

The National Assembly for Wales Commission

BUDGET PROPOSALS 2009-10



Cynulliad National
Cenedlaethol Assembly for
Cymru Wales



THE NATIONAL ASSEMBLY FOR WALES COMMISSION

BUDGET FOR THE YEAR ENDING 31 MARCH 2010

Summary

1. This budget submission is laid before the National Assembly for Wales in compliance with Standing Order 27. It will assist in the compilation of the Annual Budget Motion required by Section 125 of the Government of Wales Act 2006. The submission covers the resource and cash requirements of the National Assembly for Wales Commission (the Assembly Commission) for the year ending 31 March 2010 and provisional amounts for the subsequent two years.
2. The Budget Motion will authorise the net resources to be used for the services and purposes of the Assembly Commission, the maximum income (or accruing resources) that may be retained for use on those services and purposes instead of being paid into the Welsh Consolidated Fund, and the cash amount that will need to be issued from the Welsh Consolidated Fund to meet the anticipated net amounts falling due for payment by the Commission. The 2009-10 Budget for the Assembly Commission, addressing these requirements, is set out below:

Table 1: The Assembly Commission 2009-10 Budget

	£000
Resources other than accruing resources for use by the National Assembly for Wales Commission on revenue and capital costs associated with the administration and operation of the National Assembly for Wales ("the Assembly"); promotion of the Assembly including payments to the Electoral Commission and others; payments in respect of the Commissioner for Standards; any other payments relating to functions of the Assembly or functions of the National Assembly for Wales Commission.	47,751
Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the National Assembly for Wales Commission: <ul style="list-style-type: none">• From the disposal of fixed assets and other capital income for use on the purchase or acquisition of fixed assets;• Rental income; gifts; income from commercial sales and other services provided to the public or others for use on administrative costs of the Assembly.	160
Amount to be issued from the Welsh Consolidated Fund to meet the anticipated amounts falling due for payment in the year in respect of the above services and purposes less expected retainable receipts and recoverable VAT.	42,351

3. *Annex 1* aligns the Budget for 2009-10 by Service/function against the Assembly Commission's Strategic Aims for the Third Term of the Assembly.
Annex 2 aligns proposed new spend for 2009-10 against the Assembly Commission's Strategic Goals for the Third Term of the Assembly.
Annex 3 allocates the proposed new spend against revenue and capital classifications.
Annex 4 analyses the resource budget by type of expense and income.
Annex 5 reconciles the net resource requirement to the cash drawing requirement from the Welsh Consolidated Fund.

Governance, Strategy and Delivery

4. May 2007 saw the creation of the Assembly Commission under the Government of Wales Act 2006. At an early stage, the Commission agreed its purpose for the Third Term of the Assembly: *to make the Assembly an accessible and effective parliamentary body that inspires the confidence of the people of Wales.*
5. Five supporting strategic goals were established, to guide service and resource decisions:
 - **To promote and widen engagement in devolution**
Through our work we will demonstrate that the Assembly is working for all citizens and encourage greater and more active participation in the democratic process.
 - **To show unity, leadership and a bold response to constitutional change**
We will provide services that deliver scrutiny and legislation of the best quality and support Members in all that they do as elected representatives.
 - **To demonstrate respect, probity and good governance in all our work**
All that we do must stand up to intense external scrutiny. Our work will be transparent and reflect the diverse nature of Wales and its languages.
 - **To work sustainably**
We will provide the highest achievable level of sustainability in managing our work and estate.
 - **To ensure that the Assembly has the best service, provided in the most effective way**
We will seek continuous improvement in the services provided for Members and the people of Wales, while demonstrating wise and effective use of resources and value for money.
6. The Assembly Commission also established and operates a framework for governance and internal control, including financial standards and other key policy drivers, such as sustainability and equalities. Four Independent Advisers were appointed to ensure that the Assembly Commissioners and the Commission's senior management are supported and constructively challenged in their roles. The Advisers' responsibilities include performance monitoring and maintaining a critical overview of the Commission's financial controls and risk management procedures.
7. A Corporate Governance Committee was established, consisting of the Commissioner for Assembly Resources, William Graham AM, and three of the Commission's Independent Advisers. This Committee performs a role similar to that of an audit committee in other public and

major private sector organisations. It advises the Commission on matters relating to risk, audit, good governance and financial practice and provides assurance to the Accounting Officer who attends meetings along with relevant colleagues. Representatives from the Wales Audit Office and our internal auditors, RSM Bentley Jennison, also attend.

8. To drive forward performance against the strategic goals, the Commission's Management Board put in place a Performance Management Dashboard to review the performance of a range of key indicators and service milestones. This high-level and visible information ensures a focus on performance and efficiency achievements through the year.
9. The Commission's on-line Annual Report and Accounts for 2007-08 highlights the achievements during its first year, which included:
 - 7 Legislative Competence Orders (LCOs) and 2 Assembly Measures began their progress through the Assembly during the year (see paragraph 13 below for details of the number whose consideration was completed during the period). Of these, 2 of the LCOs and 1 of the Measures resulted from ballots for private Members' legislation. In total, in 2007-08, 8 such ballots were held with 7 of the successful Members being granted permission by the Assembly to introduce legislation to give effect to their ballot proposals. The development of these proposals carries a particularly heavy workload for the Members involved and the Commission staff supporting them;
 - In embracing their new scrutiny and legislative roles, Assembly Members have attended 244 committee meetings. They have been supported in this role by the Commission's legal and clerking teams, and the production of over 3,500 pieces of written work by the Members' Research Service;
 - The introduction of an award-winning website www.assemblywales.org with an online petitioning system and discussion forums.
 - The education programme reached 17,000 pupils, the 500,000th visitor to the Senedd since it opened was welcomed, and the Information and Booking line received nearly 40,000 requests for information. A new, state of the art education facility – Siambr Hywel – was opened and there are plans for a new visitor, conference and exhibition centre at the historic Pierhead Building, to build upon the Assembly's growing public engagement experience.
 - The Green Dragon Level 5 award was maintained for the Tŷ Hywel offices, and the Commission's plans to be an exemplar organisation in terms of leadership in sustainability and environmental performance are progressing.
10. Financial performance management reports are produced regularly and are considered by the Commission and Management Board. The budgetary outturn for 2007-08 was within 1.6% of the £41.761m

resource budget, with new demands emerging over the course of the year being managed within the budget.

Update on 2008-09 and Budget Proposals for 2009-10

11. The Commission's resource budget for 2008-09 is £46.181m. The funding is enabling essential investment in enhanced capacity to support the new legislative processes, increased committee workload, independent service and good governance systems for the newly established Commission, and investment in further engagement with the people of Wales.
12. There has been a sustained increase in committee activity since the start of the Third Term. There are now 22 committees in existence (excluding the Business Committee and Commission), compared with 17 committees in December 2007, and the first year of the Assembly saw an upward trend in the number of formal meetings, visits and offsite activity. Scheduled plenary time in the Third Assembly increased to 8.5 hours per week, from 7.5 hours per week in the 2nd Assembly. From early in the autumn term, it has increased further to a total of 9 hours per week.
13. In terms of the legislative programme, during the first financial year of the Commission's existence the staff and other resources provided by the Commission supported a legislative programme of one Proposed Assembly Measure and the equivalent of between 4 and 5 Proposed LCOs. During 2008-09 it is expected (based on legislation already under consideration and on the Assembly Government's proposed legislative programme for the next 12 months) that the Commission's resources will need to support consideration of around 6 Proposed Measures and 6 Proposed LCOs. Projections based on information currently available suggest that there will be a further increase in legislative activity between the current financial year and 2009-10, although at present there is insufficient information to accurately estimate this further increase.
14. It is currently anticipated that the increasing demands in 2008-09 can be met through the Commission's contingency budget rather than seeking a supplementary budget. The Commission pursues efficiency achievements as part of its performance improvement framework and is aiming to secure a total £0.3m of savings for reinvestment during 2008-09.
15. For the future, the Commission must anticipate, plan for and respond to its changing workload, demands of the Assembly and its Members and engage effectively with the people of Wales. However, the Commission is mindful of the current economic conditions and the resulting pressures on the public sector and people in Wales. In response, the Commission has succeeded in restricting its proposed budget increase for 2009-10 to 3.4%, establishing a resource budget of £47.751m. This will be challenging against current levels of price inflation, and is also below the overall 4.8% estimated increase in

funding coming to Wales for the year. The following paragraphs describe the rationale for this budget.

16. Table 2, provides a comparison between the 2008-09 and 2009-10 net resource budgets:

Table 2: Budget Comparison 2008-09 and 2009-10

	Revenue	Capital	£000 Total
Net 2008-09 approved budget for the Assembly Commission:	44,631	1,550	46,181
Net 2009-10 resource requirement (budget)	47,042	709	47,751

17. The proposed increase of £1.570m (3.4%) is made up of the following components:
- a. A number of unavoidable additional costs: £1.172m (2.5%) for price and pay rise inflation, consisting of: an estimate for price inflation on procured goods and services of £0.351m (0.76%); £0.341m (0.74%) for estimated inflationary costs on Members' and Office Holders pay and allowances; and, £0.480 (1.0%) to fund the existing commitment to incremental progression and the third year of a three-year pay settlement for staff of the Commission. It is recognised that the proposed price inflation increase is below the current levels of consumer price inflation. This may lead to pressure on the budget, but will be managed through the Commission's financial performance management framework.
 - b. £1.512m for new spending proposals to support the Commission's strategic goals, as set out in Annexes 2 and 3. Notably, for the first time, the Commission has decided to introduce a cash efficiency target of £-0.250m as part of these new spending proposals, to be used towards funding the overall budget. The Commission's proposals provide for further enhancement of the service available to Members and the public to ensure the Assembly can grow and continue to function effectively in delivering the goals set for it by the Government of Wales Act 2006. The Commission's financial planning arrangements require all new spending proposals to be supported by a costed business case which will be considered against other priorities and the Commission's strategy. Many of the proposals are at an early stage of development, based on estimates rather than firm costings. Actual delivery will be subject to finalised business cases with affordability decisions linked to funding and impact.

- c. £-0.239m of cash efficiencies and savings already realised, arising through improving processes and delivery mechanisms supporting the Assembly, with a recurring effect in future years.
 - d. £-0.875m in relation to budget allocations for specific one-off projects in 2008-09 which are non-recurring in 2009-10.
18. There are a number of additional developments on the horizon that could impact on the Assembly Commission's budget, most notably a major review of ICT-related services to the Assembly and to improve and further support the Assembly's ability to widen public engagement (*i-change*), and the independent review panel of support to Assembly Members which will be reporting in 2009. It is not possible at the current time to estimate accurately the potential costs of these developments, though the ICT costs are likely to be significant and to span a number of years. Depending upon costs and savings generated during this period, the Commission may need to consider a supplementary budget request during the course of 2009-10.
19. As noted above, the Assembly Commission recognises the challenging fiscal environment and financial constraints which the public sector and economy as a whole are facing. The Commission took a view that it should seek to limit expenditure where possible now and to plan for a period of consistent but prudent expenditure over the next three years. It has therefore had to reduce or remove some elements of its original budget plans. The final budget includes resources at a level sufficient to deliver its key objectives, while also delivering value for money and efficiency.

Forward look

20. Indicative forward-look budgets are set out in the table below. These take account of estimated inflationary and forward-planned costs, which include committed costs that arise at particular points of the four-year electoral cycle, and expenditure for essential asset replacement. In refining these indicative budgets the Commission will seek to maintain a strategy of tight, steady financial management and increasing efficiencies where possible. The Assembly is still in the early days of delivering under the Government of Wales Act 2006, and any changes in Assembly workload, Members' requirements, or other new developments will be contained within existing resource levels as far as is possible, but clearly could impact on the indicative budgets.

**Table 3: Indicative resource and cash budgets
for 2010-11 and 2011-12**

	£000	
	2010-11	2011-12
Indicative Revenue Budget (excluding accruing resources)	49,058	51,577
Indicative Capital Budget (excluding accruing resources)	1,530	2,183
Indicative Accruing Resources Budget	160	160
Indicative Cash Budget	44,804	47,588

Annex 1

Assembly Commission: Alignment of 2009-10 Budget by Service and Strategic Goal

<u>Service/function</u>	To promote and widen engagement in devolution	To show unity, leadership and a bold response to constitutional change	To demonstrate respect, probity and good governance in all our work	To work sustainably	To ensure the Assembly has the best service, provided in the most effective way	£000 Budget
Corporate Unit ¹	218	190	687	293	578	1,966
Legal Services ²	100	201	100	67	201	669
Assembly Business Directorate ³	1,277	1,603	693	513	2,579	6,665
Assembly Operations Directorate ⁴	3,864	1,553	5,731	3,425	4,988	19,561
Capital Charges ⁵	840	840	840	840	840	4,200
Contingency ⁵	200	200	200	200	200	1,000
Cost Savings & Efficiencies	-50	-50	-50	-50	-50	-250
Total Assembly Parliamentary Service	6,449	4,537	8,201	5,288	9,336	33,811
Members' salaries & allowances, Office Holders' salaries, Members' staff salaries ⁶						13,940
Assembly Commission Budget						47,751

See page 9 for an explanation of the above Services/functions.

Explanation of Services/function

¹ Corporate Unit

The Corporate Unit provides Secretariat services to the Assembly Commission and Management Board; Support to the Presiding Officer and Chief Executive; and is responsible for Records Management, Freedom of Information, Internal Communications and Audit Management. There are 27 staff in this service. An important project for 2009-10 is to continue the development of a new Archiving Record for the National Assembly for Wales at an estimated £0.030m.

³ Assembly Business Directorate

This directorate provides specialist parliamentary support to Members to ensure the efficient and effective conduct of business. It is made up of the Committee Service; the Legislation and Chamber Service; the Members' Research Service; and the Parliamentary Translation and Reporting Service. Major projects for 2009-10 are an investment in Information Management Systems to improve services provided to Members and Committees £0.150m; and Legislation Software £0.100m. There are 135 staff in this directorate.

⁵ Capital Charges / Contingency

Capital Charges consist of charges for the depreciation of capital assets, such as the Senedd building and its contents, and a notional interest charge reflecting the cost of capital utilised by the Commission. Notional interest is charged on the net asset value, except for donated assets and cash balances with the Office of the Paymaster General.

The Contingency offers a prudent degree of flexibility for the Commission to be able to respond to unexpected demands etc. in year, without having to return to the Assembly with a supplementary budget request. It reflects the accounting regime which prevents unused resources and cash from being rolled forward from one year to the next.

² Legal Services

Legal Services provides: Advice on Legislative Competence Orders and Measures; Advice on legislative competence; Scrutiny of Subordinate Legislation; Advice to Committees and Members in support of their scrutiny of Government; and Corporate Advice. There are 9 staff in this service.

⁴ Assembly Operations Directorate

This directorate provides communications and operational support for the Commission, all Assembly Members and the public who visit the Assembly estate. Major projects for 2009-10 include initial costs of the i-change programme and replacement of the Tŷ Hywel Broadcasting Ring-main, (together estimated at £0.429m); Sustainability Improvements (£0.100m); and a programme of developments and activities to strengthen engagement with the people of Wales (£0.325m). There are 199 staff in this directorate.

⁶ Members' salaries & allowances, Office Holders' salaries, Members' staff salaries

Total cost of salaries including pension and national insurance contributions is £5.258m. Assembly Members receive allowances to operate their constituency offices and employ staff to support them in their activities as Assembly Members. The cost of employing staff including pension and national insurance contributions is £5.746m whilst allowances are £2.936m. The Pay and Allowances of Assembly Members are set out in 'Determinations', which can be found at www.assemblywales.org.

Annex 2

Assembly Commission: Alignment of 2009-10 New Spend Proposals by Strategic Goal

	To promote and widen engagement in devolution	To show unity, leadership and a bold response to constitutional change	To demonstrate respect, probity and good governance in all our work	To work sustainably	To ensure the Assembly has the best service, provided in the most effective way	£000 Total
Improving efficiency and delivery through Investment in IT Systems	119	205	138	97	150	709
Strengthening engagement activities connecting with the people of Wales	243	100	6	16	-	365
Supporting the work of the Assembly	30	75	68	123	9	305
Additional Contingency	27	27	27	25	27	133
Total	419	407	239	261	186	1,512

Annex 3**New spend proposals 2009-10 to support the strategic goals**

	Revenue	Capital	£000 Total
<i>Improving efficiency and delivery through investment in IT Systems:</i> ICT strategic replacement programme; Business and Committee Management System; Legislation System for Assembly Measures; Members' Research Information Management System; AM Allowances Publication System; digital broadcasting ring-main.	100	609	709
<i>Strengthening engagement activities connecting with the people of Wales:</i> Assembly focus - a programme of activities across Wales over the year; improved outreach services connecting with communities; developing e-democracy technology.	365	-	365
<i>Supporting the work of the Assembly:</i> developing new archiving arrangements; reducing carbon emissions from the Assembly estate; improving the visitor experience to Tŷ Hywel; meeting the cost of staff recruited to reflect increasing demands in Legal, ICT/Estates, Finance and Sustainability; offset by a cash efficiency target of £0.250m.	205	100	305
<i>Increasing the contingency budget:</i> £0.133m will increase the contingency to £1m, which is 2% of the resource budget. The contingency was set at £0.867m for 2008-09.	133		133
2009-10 NEW SPEND PROPOSALS	803	709	1,512

Annex 4**Budget analysed by type of expense and income**

	2009-10 Budget	2008-09 Budget	£000 2007-08 Actual
<i>Revenue expenditure</i>			
Members' salaries & allowances, Office Holders' salaries, Members' staff salaries	14,005	13,701	12,015
Staff salaries including inward secondments	13,871	12,659	10,512
HR costs including recruitment and health and safety equipment	176	159	172
Corporate training & staff/AM training and development costs	250	241	217
Staff travel and subsistence costs	230	218	140
ICT costs including website, broadcasting & licence and maintenance costs	3,978	3,373	3,568
Accommodation and facilities costs including rates, electricity, catering, cleaning and maintenance	7,169	6,764	7,721
Public engagement and communications costs, including visitor services, outreach and national events	921	551	447
Other administrative costs ¹	1,652	1,483	2,464
Depreciation and notional interest charges	4,200	4,775	3,836
Contingency	1,000	867	-
Cost savings & efficiencies identified in-year	-250	-	-
Gross Revenue Expenditure	47,202	44,791	41,092
<i>Revenue Income</i>			
Sales from the Assembly Shop	-40	-31	-36
Accommodation rental income	-90	-104	-114
Miscellaneous income	-30	-25	-1
Gross Revenue Income	-160	-160	-151
NET REVENUE EXPENDITURE	47,042	44,631	40,941
Capital expenditure - creation of fixed assets	709	1,550	156
Capital income - disposal of fixed assets	-	-	-
NET CAPITAL EXPENDITURE	709	1,550	156
NET RESOURCE REQUIREMENT	47,751	46,181	41,097

¹ Other administrative costs include items such as outsourced translation costs, publication and electronic information service costs, postage and stationery costs and other general administrative costs.

Annex 5**Reconciliation of net resource requirement to cash drawing requirement from the Welsh Consolidated Fund**

	£000		
	2009-10	2010-11	2011-12
Net Revenue Requirement	47,042	49,058	51,577
Net Capital Requirement	709	1,530	2,183
<i>Adjustments:</i>			
Non-cash charges (depreciation, notional interest)	-4,200	-4,525	-4,852
Impairments	-	-	-
Movements in provisions	-500	-515	-530
Profit/loss on sale of assets	-	-	-
Movements in stocks	-	-	-
Movement in debtors and creditors	-700	-744	-790
Use of provisions	-	-	-
Other	-	-	-
Net cash requirement for issue from the Welsh Consolidated Fund	42,351	44,804	47,588