner pointed to the new approaches adopted by Senedd Committees in 2022-23:

*“The business directorate were looking at how committees would be able to operate in a more inclusive way by not just using technology to invite people in who are from hard-to-reach cohorts in a virtual way, but also how we as committee members can get out into communities to see for ourselves the challenges that people are facing. And certainly, on the committees that I am a member on, the engagement with hard-to-reach cohorts has improved quite considerably over the past year”.*⁷⁶

72. The Commissioner also pointed out that engagement with young people from hard-to-reach cohorts, through the work of the Youth Parliament, had increased significantly:

*“If you look specifically at one group—that being young people—in terms of the Youth Parliament, a third of the membership of the Youth Parliament is made up of young people who are from those hard-to-reach cohorts on a regional basis, ethnic basis and socioeconomic basis. And in terms of engagement through the Youth Parliament, in spite of all of the challenges that COVID presented us with, more than 26,000 young people registered, and that represents an increase of something in the order of 8 per cent on 2018. So, a pretty significant increase.”*⁷⁷

⁷⁴ Senedd Commission, [Welsh Parliament Draft Budget 2023-24](#), 28 September 2022, page 16

⁷⁵ Finance Committee, [Scrutiny of the Senedd Commission Draft Budget 2022-23](#), October 2021, page 32

⁷⁶ Finance Committee, RoP, 5 October 2022, paragraphs 169

⁷⁷ Finance Committee, RoP, 5 October 2022, paragraphs 170

73. However, the Chief Executive added a word of caution that it may not be possible to deliver each and every engagement project within future budgets, stating that:

*"there are very ambitious engagement projects that we could embark on ...
But that would take up the entirety of our engagement budget, and we
would need to discuss that very carefully with the Commission."*⁷⁸

74. This echoed comments made by the Commission in correspondence with the Committee in February 2022 where it noted that "Members' and committee appetite to drive the Commission's engagement strategy" could result in costs that could not be absorbed by the current operational budget.⁷⁹

Committee view

75. The Committee is pleased with the progress made by the Commission in reaching out to cohorts that have not historically engaged with the Senedd. The Committee welcomes these initiatives and believes that the work conducted by Senedd Committees and the Youth Parliament in this area are notable achievements.

76. The Committee believes that further investment is needed by the Commission to better understand audiences and build on the good practices being developed. However it also accepts that the Commission cannot implement every proposal linked to engagement within existing budgets and that more needs to be done to understand the views of Members in this area and the associated extra costs of their delivery.

Recommendation 8. The Committee recommends that the Senedd Commission seeks the views of Members to better understand the engagement work they wish to take forward and, once that work is completed, provide an update to the Committee on how such proposals can be delivered within existing budgets.

⁷⁸ Finance Committee, RoP, 5 October 2022, paragraph 176

⁷⁹ Letter from Ken Skates MS, 2 February 2022