

Scrutiny of the Senedd Commission Draft Budget 2022-23

October 2021



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October 2021



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:
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Recommendations

Recommendation 1. The Committee notes the ‘Senedd Commission Draft Budget 2022-23’ and, subject to the comments and recommendations in this report, supports the overall request for resource in 2022-23, and recommends the Senedd supports this budget.15

Recommendation 2. In line with the statement of principles, the Committee recommends that the Commission should fund in-year pressures on the budget it has control over by making in-year savings and efficiencies, rather than through supplementary budgets.....15

Recommendation 3. The Committee recommends that the Commission must clearly demonstrate how it adheres to the statement of principles when formulating future budgets beyond 2022-23, and that, in particular, it should not assume an increase in funding from one year to the next.16

Recommendation 4. The Committee recommends that the Commission provides as much information as possible to the Committee on any additional costs that will feature in the budget for 2023-24 and beyond as soon as the Commission’s goals, objectives and priorities for the Sixth Senedd are agreed.16

Recommendation 5. The Committee recommends that the Commission continues to provide periodical reports during the rest of the 2021-22 financial year on in-year costs and savings related to the impact of COVID-19.20

Recommendation 6. The Committee recommends that the Commission:.....26

- confirms its leasehold responsibilities in relation to the maintenance and upkeep of the Tŷ Hywel building;.....26
- explains whether it is contractually bound to replace the windows in Tŷ Hywel during the Sixth Senedd as a legal condition of the current lease.....26

Recommendation 7. The Committee recommends that the Commission provides updates on how the new ways of working and requirements for office space by the Welsh Government, as well as any proposals for Senedd reform, are impacting on the Commission’s estate plans and needs for office space, particularly where this may have resource implications.26

Recommendation 8. The Committee recommends that the Commission prioritises and implements changes associated with its Carbon Neutral Strategy 2021-2030 that are simple and cost-effective at the earliest opportunity.....26

Recommendation 9. The Committee recommends that the Commission reports 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 provides value for money.....30

1. Introduction

Background

1. The Senedd's 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 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 details 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 Committee considered the Senedd Commission's (the Commission) draft budget proposals for 2022-23³ at its meeting on 8 October 2021,⁴ 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, [Draft Budget: 2022-23](#), September 2021

⁴ RoP, Finance Committee, [8 October 2021](#)

2. Senedd Commission Draft Budget 2022-23

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 reaffirmed⁷ that these principles should continue to be applied by DFBs in the Sixth Senedd at its meeting on 8 July 2021.

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 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 *Statement of Principles*

The Senedd Commission's Draft Budget 2022-23

5. The Commission's proposals set out the budget for 2022-23 and the following two years "in line with current planning assumptions".⁸ The overall budget for 2022-23 is £62.942 million. It is not possible to make direct comparisons with last year as 2021-22 included a separate ring-fenced budget of £2.6 million election-related expenditure which will not be required in 2022-23.

6. Table 1 below provides high level detail of the draft budget, with the headline figures being as follows:

- Commission related expenditure (excluding depreciation), over which the Commission has control, is £41.175 million, up £1,730,000 (4.4 per cent);
- Members' salaries and related costs £17.552 million, up £733,000 or 4.4 per cent;
- Commission depreciation £2.25 million and Members' pension finance costs £1.8 million, both unchanged from 2021-22.

7. Because the pay and allowances of Members of the Senedd and their support staff are set by the Independent Remuneration Board,⁹ the Commission does not have control over the setting of this budget. In light of work conducted by the Finance Committee in the Fifth Senedd,¹⁰ funding for the Commission and resources linked to the Remuneration Board Determination are separated, with any underspends made against the determination returned to the Welsh Consolidated Fund. As a result, a lesser focus was given by the Committee to Member related expenditure to fund the Determination during its consideration of the Commission's draft budget.

⁸ Senedd Commission, *Draft Budget: 2022-23*, September 2021, page 7

⁹ *Independent Remuneration Board of the Senedd*

¹⁰ Finance Committee, *The Assembly Commission's use of the Remuneration Board's Determination underspend*, May 2018

Table 1: Senedd Commission draft budget 2022-23¹¹

	2021-22	2022-23	Change 21-22 to 22-23		2023-24	2024-25
Commission Related Expenditure	£000	£000	£000	%	£000	£000
Staff salaries and related costs	26,325	27,417	1,092	4.1%	28,033	28,598
Accommodation and facilities	7,798	7,809	11	0.1%	7,867	7,926
ICT costs	2,380	2,614	234	9.8%	2,720	2,736
Other costs	2,202	2,055	-147	-6.7%	2,055	2,055
Total Revenue Expenditure	38,705	39,895	1,190	3.1%	40,675	41,315
Total Income	-220	-220	0	0.0%	-220	-220
Capital Expenditure	500	500	0	0.0%	500	500
Project Fund	460	1,000	540	117.4%	1,000	1,000
Total operational resource (excl. non-cash)	39,445	41,175	1,730	4.4%	41,955	42,595
Depreciation and amortisation (non-cash)	2,250	2,250	0	0.0%	2,250	2,250
Total Commission related expenditure	41,695	43,425	1,730	4.1%	44,205	44,845
Member related expenditure						
Members' salaries and related costs	16,819	17,552	733	4.4%	18,072	18,606
Budget - Office of the Standards Commissioner	0	165	165	..	168	171

¹¹ Source: [Senedd Commission, Draft Budget 2022-23](#) and Senedd Research Service calculations

Election related expenditure	2,600	0	- 2,600	- 100.0%	0	0
Members' pension finance costs	1,800	1,800	0	0.0%	1,800	1,800
Total Commission budget	62,914	62,942	28	0.0%	64,245	65,422

8. The draft budget document states that the 4.4 per cent increase in the budget:

"... will fund inflationary and other increases for non-staff budgets, such as changes in the ICT budget where continued hybrid working is generating additional resource requirements. It also provides a 'Project Fund' against which investment plans will be prioritised according to need and the financial and personnel resource required to deliver them. It will also fund the pay award in the staffing budget (2.7% in 2022-23, using the agreed ASHE index-linked five-year pay settlement agreed with the Trade Union Side)." ¹²

9. During the Committee's evidence session, the Commissioner outlined the impact that not increasing the budget by 4.4 per cent would have:

"In not raising it by 4.4 per cent, there would've been significant risk to the support and service that Senedd Members receive from the Commission, and we felt that it was prudent, therefore, to set it at 4.4 per cent, not least given that we are still undergoing tremendous change and we need to take stock of the future needs of Senedd Members and also things like facilities and so forth." ¹³

Priorities for the Sixth Senedd

10. The draft budget for 2022-23 is the Sixth Senedd Commission's first draft budget. When asked how the Commission's goals and priorities for the Sixth Senedd has impacted on formulating the draft budget, the Chief Executive stated that:

"... it probably isn't impacted very much in the budget that's before you for the next financial year, because we haven't had

¹² Senedd Commission, *Draft Budget: 2022-23*, September 2021, page 7

¹³ RoP, Finance Committee, *8 October 2021*, paragraph 28

a chance to build in that new direction from the Commission yet ...

the overarching goals are unlikely to change radically from the fifth Senedd, and it is just a matter of responding to emerging imperatives within that.”¹⁴

11. The Commissioner added:

“... in all probability, it's going to be the budget for 2023-24 that will reflect any major change, given that we're still capturing data, evidence and working on [the] reviews ... outlined.”¹⁵

12. The Director of Finance also emphasised that the Commission's focus for the 2022-23 budget was stability,¹⁶ particularly given the number of external factors impacting on the Commission's budget management processes. In addition to the impact of COVID-19, she said:

“... we've also got the spectre of potential inflation increases for next year, the gas prices, and the national insurance increase was thrown into the mix three weeks ago. So, the budget, as you can imagine, I'm juggling about 20 different things at the moment, so it's probably not the most accurate of budgets for next year that I've produced, but I think the executive board and the Commission are very sympathetic to the environment that we're working in at the moment.”¹⁷

Increase in National Insurance contributions

13. The draft budget document makes reference to a number of areas that are not included in the budget for 2022-23. One of these relates to the costs associated with the increase in National Insurance contributions announced by the UK Government on 7 September 2021.¹⁸ The draft budget document acknowledges that these costs will be an “additional pressure” for 2022-23, adding that:

“Given the timing of the announcement, and its proximity to the Commission's budget submission timetable, the Commission

¹⁴ RoP, Finance Committee, 8 October 2021, paragraph 22-23

¹⁵ RoP, Finance Committee, 8 October 2021, paragraph 24

¹⁶ RoP, Finance Committee, 8 October 2021, paragraph 105

¹⁷ RoP, Finance Committee, 8 October 2021, paragraph 106

¹⁸ UK Government, 7 September 2021. Statement on health and social care

has decided not to change its budget estimate at this stage. However, a further review will take place to consider the impact of this increase, along with other emerging uncertainties and pressures.

*The budget is set on the basis of need and has little capacity for additional demands, therefore it is likely that this will result in a Supplementary Budget during 2022. The total impact of the increase is likely to be in the region of £300k across all salary costs (Senedd Members, Member support staff and Commission staff)."*¹⁹

- 14.** The Director of Finance provided a further explanation of how these costs would be split between Commission staff and Members' salaries:

*"... we mention the £300,000 in the budget documentation, and ... it's split between £170,000 for Commission staff and then £130,000 for Senedd Members and their support staff, which is included in the determination budget line."*²⁰

Senedd Reform

- 15.** The draft budget does not include any costs relating to implementing Senedd reform. The draft budget document states that:

"The debate continues around the Senedd's capacity to undertake its functions effectively ...

*If, during the course of this Senedd, it becomes clear that the Commission needs to plan for any increase in the size of the Senedd, its budgetary strategy would need to be reworked."*²¹

- 16.** When asked how the Commission would resource work relating to Senedd reform in future if the priorities of the Senedd changed, the Chief Executive explained that:

"Certainly, the prospect of further Senedd reform is one of the pressures that we have taken into account, along with the general volume of Welsh Government legislation that's coming

¹⁹ Senedd Commission, *Draft Budget: 2022-23*, September 2021, page 7

²⁰ RoP, Finance Committee, *8 October 2021*, paragraph 32

²¹ Senedd Commission, *Draft Budget: 2022-23*, September 2021, page 12

along at the moment and the need for post-Brexit legislative scrutiny and, indeed, responding to the effects of the pandemic. So, Senedd reform is certainly there ...

We start off with a prudent request for what we consider necessary, and, if we can't contain that, then we will have to come back, ultimately, and ask for supplementary budgets, but it depends on events. We would hope to be able to contain most of that by continuing to work in an agile manner and dynamically managing the budget and reprioritising as we go along.”²²

17. The overall budget does not include costs associated with the International Financial Reporting Standard 16 - Leases (“IFRS 16”).²³ The Commission intends to reflect IFRS 16 changes in a first supplementary budget for 2022-23. Neither does it include costs to cover the windows replacement project in Tŷ Hywel, as that is not likely to commence before 2023-24. Further consideration of the costs of new windows are included in Chapter 4 of this report.

Committee view

18. The Committee acknowledges the many uncertainties that the Commission is having to face, like other public organisations, when setting budgets and plans for 2022-23. It also welcomes the approach taken by the Commission in ensuring agility in its financial planning, particularly in light of the significant uncertainties and external pressures it continues to face.

19. The Committee accepts that a budget increase of 4.4 per cent is necessary in providing stability for the Commission in the short-term. However, the Committee wishes to note that Wales has seen over a decade of austerity and constraints on public sector finances and strongly believes that the Commission should not be treated differently to other public sector organisations in being shielded from the financial pressures caused by these factors. Although the Committee supports the

²² RoP, Finance Committee, 8 October, paragraph 35

²³ IFRS 16 changes the accounting for leases and hence impacts on the net resource requirement sought in budgets. For the Commission, this change mainly affects the treatment of the lease of the Tŷ Hywel building, which is not currently classified as an asset in the Commission's accounts and is not depreciated: the payments are shown as revenue expenditure. From 1 April 2022, the building and a related liability will be recognised in the accounts. This will increase depreciation and interest finance charges in the Commission budget, the cost of which is partly offset by a decrease in the office rental cost shown in the budget. So the overall Commission budget will increase, but the cash requirement from the Welsh Consolidated Fund will remain unchanged and rent paid to landlord remains the same.

Commission's budget for 2022-23, it would have appreciated a clearer picture of the impact that lower budget increases, such as 3 per cent, would have had on the Commission's services. In addition, the Committee is particularly concerned that the 4.4 per cent budget increase for 2022-23 does not yet reflect the Commission's goals and priorities for the Sixth Senedd.

20. The Committee is also concerned that the draft budget documentation highlights scenarios that could lead to in-year supplementary budgets, such as the increase in National Insurance payments, scenarios related to Senedd reform and the windows replacement project, which would lead to requests for further resource. Although the Committee recognises the value in dynamically managing the budget in response to external factors and changing priorities, it believes that the Commission should focus in the first instance on making savings and efficiencies to cover in-year pressures, and only use supplementary budgets as a last resort.

21. Although, it would be inappropriate for the Committee to comment on spending plans beyond 2022-23 at this stage, it firmly believes that the Commission must clearly demonstrate how it adheres to the statement of principles when formulating future budgets, and, in particular, should not assume an increase in funding from one year to the next. The Committee will therefore keep a close eye on any similar increases if they occur in future years.

22. The Finance Committee in the Fifth Senedd's Legacy Report²⁴ suggested that looking at how financial performance and efficiencies are monitored and reported in-year will be important in the Sixth Senedd, and the Committee wishes to establish an open dialogue with the Commission from the outset to ensure that this is achieved.

Recommendation 1. The Committee notes the 'Senedd Commission Draft Budget 2022-23' and, subject to the comments and recommendations in this report, supports the overall request for resource in 2022-23, and recommends the Senedd supports this budget.

Recommendation 2. In line with the statement of principles, the Committee recommends that the Commission should fund in-year pressures on the budget it has control over by making in-year savings and efficiencies, rather than through supplementary budgets.

²⁴ Finance Committee, *Fifth Senedd Legacy Report*, March 2021, paragraph 99

Recommendation 3. The Committee recommends that the Commission must clearly demonstrate how it adheres to the statement of principles when formulating future budgets beyond 2022-23, and that, in particular, it should not assume an increase in funding from one year to the next.

Recommendation 4. The Committee recommends that the Commission provides as much information as possible to the Committee on any additional costs that will feature in the budget for 2023-24 and beyond as soon as the Commission's goals, objectives and priorities for the Sixth Senedd are agreed.

3. Impact of COVID-19

23. In relation to the impact of COVID-19, the draft budget document states that:

“The pandemic has required us to work in more flexible and innovative ways than ever before.

Since the outset of the pandemic, we have demonstrated our ability to continue to use our resources wisely to provide outstanding, innovative parliamentary support to Members under the most challenging circumstances, and to continue to engage with people right across Wales.”²⁵

24. The Commission provided in-year updates to the Committee on in-year costs and savings related to COVID-19 and wrote to the Finance Committee on 26 May 2021,²⁶ with information for the 2020-21 financial year. This included an annex showing changes to Project Fund budget, which increased by a net £176,000, comprising:

- Physical security (delay project) – increase of £191,000, with expenditure brought forward from 2021-22.
- Delayed from 2019-20 (fire door installation) – increase of £122,000 in 2021-22.
- COVID-19 related ICT expenditure –£191,000 including implementing hybrid plenary, cyber security measure, docking stations for home working and technology for smart rooms / video conferencing.
- COVID-19 related Estates - £142,000 adaptations to accommodate hybrid working and video conferencing.
- Engagement and Outreach activities – reduction of £250,000.
- Legislative workbench software – reduction of £111,000.
- Archiving reduction of £65,000, along with a number of other small reductions.

²⁵ Senedd Commission, *Draft Budget: 2022-23*, September 2021, page 8

²⁶ Letter from Chief Executive and Clerk of the Senedd to the Clerk of the Finance Committee, *Financial implications of the COVID-19 pandemic – update as at 31 March 2021*, 26 May 2021

25. The letter also highlighted £160,000 other additional Commission COVID-19 expenditure mainly in relation to ICT equipment, home office equipment, estate signage, sanitiser, PPE and also reduction in shop income. The letter also provided details of the reduced costs or savings made, the aggregate value of which was £985,000 in 2020-21. The net impact of this and the additional COVID-19 costs (£160,000) was an overall net saving of £825,000. The Commission says £417,000 of this was used to fund the increase demand on the Project Fund, maintenance and sustainability work on the estate, including lift maintenance, fire alarm replacement and LED lighting, a new recruitment system and a new MS office access control. The remaining £408,000 remained ‘unutilised’ at the end of the year.

26. In response to questions on the impact that the increase in hybrid working as a result of the pandemic has had on staff productivity, the Chief Executive stated that:

“We have been taking surveys—pulse surveys—on a regular basis to ask people to assess their own productivity, and also looking overall at whether goals are being met at every level ... In some cases, people are reporting that their productivity is going up by working in a hybrid way, because they can concentrate at home, but we are also, I should hasten to add, very mindful that, for a lot of our staff, the reports suggest that they do occasionally feel overworked ... But I'm glad to say that I don't think there has been a decrease in productivity during this time.” ²⁷

27. Both the Commissioner and Chief Executive also highlighted how hybrid working and the associated reduction in travel time has resulted in time savings for staff and Members which has also resulted in environmental benefits.²⁸

28. In terms of the overall budgetary impact of the pandemic, the Chief Executive explained that the financial picture continued to be unclear with any savings or additional costs difficult to estimate:

“I think there are some subtle costs that we are yet to assess, which comes back to the point that we made to you earlier about taking our time to draw conclusions about future ways of working. Because it may be that we corporately have saved

²⁷ RoP, Finance Committee, 8 October 2021, paragraph 40

²⁸ RoP, Finance Committee, 8 October 2021, paragraphs 44-45

money on utilities, although we have had to maintain a comfortable working environment, of course, in the building for the people who are in and the people who've been cleaning and maintaining the building, so it hasn't been as dramatic as you might think. But, of course, people need to be supported at home then, and there are interim thoughts that we might have about hub working and so on, in future—all of this is at a very early stage of consideration. But it isn't a straightforward saving, by any means.”²⁹

29. In certain areas, such as ICT, the Chief Executive added that the Commission could not rule out additional costs continuing in coming years:

“Unfortunately, the nature of ICT means that you have to keep up investment in it, and it's the nature of ICT that, quite often, these bits of equipment become obsolete quite quickly, which is why we have a rolling programme, looking forward several years into the future, of ICT investment ... I'm expecting there will be some elevated costs for ICT for a while.”³⁰

Committee view

30. The Committee recognises the dedication and flexibility of Commission staff in successfully supporting the Senedd through the ongoing COVID-19 pandemic. Although hybrid working has many benefits, the Committee agrees with the Commission's view that the overall financial impact of working in this way, as well as the impact of the pandemic as a whole on Commission budgets, is currently unclear and difficult to forecast over the medium term, as is the case for all public organisations.

31. The Committee has appreciated the provision of regular financial information setting out the costs and savings the Commission has incurred as a result of the pandemic, such as the letter provided to the Committee in May 2021. This is good practice in uncertain financial times and the Committee believes such an approach should continue so that it becomes aware of any in-year savings or additional costs as soon as possible.

²⁹ RoP, Finance Committee, 8 October 2021, paragraphs 102

³⁰ RoP, Finance Committee, 8 October 2021, paragraphs 49

Recommendation 5. The Committee recommends that the Commission continues to provide periodical reports during the rest of the 2021-22 financial year on in-year costs and savings related to the impact of COVID-19.

4. New ways of working, workforce and the Senedd estate

32. The budget document for 2022-23 states under the heading “New ways of working” that there is an opportunity to:

“... build a new, flexible, responsive, and sustainable model of working as we learn more about the post-pandemic world and the preferences of Members in the Sixth Senedd. Supporting Senedd Business is our priority, the flexibility staff have must be set against Business needs, maintaining service levels and ensuring that the approach fits the needs of Members.”³¹

Capacity Review

33. In 2017, the Commission undertook a capacity review which informed capacity planning during the last Senedd³² and has fed into the Commission’s people strategy running from 2019-23. In giving evidence to the Committee, the Chief Executive confirmed that another capacity review is currently taking place:

“We have another capacity review taking place now ... That capacity review started in May of this year. We’re in a discovery phase at the moment, so we’re gathering evidence and are preparing recommendations, which we expect to give to the Commission by the end of this calendar year. And then we will move into either further exploration of the recommendations or implementation of the recommendations next year. So, I imagine that it’s probably going to be spring by the time—certainly before I am before you this time next year when we can talk in greater detail about that.”³³

Staff wellbeing

34. A number of factors caused by the COVID-19 pandemic resulted in an increase in untaken leave balances for Commission staff. This necessitated the Commission laying a supplementary budget near the end of 2020-21 to increase

³¹ Senedd Commission, *~~Draft Budget: 2022-23~~*, September 2021, page 8

³² RoP, Finance Committee *~~3 October 2018~~*, paragraph 90

³³ RoP, Finance Committee *~~3 October 2018~~*, paragraph 57

the provision to account for staff annual leave not expected to be taken by 31 March 2021. This was an accounting adjustment to the value of £650,000.

35. The Director of Finance provided the Committee the most up-to-date picture relating to accrued leave, stating that:

*"I've quickly looked at the figures this week as at the end of September, and at first initial look, the figures have increased, which is surprising. So, I'd like to spend a bit more time analysing those figures and understanding what's behind them to make sure the figures are correct."*³⁴

36. The Chief Executive added that this was an area which required further analysis:

*"It's something that we keep under close review ... we're about to do a deep dive later on this morning with the executive board into absence figures, which, after being pretty healthy during the last financial year, are showing signs of increase this year ... I think that factors such as mental well-being, social isolation from colleagues, people not having appropriate work environments at home, and indeed people actually coming down with coronavirus—although we don't have very many of those cases—are all issues that we want to bear in mind."*³⁵

Improving the estate and windows replacement project

37. The draft budget document states that the use of Tŷ Hywel, the Pierhead building and the north Wales office will be reviewed in the early Sixth Senedd.³⁶ The Commission states that it will take time to understand what new demands on Members and their staff will be but their preferences will be taken into account. Other key drivers will be Welsh Government's plans (the Welsh Government currently has exclusive use of part of the Tŷ Hywel building) and potential Senedd reform.

38. The previous Finance Committee took a keen interest³⁷ in the Commission's plans for and funding of a significant project to replace Tŷ Hywel windows. In the

³⁴ RoP, Finance Committee, 8 October 2021, paragraphs 91

³⁵ RoP, Finance Committee, 8 October 2021, paragraphs 97

³⁶ Senedd Commission, Draft Budget: 2022-23, September 2021, page 9

³⁷ See Finance Committee, Scrutiny of the Assembly Commission Draft Budget 2020-21, October 2019

budget for 2021-22, the Commission stated that a feasibility survey was carried out in summer 2020 and that the Commission will consider different options and costs to see how this project could be phased or funded “as a one-off exceptional item”.³⁸

39. The 2022-23 budget document highlights that the project cost of £6.0 million is too large to include as part of the available annual operational budget. It is suggested that a decision to proceed would need to be taken alongside decisions on the use of Tŷ Hywel. With work potentially taking place in 2023-24, if authorised.³⁹

40. Asked whether replacing the windows in Tŷ Hywel was part of the Commission’s lease responsibilities, the Chief Executive stated that:

*“They are ... I think there is probably something to explore about what a full repairing lease means, but yes, that is what we're faced with, and the question that we put to the Commission last December was, with the latest estimate of the figures of replacing them, what options they had in terms of is it more effective to do all of this in one go, or to phase it over a number of years, and so on. And the view of the Commission in December was that it wasn't right for it to take a decision and bind the hands on such a substantial subject so close to the end of a Senedd, and so it has presented those recommendations to the current Commission, and before they make a decision, I imagine they're going to have to think about our wider accommodation strategy.”*⁴⁰

41. In response to further questioning, the Chief Executive added:

*“... we have a full repairing lease, therefore we have an obligation to return the building in a decent condition if that is what we decide to do, because obviously, there is a question about the status of the building in future, whether the Commission wants us to acquire it or give it back to the current owner.”*⁴¹

³⁸ Senedd Commission, *Draft Budget 2021-22*, September 2020, page 16

³⁹ Senedd Commission, *Draft Budget 2022-23*, September 2021, pages 10-11

⁴⁰ RoP, Finance Committee, *8 October 2021*, paragraph 74

⁴¹ RoP, Finance Committee, *8 October 2021*, paragraph 78

42. The Commissioner stated that decisions relating to replacing the windows were influenced by a number of factors largely out of the Commission's control, adding that the decision to go ahead with this particular project was part of the Commission's wider accommodation strategy which depended on a number of external factors:

*"All of these major decisions will then contribute to our consideration of what estate is required for the Senedd, and that in turn will obviously then influence the decision over the future of the windows. We wish to make a decision concurrently over the windows and the future ways of working, and that's why the review is just so important."*⁴²

Sustainability

43. The Commission reached the end of its Carbon Reduction Strategy during 2020-21, which included a set of sustainability targets to 2021. In its Sustainability Annual Report 2020-21,⁴³ it notes the change of use of the estate due to the pandemic has 'profoundly changed' its environmental impacts.

44. The Commission published a new Carbon Neutral Strategy in February 2021.⁴⁴ This includes the following three stage approach to becoming Carbon Neutral by 2030:

- Short term (2021-23) – behavioural change, business management improvements, monitoring and continued LED lighting work.
- Medium term (2023-26) – air conditioning, connect to district heating network, installing solar in Senedd and Tŷ Hywel.
- Longer term (by 2030) – air-source heat pumps for hot water, MS travel and subsistence for Electric vehicle travel only.

45. The Commissioner provided some additional information on costs associated with each stage in his evidence to the Committee:

"We've got the short-term period up to 2023, and that involves further energy monitoring to enable us to replace inefficient infrastructure like pumps and ventilation fans and so forth. The budget for that is not considerable—it's only £30,000. And then,

⁴² RoP, Finance Committee, 8 October 2021, paragraph 75

⁴³ Senedd Commission, Sustainability Annual Report 2020-21, June 2021

⁴⁴ Senedd Commission, Carbon Neutral Strategy 2021-2030, February 2021

also, further phased LED lighting replacement in Tŷ Hywel, which obviously leads to a reduction in electricity usage, and that carries a budget of £80,000 in 2021-22, and there'll be a further phase in 2022-23 subject to budget ...

But then, in the medium term, that being to 2026, we're looking at solar photovoltaic panels for electric generation We can't estimate at the moment what the cost is going to be on that. And then there'll also be replacement air handling units. Again, costs will be determined for that particular work. There'll be connection to the district heat network. That will carry no cost, and potential financial savings ...

Then, in the longer term, that being to 2030, the budget is going to be subject to feasibility studies and actions will include air source heat pumps and investment in carbon offsetting schemes as well.”⁴⁵

Committee view

46. The Committee is pleased to hear that the Commission is undertaking a Capacity Review and looks forward to hearing more detail on the aims, progress and outcomes of this review by next spring. The Committee is particularly interested in whether the review will consider the efficiency of current staffing structures and resourcing of management, and looks forward to seeing whether such details will be included in future budget documents.

47. The Committee recognises the various policies and surveys the Commission has put in place to monitor and support staff welfare during the pandemic. The Committee will retain an interest in how the Commission balances the need for home and on-site working, and in any assessments conducted by the Commission of benefits in this area. However, the Committee notes with concern the rising levels of staff accrual and urges the Commission to monitor this issue closely.

48. The Committee recognises the need for the Commission to keep rented premises, such as Tŷ Hywel, at an agreed level of upkeep. The Committee welcomes the offer made by the Chief Executive to provide clarity on what the Commission's leasehold responsibilities to Tŷ Hywel are, including what they are contractually obliged to invest in and how this links in with the windows replacement project. By doing so, the Committee can be assured that the

⁴⁵ RoP, Finance Committee, 8 October 2021, paragraph 85

proposed investment is providing value for money in line with contractual obligations the Commission must meet.

49. The Committee is pleased to hear of the Commission's Carbon Neutral Plan and urges the Commission to prioritise and implement changes that are simple and cost-effective at the earliest opportunity.

Recommendation 6. The Committee recommends that the Commission:

- confirms its leasehold responsibilities in relation to the maintenance and upkeep of the Tŷ Hywel building;
- explains whether it is contractually bound to replace the windows in Tŷ Hywel during the Sixth Senedd as a legal condition of the current lease.

Recommendation 7. The Committee recommends that the Commission provides updates on how the new ways of working and requirements for office space by the Welsh Government, as well as any proposals for Senedd reform, are impacting on the Commission's estate plans and needs for office space, particularly where this may have resource implications.

Recommendation 8. The Committee recommends that the Commission prioritises and implements changes associated with its Carbon Neutral Strategy 2021-2030 that are simple and cost-effective at the earliest opportunity.

5. Engagement and awareness raising

50. The draft budget documentation highlights the increased interest in Welsh politics as a result of the COVID-19 pandemic and states that resources will be focused on producing “creating innovative content to reach new audiences”.⁴⁶ Investment is planned in developing a rolling engagement programme, including “face-to-face, virtual and hybrid experiences on and off the estate”.⁴⁷

51. The project fund includes £200,000 for “engagement and outreach activities” in 2022-23.⁴⁸ In addition, the second election for the Youth Parliament is in November 2021. It is envisaged that the second term will look at issues facing young people and follow up on work and recommendations of the first parliament.

Engagement and outreach activities

52. The Commissioner provided further information to the Committee on how the funds relating to engagement and outreach activities will be used:

“I’ll begin by saying that there’s £200,000 in the 2022-23 draft budget for engagement and outreach activities, and ... we are desperately keen to make sure that we reach those people who have perhaps not been engaged with us in past years, and that’s why that £200,000 is so important within the £1.5 million project fund ...

So, we’re going to be investing in new online engagement tools to make it easier for the public to engage with the work of committees, such as inquiries. We’re going to make it more interactive as well, what we offer, so that systems can then flag up petitions if somebody searches for a specific subject that they want to research, and if there’s a petition linked to it, then that will become more available in an easier fashion. And we’re also investing in surveys to better understand how members of the public view our work ...

Our priority right now is making sure that, given people haven’t been able to access the estate, the online presence is as good

⁴⁶ Senedd Commission, *Draft Budget: 2022-23*, September 2021, page 11

⁴⁷ Senedd Commission, *Draft Budget: 2022-23*, September 2021, page 11

⁴⁸ Senedd Commission, *Draft Budget: 2022-23*, September 2021, page 11

as it can possibly be, and that's why we're investing in additional social media content to make online access more interactive.”⁴⁹

53. The Chief Executive added:

“... in terms of reaching new audiences, that is very much the cornerstone of the engagement and communication strategy now. The annual report for last year outlines in the KPI sections how we're giving ourselves some quite stern output measures, and we're looking to increase year-on-year metrics that we're capturing about reaching new audiences, and influencing the politically disengaged.”⁵⁰

Impact of the Senedd and Elections (Wales) Act 2020⁵¹

54. The previous Finance Committee reported on the financial implications of the Senedd and Elections Bill in June 2019 and emphasised the importance of carrying out post-implementation reviews to ensure the objectives of the legislation were being delivered in line with expectations.⁵²

55. The Chief Executive outlined the impact of the legislation on the Commission's costs:

“... the two major changes that had financial implications for us in the Senedd and Elections (Wales) Bill were the extension of the franchise to 16 and 17-year-olds and other categories, and then the name change.”⁵³

56. The Commissioner provided additional information on the financial impact of these changes on the Commission's budget:

“There was, I think, £150,000 identified for education and awareness raising for votes at 16 within the pre-election budget. And in 2020-21, there was £97,000 spent on votes at 16 and, in the current year, further expenditure of just over £50,000, and a further £50,000 was also made available for other

⁴⁹ RoP, Finance Committee, 8 October 2021, paragraphs 112-116

⁵⁰ RoP, Finance Committee, 8 October 2021, paragraph 120

⁵¹ Senedd and Elections (Wales) Act 2020 (anaw 1)

⁵² Finance Committee, Financial Implications of the Senedd and Elections Bill, June 2019, Recommendation 15

⁵³ RoP, Finance Committee, 8 October 2021, paragraph 128

*awareness raising ahead of the Senedd elections. And that was focused very much on sections of the population that tend to have lower turnout, so low-income groups, BAME groups, and it also sought to raise awareness in the wider population obviously, but with a particular focus on those who traditionally haven't voted.”*⁵⁴

57. In terms of outcomes, the Chief Executive added:

“the evidence that we've gathered, so far, suggests that it did fulfil the policy intention of raising awareness of the Senedd and an understanding of the distinction between it and the Welsh Government, and that will now form part of the assessment going forward of communication and engagement effectiveness ...

I would just say that, in terms of value for money, we've seen a very great increase in numbers visiting the Senedd website since the name change and a large proportion—over 80 per cent—of visitors to the website were new to the website. There are probably lots of things that contribute to that, but the name change will have been part of that landscape as well.

*And the cost of the name change, we came in under budget—we had budgeted £70,000, but it was largely because a lot of the work was able to be delivered by our skilled teams in-house that that came in more cost effectively than we'd thought. And ... the money spent on supporting the extension of the franchise has been within budget.”*⁵⁵

Committee View

58. The Committee welcomes the Commission's approach to engagement and outreach work, particularly its aims in reaching new audiences and people that have not historically engaged with the Senedd and its work. The Committee acknowledges that doing so requires appropriate levels of funding and agrees that the associated projects and investments included in the 2022-23 budget are both necessary and proportionate. The Committee looks forward to seeing the

⁵⁴ RoP, Finance Committee, 8 October 2021, paragraph 127

⁵⁵ RoP, Finance Committee, 8 October 2021, paragraphs 128-130

impact of this investment reflected in performance against the Commission's performance targets.

59. The Committee is pleased with the work undertaken by the Commission to assess the impact of the Senedd and Elections (Wales) Act 2020 and notes the encouraging outcomes to date.

Recommendation 9. The Committee recommends that the Commission reports 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 provides value for money.