



Comisiwn y Cynulliad

Assembly Commission

NAFWC 2008 (Paper 1A)

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Strategic Priorities and Budget 2009-10

Purpose and summary of issues

- 1. To propose priorities for resource allocation in 2009-10 against an overview of estimated budgetary requirements.**

Recommendations (including priority deadlines)

- 2. That the Commission agrees priorities for 2009-10 and determines the extent to which the budget should be increased.**



Discussion

Background

3. The Commission agreed the budget strategy for 2009-10 when it met on 8 May. The draft budget will be finalised in detail over the summer recess in readiness for the Commission's approval in September, with the draft budget to be laid by 24 September.
4. Indicative proposals for driving forward the Commission's goals were also presented to the May meeting. An updated set of proposals are presented in this paper, having had business cases signed-off with a recommended priority in discussion with the Chief Executive or relevant Director.
5. The Commission is preparing its budget at a time of tightening financial pressure, both within the public sector and the wider economy. The Commission's forward-look resource budget for 2009-10, estimated at this time last year, indicated a 3% increase in spend. Any significant variation from this is likely to come under intense scrutiny. However, the growing role of the Assembly and the expectations of Members and the wider world that the Assembly should meet the expectations this carries does present pressure for increased resources.

Baseline budget

6. The estimated baseline budget for 2009-10 is £46.13m, some £0.2m less than the comparative budget for this year due to savings and efficiencies that have been or will be realised. The estimated baseline budget is arrived at as follows:

	£000
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2008-09 baseline budget	46,181
Deduct non-recurring costs, largely consisting of project costs for the Crèche and Pierhead development	- 872



Add an inflationary increase at 2.5%	1,026
Comparative baseline budget for 2009-10	46,335



Comparative baseline budget for 2009-10	46,335
Less efficiencies and savings, largely consisting of improved ways of working with a reduction in funded posts	-205
Estimated baseline budget for 2009-10	46,130

7. Additional recurring commitments of £0.525m have been agreed since approval of the Commission's 2008-09 budget. These additional costs have been funded through further savings achieved within the budget (£0.301m) coupled with drawing on the Commission's contingency fund (£0.224m). These additional costs relate, in the main, to increased resources in the Assembly Business Directorate and Legal Services to support the new legislative arrangements and increased Committee business, and in the Operations Directorate to strengthen capacity in areas such as sustainable development, security, external communications and ICT. Arising from this, the baseline contingency fund for 2009-10 is estimated at £0.643m, being just 1.4% of the total estimated budget - down from the 2% level noted as 'slim' in discussion at the Finance Committee last year.
8. 2009-10 represents the third year of a three-year pay settlement for Commission staff, agreed in 2007-08. The average increase is 2.93%, which has been factored in to the baseline estimates.

Proposals to support the Commission's Strategic Goals

9. Proposals for new or increased spend in 2009-10 to 2011-12 are set out in Annex A (page 8). Initial business cases have been completed for each proposal, with the priorities proposed in discussion with the Chief Executive or relevant Director. However, it is emphasised that many of the budget estimates are very provisional at this early stage of development. The priorities are identified as:



- **1** – being a high priority where Commissioners have already given clear direction;
- **2** – being a priority for business effectiveness or leading to improved efficiency;
- **3** – being recommended to drive forward in achieving the Commission's goals;

10. Annex B (page 12) compares the proposals for 2009-10 by priority and strategic goal. The final draft budget document will also include an analysis of the whole budget by strategic goal.

i-change

11. Of particular note, the Commission's work in looking at the future development of our digital democracy provision through the *i-change programme*, which will consider not just the way we can innovate using the latest technology, but also how we can combine this with providing a consistently excellent ICT service for Members and staff, is likely to have a major bearing on the budget over the next three years. The Commission will receive the first report on the *i-change programme* during the autumn term, but needs to determine now how to handle the potential budgetary implications.

12. It is too early to say with any certainty how much the overall programme will cost. If, for example, the Commission supports significant changes in our infrastructure and/or contracting arrangements, the cost of this is likely to amount to £3-5m over the three year period. If a more incremental approach is adopted, with targeted spending on some key areas, the cost could be significantly less. There are some certainties - projects are underway or being developed for software to support the legislation process and management of records and documents, for example, and we know that there will need to be a technology refresh at the time of the 2011 elections.

13. The number of ICT-linked projects raises issues around our capacity to deliver all projects in tandem – in terms of IT staff, project management staff and client-based staff. The ICT Board will consider capacity versus priority issues to inform project timelines, and this may have a bearing on the final figures to be included in the Commission's draft budget.



Other Key Issues

14. Outside of the above proposals, a review of financial and other support to Assembly Members has been announced, to consider issues around governance, probity, value for money and whether the existing levels and types of support are appropriate for the work of an Assembly Member. The Commission is also in a process of engagement with the Business Committee to review the organisation of Assembly Business. Both work streams have the potential to impact significantly on the budget of the Commission, but it is far too early in both cases to estimate either the outcome or the possible cost.
- 15. The Commission is invited to consider the proposals and priorities in terms of driving the strategic goals and meeting the aspirations of the Assembly and its growing responsibilities.**

Financial Impact

16. The impact of growth on the 2009-10 baseline budget is set out below, according to recommended priority.

	Additional Cost 2009-10 £000	Estimated Budget 2009-10 £000	% Increase on comparative budget
Estimated 2009-10 baseline		46,130	- 0.4%
Replenish and increase contingency fund to 2.5% of annual budget	607	46,737	0.9%
Approval of priority 1 proposals	2,015	48,752	5.2%



Approval of priority 2 proposals	280	49,032	5.8%
Approval of priority 3 proposals	1,379	50,411	8.8%
TOTAL INCREASE	4,281	50,411	8.8%

17. The indicative budget for 2009-10, estimated at this time last year, is £47.566m – an increase of 3% on the 2008-09 budget of £46.181m – but the Commission rightly flagged at the time that this would be dependent on developing service needs as the Third Term of the Assembly takes shape. As the table above demonstrates, the Commission is considering proposals which would lead to resource growth of between 5.2%-8.8% on the comparative budget for last year (£46.335m), equating to growth of 5.6%-9.2% on the actual 2008-09 budget (£46.181m). Costs have not been factored in for any major changes to Assembly Business or AM Pay and Allowances.

18. The Wales Departmental Expenditure Line (DEL), that is the total budget for Wales, is expected to rise by 4.8% for 2009-10.

Options

19. Whilst percentage increases in the Commission's budget above the percentage increase in the Wales DEL might be difficult to justify over the longer-term, it is appropriate to recognise the significance of the era of constitutional change which is taking shape under the 2006 Act. Commissioners will wish to strike the right balance between demands placed on services in supporting the Assembly and its new ways of working, resources and options available to the Commission, and the extent to which the budget should be increased. The draft budget will be subject to scrutiny by the Finance Committee and will be of wider public interest too, and a robust process for determining it is essential.

20. Options consist of:



- a Retaining the indicative budget, accepting that the full range of proposals cannot be delivered. This is not recommended as it would compromise the Commission's ability to achieve its Strategic Goals;
- b Budgeting for specific priorities or proposals and engage fully with Assembly Members to ensure support;
- c Including an additional sum which will allow time for precise estimates and priorities to be developed during the year as costs are confirmed. This option may result in the need for a supplementary budget should resources prove insufficient. For this option, a budget increase in the order of 5%-7% (£2.3m-£3.2m) on the comparative budget should be considered.

21. We will continue to identify efficiencies and savings through the year, to reinvest in services and mitigate the need for any supplementary budget motions. The ongoing programme includes reviewing service delivery structures and processes, considering opportunities for working in partnership or sharing services with others, and generating savings through our sustainable procurement values.

22. Any significant resource requirements arising from the review of financial and other support to Assembly Members and the review of Assembly Business may also necessitate a supplementary budget motion.

23. The Commission is invited to consider proceeding with Option 20c.



Governance Matters

Financial implications

24. The proposals in this paper, if accepted in full at current provisional estimates, would lead to an increase of 9.2% (£4.3m) on the Commission's actual budget for 2008-09 or 8.8% on the comparative budget for 2009-10.

Risk Assessment

25. Commissioners are aware of the potential reputational risks in proposing budget increases which may be significantly out of line with the wider public sector environment. Conversely, the Commission must be in a position to meet the aspirations of the Assembly and its growing responsibilities. These risks can be mitigated by having a robust budgeting process and efficiency programme, clarity as to areas of probity, and transparency between spending plans and achievement of strategic goals.

26. Whilst the Latimer House principles recognise that Parliament should have the freedom to determine its own budget, any resource increase over and above the Commission's indicative increase of 3% is likely to be of particular concern to the Welsh Assembly Government. This risk could be mitigated through full engagement with Assembly Members.

Compliance

27. This paper is prepared for compliance with the 2006 Act and Standing Orders (27.7-27.9) as they relate to the budget of the Assembly Commission.

Purpose (Service)	Main strategic goal supported	Priority	2009-10 Estimate £000	2010-11 Estimate £000	2011-12 Estimate £000
i-CHANGE					
i-change project – broad estimates of £3m to £5m over the three year period. (ICT)	<i>Promoting and widening engagement</i>	1	1,500	1,000	500
Develop a comprehensive e-democracy programme to extend the Assembly’s reputation as being one of the most technically advanced and innovative parliamentary establishments in the World, through its engagement work with the people of Wales. (External Communications)	<i>Promote and widen engagement in devolution</i>	1	75	75	75
Improved legislation software (phase II) joint project with WAG for drafting Assembly Measures and amendments to Measures. (Legislation/Chamber Services)	<i>A bold response to constitutional change</i>	2	100	20	20

National Assembly for Wales Commission
Prioritised Business Cases 2009-10 to 2011-12

Annex A

Purpose (Service)	Main strategic goal supported	Priority	2009-10 Estimate £000	2010-11 Estimate £000	2011-12 Estimate £000
Develop a new Business & Committee Management System to replace current separate systems and manual processes (and associated risks) for scheduling, managing and reporting Plenary and Committee business. <i>(Committee Service and Chamber/Leg'n Service)</i>	<i>Provide the best service in the most effective way</i>	2	75	15	15
An improved simple but efficient Information Management System is required to manage the information used and reports provided by the Members' Research Service <i>(Members' Research Service)</i>	<i>Provide the best service in the most effective way</i>	2	75	15	15
Software to automate administration of AM Allowances to improve public access to the information. <i>(Members' Pay and Allowances)</i>	<i>Promoting and widening engagement</i>	2	30	6	6

National Assembly for Wales Commission
 Prioritised Business Cases 2009-10 to 2011-12

Annex A

Purpose (Service)	Main strategic goal supported	Priority	2009-10 Estimate £000	2010-11 Estimate £000	2011-12 Estimate £000
Electronic Records Document Management System – information management within the Assembly has not changed since its inception; new technology is available to improve the content, management and availability. (Corporate Unit)	<i>Provide the best service in the most effective way</i>	3	350	70	70
ICT Strategic Replacement Programme - the 229 information pods used by the public in the galleries will require replacing. (ICT)	<i>Promoting and widening engagement</i>	3	229	1,374	2,027
Replace the broadcasting ringmain in Ty Hywel in readiness for digital television, which uses different signals and provides additional services to the current analogue system which was installed in 1999. (ICT)	<i>Provide the best service in the most effective way</i>	3	200	-	-
i-CHANGE TOTAL			2,634	2,575	2,728

National Assembly for Wales Commission
 Prioritised Business Cases 2009-10 to 2011-12

Annex A

Purpose (Service)	Main strategic goal supported	Priority	2009-10 Estimate £000	2010-11 Estimate £000	2011-12 Estimate £000
ENHANCING SERVICES					
Deliver a 10th anniversary 12 month programme of celebrations (External Communications)	<i>Promote and widen engagement in devolution</i>	1	150	-	-
Deliver improved outreach services including the Pierhead Futures programme (External Communications)	<i>Promote and widen engagement in devolution</i>	1	150	150	150
Take forward Operation Black Vote an embed as an ongoing programme. (Corporate Unit)	<i>Promote and widen engagement in devolution</i>	1	40	40	40
ENHANCING SERVICES TOTAL			340	190	190

National Assembly for Wales Commission
 Prioritised Business Cases 2009-10 to 2011-12

Annex A

Purpose (Service)	Main strategic goal supported	Priority	2009-10 Estimate £000	2010-11 Estimate £000	2011-12 Estimate £000
ENHANCING FACILITIES					
Fund projects to reduce carbon emissions from the Assembly's estate, in line with our environmental targets. (Facilities)	<i>Work sustainably</i>	1	100	100	100
Develop new archiving arrangements for the National Assembly for Wales (Corporate Unit)	<i>Demonstrate respect, probity and good governance</i>	3	300	150	150
Refurbish and modernise AMs' offices in Ty Hywel (Facilities)	<i>Provide the best service in the most effective way</i>	3	200	300	-
Refresh and enhance the visual impact of common and core accommodation areas for the 10th anniversary celebrations. (Facilities)	<i>Provide the best service in the most effective way</i>	3	100	-	-

National Assembly for Wales Commission
 Prioritised Business Cases 2009-10 to 2011-12

Annex A

Purpose (Service)	<i>Main strategic goal supported</i>	Priority	2009-10 Estimate £000	2010-11 Estimate £000	2011-12 Estimate £000
ENHANCING FACILITIES TOTAL			700	550	250
TOTAL - ALL			3,674	3,315	3,168

By recommended priority and strategic goal

This table compares priority and strategic goal for the £3.674m of proposals for 2009-10. The final draft budget document will also include an analysis of the full budget by strategic goal:

£000	Promote and widen engagement in devolution	Show unity, leadership and a bold response to constitutional change	Demonstrate respect, probity and good governance	Work Sustainably	Provide the best service in the most effective way
Priority 1	1,915	-	-	100	-
Priority 2	30	100	-	-	150
Priority 3	229	-	300	-	850
TOTAL 2009-10	2,174	100	300	100	1,000

Cost by priority	TOTAL £000
Priority 1 - a high priority where Commissioners have already given clear direction	2,015
Priority 2 - a priority for business effectiveness or leading to improved efficiency	280
Priority 3 - recommended to drive forward in achieving the Commission's goals	1,379

By recommended priority and strategic goal

TOTAL	3,674
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