

Agenda – Finance Committee

Meeting Venue:

Committee Room 1 – Senedd

Meeting date: 15 March 2018

Meeting time: 09.30

For further information contact:

Bethan Davies

Committee Clerk

0300 200 6372

SeneddFinance@assembly.wales

1 Introductions, apologies, substitutions and declarations of interest

(09.30)

2 Paper(s) to note

(09.30)

(Pages 1 – 5)

2.1 PTN1 – Letter from the Cabinet Secretary for Finance to the Chair – Horizon 2020 in Wales Annual Report 2017 – 7 March 2018

(Pages 6 – 7)

2.2 PTN2 – Letter from the Cabinet Secretary for Finance to the Chair – Capital Investment Bonds – 8 March 2018

(Pages 8 – 9)

2.3 PTN3 – Letter from the Assembly Commission to the Chair – Scrutiny of the Assembly Commission Draft Budget 2018–19 – 9 March 2018

(Pages 10 – 51)

3 Public Audit (Wales) Act 2013: Evidence session (Wales Audit Office)

(09.30–10.30)

(Pages 52 – 106)

Alison Gerrard, Board Member, Wales Audit Office

Anthony Barrett, Assistant Auditor General

Martin Peters, Head of Law and Ethics, Wales Audit Office

Nicola Evans, Head of Finance, Wales Audit Office



Paper 1 – Wales Audit Office: The complex public audit fee regime in Wales – a case for change

[Public Audit \(Wales\) Act 2013](#)

4 Motion under Standing Order 17.42 to resolve to exclude the public from items 5 and items 8–11

(10.30)

5 Public Audit (Wales) Act 2013: Consideration of evidence

(10.30–10.40)

6 Inquiry on the Remuneration Board’s Determination Underspend: Evidence session 1 (Wales Audit Office)

(10.40–11.10)

(Pages 107 – 120)

Anthony Barrett – Assistant Auditor General

Ann-Marie Harkin, Financial Audit Lead for the audit of the Assembly

Commission’s accounts, Wales Audit Office

Paper 2 – Wales Audit Office: Written evidence

11.10–11.20 Break

7 Inquiry on the Remuneration Board’s Determination Underspend: Evidence session 2 (Assembly Commission)

(11.20–12.10)

(Pages 121 – 150)

Suzy Davies AM, Commissioner for Budget and Governance

Manon Antoniazzi, Chief Executive and Clerk to the Assembly

Nia Morgan, Director of Finance, Assembly Commission

Paper 3 – Assembly Commission: Written evidence

8 Inquiry on the Remuneration Board’s Determination Underspend: Consideration of evidence

(12.10–12.20)

**9 Public Services Ombudsman (Wales) Bill: Consideration of Stage 1
Committee reports**

(12.20–12.40)

Paper 4 – Public Services Ombudsman (Wales) Bill: Consideration of Stage 1
Committee reports

10 Assembly Procedure for Section 116C Orders in Council

(12.40–12.55)

(Pages 151 – 170)

Paper 5 – Letter from the Llywydd to the Chair – Assembly Procedure for
Section 116C Orders in Council – 1 March 2018

11 Devolution of fiscal powers to Wales: Consideration of draft report

(12.55–13.10)

(Pages 171 – 192)

Paper 6 – Draft report

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 1 – Senedd

Meeting date: Thursday, 1 March 2018

Meeting time: 09.08 – 09.30

This meeting can be viewed
on [Senedd TV](#) at:

<http://senedd.tv/en/4617>

Adjourned

Attendance

Category	Names
Assembly Members:	Simon Thomas AM (Chair) Neil Hamilton AM Mike Hedges AM Jane Hutt AM Nick Ramsay AM David Rees AM
Committee Staff:	Bethan Davies (Clerk) Catherine Hunt (Second Clerk) Georgina Owen (Deputy Clerk) Martin Jennings (Researcher) Joanne McCarthy (Researcher) Owen Holzinger (Researcher)

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting.



1.2 Apologies were received from Steffan Lewis AM.

2 Paper(s) to note

2.1 The papers were noted.

2.1 PTN1 – Letter from the Minister for Housing and Regeneration to the Finance Committee – Regulation of Registered Social Landlords (Wales) Bill – 21 February 2018

3 Motion under Standing Order 17.42 to resolve to exclude the public from items 4, 5 and 6

3.1 The motion was agreed.

4 Second Supplementary Budget 2017–18: Consideration of draft report

4.1 The Committee agreed the report with minor changes.

5 Auditor General for Wales nomination: Consideration of draft report

5.1 The Committee agreed the report with minor changes.

6 The Cost of Caring for an Ageing Population: Consideration of consultation responses

6.1 The Committee considered the written evidence received.

7 The Cost of Caring for an Ageing Population: Evidence session 1 (WLGA and ADSS Cymru)

7.1 This item was postponed due to the adverse weather conditions. The Committee agreed to rearrange the evidence session.

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 4 – Tŷ Hywel

Meeting date: Wednesday, 7 March 2018

Meeting time: 09.02 – 11.17

This meeting can be viewed
on [Senedd TV](#) at:

<http://senedd.tv/en/4618>

Attendance

Category	Names
Assembly Members:	Simon Thomas AM (Chair) Neil Hamilton AM Mike Hedges AM Jane Hutt AM Nick Ramsay AM David Rees AM
Witnesses:	Vanessa Young, Welsh NHS Confederation Carol Shillabeer, Powys Teaching Health Board Gerry Evans, Social Care Wales Joseph Ogle, Wales Public Services 2025
Committee Staff:	Catherine Hunt (Second Clerk) Leanne Hatcher (Second Clerk) Georgina Owen (Deputy Clerk) Joanne McCarthy (Researcher) Owen Holzinger (Researcher) Christian Tipples (Researcher)



	Gareth Pembridge (Legal Adviser)
	Ben Harris (Legal Adviser)

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting.

1.2 Apologies were received from Steffan Lewis AM.

2 The Cost of Caring for an Ageing Population: Evidence session 1 (Welsh NHS Confederation and Social Care Wales)

2.1 The Committee took evidence from Vanessa Young, Director, Welsh NHS Confederation; Carol Shillabeer, Chief Executive of Powys Teaching Health Board; and Gerry Evans, Deputy Chief Executive, Social Care Wales on its inquiry into the cost of caring for an ageing population.

3 The Cost of Caring for an Ageing Population: Evidence session 2 (Wales Public Services 2025)

3.1 The Committee took evidence from Joseph Ogle, Wales Public Services 2025 on its inquiry into the cost of caring for an ageing population.

4 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting

4.1 The motion was agreed.

5 The Cost of Caring for an Ageing Population: Consideration of evidence

5.1 The Committee agreed the evidence received.

6 Inquiry on the Remuneration Board's Determination Underspend: Consideration of written evidence

6.1 The Committee considered the written evidence received and agreed to...

7 Inquiry into the financial preparedness for leaving the European Union: Approach to scrutiny

7.1 The Committee agreed its approach to its inquiry into the financial preparedness for leaving the European Union.

8 Tax Collection and Management (Wales) Act 2016: Tax Statutory Instruments

8.1 The Committee considered the statutory instruments and agreed to report.

Agenda Item 2.1

Mark Drakeford AM/AC

Ysgrifennydd y Cabinet dros Gyllid
Cabinet Secretary for Finance



Llywodraeth Cymru
Welsh Government

7 March 2018

Dear colleagues,

I am writing to inform you of the publication of the Horizon 2020 in Wales Annual Report 2017.

At over €70 billion, Horizon 2020 is the largest ever European Union (EU) research and innovation programme and is providing real opportunities for Welsh organisations to be at the forefront of research and innovation. Both our White Paper '[Securing Wales' Future](#)' and our policy paper 'Regional Investment in Wales after Brexit' make it very clear how important it will be for us to continue to participate in Horizon 2020 and its successor programme after the UK leaves the EU.

The report, which is available at <http://gov.wales/funding/eu-funds/horizon2020/?lang=en>), sets out how Welsh organisations have performed so far in accessing Horizon 2020 funds, the progress made on our key objectives to achieve greater success and a forward look of activities in 2018. The report also includes several examples of organisations which have benefited from this important EU funding source.

Welsh organisations have now benefited from over €83m of Horizon 2020 funding through 189 participations. In just over a year, we have seen an increase of 77 participations and over €30m of funding, and with around 2,000 international partners to date. It is clear Horizon 2020 is supporting Wales as an outward-looking nation, collaborating with the best in Europe and the world.

This strong performance reflects an active and positive approach from Welsh organisations despite the uncertainty around Brexit and demonstrates the continuing need for this type of research and innovation funding to Wales.

The annual report also highlights other significant achievements including a high level of participation from Welsh businesses, a notable increase in the range of organisations accessing the programme, examples of cross-organisational working and the effective use

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding. **Pack Page 6**

of Structural Funds to deliver the capacity needed to access competitive funding sources such as Horizon 2020.

These achievements will be celebrated at our annual Horizon 2020 event in Cardiff on 15 March and will provide opportunities for further discussion with our partners to help us maximise the remaining opportunities in Horizon 2020 and to prepare for its successor.

Best wishes,

A handwritten signature in grey ink that reads "Mark". The letters are cursive and slightly slanted to the right.

Mark Drakeford AM/AC

Ysgrifennydd y Cabinet dros Gyllid
Cabinet Secretary for Finance

Agenda Item 2.2

Mark Drakeford AM/AC

Ysgrifennydd y Cabinet dros Gyllid
Cabinet Secretary for Finance



Llywodraeth Cymru
Welsh Government

Simon Thomas AM
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

8 March 2018

Dear Simon

As part of the St. David's Day announcement you will be aware the UK Government agreed to enable the Welsh Government to issue bonds for capital investment in addition to the existing capital borrowing provisions set out in the Government of Wales Act 2006.

Due to the expected pressures on legislative and Parliamentary time in the Spring, and in line with the provisions in section 121 of the Government of Wales Act 2006, I have written to the Secretary of State for Wales requesting the UK Government brings forward the necessary secondary legislation to enable the Welsh Ministers to issue bonds for capital investment expenditure.

As I said during scrutiny on the draft Budget last year, I am committed to utilising the cheapest source of borrowing to minimise the financial implications for the Welsh Government. At the present time, borrowing from the National Loans Fund represents the best value for money option available and, while I have nothing in principle against the idea of issuing bonds, it is my intention to continue to borrow from the Treasury while this remains the cheaper source of funding. Having the power to issue bonds will, however, provide the Welsh Government with the full suite of borrowing levers in the future.

I will, of course, continue to update the Finance Committee on our borrowing plans as part of the usual Budget process.

Yours sincerely,

Bae Caerdydd • Cardiff Bay
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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Mark Drakeford AM/AC

Ysgrifennydd y Cabinet dros Gyllid.
Cabinet Secretary for Finance

Agenda Item 2.3

Cynulliad Cenedlaethol Cymru
Comisiwn Cynulliad

National Assembly for Wales
Assembly Commission

Simon Thomas AM
Chair of Finance Committee
National Assembly for Wales
Tŷ Hywel
Cardiff Bay
CF99 1NA

9 March 2018

Dear Simon

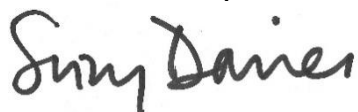
Finance Committee Report on the Scrutiny of the Assembly Commission Draft Budget 2018-19

Thank you again for your committee's Report on the Scrutiny of the Assembly Commission Draft Budget 2018-2019, published on 20 October 2017. The Commission's initial response to the Finance Committee recommendations was detailed in our letter of 11 November 2017. Additional information on recommendations 1, 5 and 7 was provided to you in our letter of 21 December 2017.

The Annex updates the Committee on our progress to date on the remaining outstanding recommendations made in your report. This includes an update on the Capacity Review carried out in 2017.

If you would like any further information on any matter covered in the Annex, please do not hesitate to let me know.

Yours sincerely



Suzy Davies

cc Assembly Commissioners, Manon Antoniazzi, Nia Morgan



Annex: Finance Committee Report on the Scrutiny of the Assembly Commission Draft Budget 2018–2019

Recommendation 3. Should the Commission choose to utilise the supplementary budget route to commence planning on a possible new building, the Committee recommends that prior to a supplementary budget motion being tabled, the Commission should submit the Explanatory Memorandum required by Standing Order 20.32 to the Committee for consideration prior to being laid. The Committee would expect to see detailed information as to why the new building is required in terms of the needs of the Commission and the Welsh Government, including statutory obligations, and how it would accommodate a possible increase in the number of Assembly Members.

The Commission accepts Recommendation 3 and should it decide to progress with a planning application for a new building then the required Explanatory Memorandum will be submitted to the Committee for consideration, before the budget motion is laid.

Recommendation 8. The Committee recommends that the outcome of the Capacity Review currently being undertaken is provided as a paper to the Committee. At this stage the Committee would like to see details on the increase in staff numbers over the past 10 years, including details as to which services has an increased head count and the reasoning behind these increases.

A copy of the Capacity Review Report will be provided to the Committee.

Detail on the increase in staff numbers over the past 10 years, including details as to which services have an increased head count is shown within Annex A of the Capacity Review report.

The reasoning behind these increases is detailed with the section “**The development of the Assembly Commission structure**” contained within the report.

As part of phase 1 of the review, we also:

- benchmarked our staffing levels against those from the Scottish Parliament and the Northern Ireland Assembly;
- explained the development and expansion of the staffing levels within the constitutional context;
- pinpointed significant events such as the insourcing of ICT which while increasing headcount continues to deliver recurrent financial savings and efficiency to the Commission;
- outlined the impact on staffing levels of having a relatively low number of elected members despite increasing powers;
- provided a service by service breakdown of how staff are currently deployed; and
- explained the process behind the capacity planning process which outlines how resources are allocated to deliver on the Commission’s priorities.

Phase 2 of the review will develop plans to address the actions and other findings of the Phase 1 Report and, where appropriate, this will include further comparison analysis with similar organisations.

Recommendation 9. The Committee recommends that the Capacity Review is considered alongside a benchmarking exercise with other parliaments, including parliaments with a bilingual function.

As mentioned above, the Capacity Review Report includes the results of our initial benchmarking discussions and Phase 2 of the review will analyse further the results of this work to develop detailed insight.

Recommendation 10. The Committee recommends that the number of full-time equivalent posts in the Assembly should remain static for the financial year 2018–19, to prevent additional increases in staffing resources and to allow the new Chief Executive and Clerk the opportunity to consider the outcome of the Capacity Review and how existing staff can be effectively utilised to meet the priorities of the Assembly and the Commission.

The Commission has reviewed the staff establishment as part of the Capacity Review. This has informed discussions around the appropriate level of staffing required to meet the current and known future challenges being faced by the Assembly. Therefore, the Commission will commit to maintaining effective levels of service in support of Members and public engagement within the current total number of established posts, 491, until the end of the Fifth Assembly and subject to any new, significant priorities emerging.

We are also gathering more quantitative data to highlight the volumes of work which various teams face, as well as undertaking scenario planning exercises to project potential future demands resulting from further constitutional change, which includes Brexit. This work may impact on the 491 ceiling beyond 2018–19.

For the sake of clarity, we would note that the Full Time Equivalent (FTE) number, which is presented in the Annual Report and Accounts to conform to accounting requirements, is a different calculation, based on the actual number of staff employed, including part time staff, reduced working hours, maternity and secondment cover and job share. Thus, the FTE figure can change regularly through the year. At the end of December 2017 the FTE count was 450.

Assembly Commission

March 2018

Capacity Review

Contents

Foreword.....	2
Executive Summary	3
Introduction	7
Why we undertook this review	7
How we undertook this review.....	7
The report structure	8
Staffing the Assembly Commission	9
The constitutional context	9
The development of the Assembly Commission structure	11
The current Assembly Commission structure	12
Approaches to resourcing	14
Culture of the organisation	15
Skills and capabilities	16
Benchmarking	18
Benchmarking establishment size	18
Benchmarking bilingual services	23
Opportunities to work differently	25
Agreement of priorities	25
Improved planning and delivery	27
Agile capacity and capability	29
Development of a shared understanding.....	31
Next Steps.....	32

Foreword

As a publicly funded organisation, the Assembly Commission must consistently demonstrate that it uses its resources effectively and efficiently. It is in this context that in September 2017, we initiated a review of the Assembly Commission's structure and processes to understand how resources are currently allocated within the organisation and to evaluate whether this provides the most effective and efficient deployment of these resources.

Assembly Members, Support Staff and Assembly Commission staff will need to work together to agree priorities and the allocation of resources in order to meet the challenges ahead and have the flexibility to respond to changes in demand.

We are pleased to present this Report, which records the findings from the first phase of the review. The Report also provides an evidence base for the next phase of work, which will look to develop solutions to ensure the most effective and efficient deployment of resources, to deliver the Commission's objectives for the Fifth Assembly and beyond.

Assembly Commission

Executive Summary

In September 2017, the Commission asked the Chief Executive and Clerk to the National Assembly for Wales to lead a review of the Assembly's structure and processes to understand how resources are currently allocated within the organisation and to evaluate whether this provides the most effective and efficient deployment of these resources.

The initial stage of the review, covered in this report, provides an evidence base for the next phase of work, which will look to develop solutions to ensure the most effective and efficient deployment of resources to deliver the Commission's objectives for the Fifth Assembly and beyond. The review has engaged extensively with Assembly Commission staff and with Assembly Members and their support staff. As the review moves into the implementation phase we will need to engage further with Members and their staff to ensure that services continue to meet their needs.

The National Assembly for Wales has undergone a series of radical transformations of its powers and structure in the 18 years since it was established. The UK's decision to leave the EU is likely to bring further changes to the Assembly's role and workload.

These new demands have necessitated a period of growth in staff numbers in order to realise the goals, priorities and needs set by the Commission and Assembly Members. The current size of the Assembly Commission is 491 established posts with 454 Full Time Equivalent (FTE) staff¹.

As part of the review we have benchmarked our staff numbers against those of the Scottish Parliament and the Northern Ireland Assembly. We have also carried out specific benchmarking on numbers of staff involved in delivering bilingual services with parliaments who work bilingually to varying extents.

¹ The Establishment figure represents the number of substantive posts determined necessary to deliver the agreed Commission Strategy; it is the established organisational structure and is fairly static over time. Changes to the Establishment figure are as a result of agreed changes to organisational priorities. . The Full Time Equivalent (FTE) number, which is presented in the Annual Report and Accounts to conform to accounting requirements, is the actual number of staff employed, including part time staff, those on reduced working hours, maternity and secondment cover and job share.

Capacity Review

The Scottish Parliament has an establishment of 504 posts, the Northern Ireland Assembly establishment is 344.9; the National Assembly for Wales therefore sits in terms of size between these two institutions.

The benchmarking exercise highlighted the difficulty of making comparisons in this way as there are many variables that affect the resourcing of parliamentary services and the relationship to the number of elected Members is complex. Further work with our colleagues in other parliaments will help us to better benchmark models of service delivery to ensure that we continue to follow and help develop best practice in parliamentary services.

Resourcing the National Assembly for Wales involves a range of challenges, from optimising the efficiency and effectiveness of parliamentary procedures, having to meet numerous statutory requirements, accommodating a wide range of working patterns from term time working to shift systems, being prepared for and reacting rapidly to internal and external political and other imperatives. The Assembly has adopted different approaches to meet these challenges, including a unique integrated approach to support committees, use of call off contracts for demand led services and adopting a mix of approaches to deliver projects.

Being able to better understand and develop the skills and capabilities of our staff was a strong theme emerging from the review; the importance of having the right skills available as well as having the right capacity will continue to be central to our ability to meet changing demands.

The culture of the Commission is centred on the delivery of tailored, high quality and highly responsive 'gold standard' services to meet the needs of the Commission and Members. In order to ensure that we can continue to deliver effective and high-quality services we will have to make sure that these services continue to meet the needs of users, focussing on those things that add the most value.

Opportunities to improve the way we work were captured during the review and fall into two categories: those which have an organisation-wide impact and are discussed below; and those having a service or activity specific impact. The latter will be assessed and developed at a service level. The organisation-wide change opportunities are:

Capacity Review

- Agreement of priorities;
- Improved planning and delivery;
- Greater agility in capacity and capability; and
- Development of shared understanding.

To deliver the outcomes of the review the Assembly Commission will:

- set up a steering group to manage the implementation of the Capacity Review's actions;
- support the Commission in the prioritisation of new projects and initiatives;
- enhance links from priorities to operational planning and personal objectives;
- undertake further detailed analysis of our structures and ways of working to evaluate whether these will remain effective in light of future demands;
- continue to review and challenge existing systems with initial work looking at:
 - Internal management and governance arrangements;
 - The ways in which we enable Members to make more informed decisions about organising their committee work and the detail and frequency of information we provide them with which outlines the resource implications of those decisions;
 - Review the end to end support arrangements for committees;
 - How we resource and deliver internal and external communications; and
- we will take steps to improve communications with staff and other stakeholders. Communicating and reinforcing the responsibilities of teams and empowering the right people to make decisions within the context of a clear set of priorities.

Completing these actions will help to contribute to a greater unity of purpose and direction across the organisation and provide a foundation for the challenges ahead.

Capacity Review

Exceptional and wide-ranging changes to circumstances, such as an increase in the number of Assembly Members may require further assessment of the Commission's required capacity. However, as a general principle, the Commission is committed to staying within its current establishment figure of 491 for the duration of the Fifth Assembly.

We will recommend to future Commissions that a similar Capacity Review exercise is undertaken at the beginning of each Assembly to enable them to plan effectively.

Introduction

Why we undertook this review

Assembly Commission spending is rightly subject to close scrutiny by Members (both in their capacities as individual Members and as members of Assembly Committees) and the wider public. The Commission must continue to be able to demonstrate proper stewardship of public money. It must be clear and transparent in its budget setting and expenditure on staff and resources and to show that its expenditure is efficient, effective and economical.

The Commission has experienced a period of growth in terms of staff numbers as we have faced new and increasing demands including, constitutional change, in-sourcing of ICT, increases in security needs and higher expectations of our stakeholders. We recognise that it will not always be possible to meet these new challenges by increasing the size of our organisation. We will continue to consider whether different ways of working and organizing ourselves, would increase the effectiveness and efficiency of our services

In September 2017, the Commission asked the Chief Executive and Clerk to lead a capacity review of our structure and processes to understand how resources are currently allocated within the organisation and to evaluate whether this provides the most effective and efficient deployment of resources to deliver the Commission's objectives for the Fifth Assembly and beyond.

How we undertook this review

The review has been informed by a range of qualitative and quantitative evidence, including:

- Surveying all Assembly Commission staff (359 responses with 190 respondents providing detailed comments equating to 665 individual improvement ideas and issues);
- Meeting with all Assembly Commission Heads of Service;
- Attending team meetings of service areas across the Commission;
- Attending a meeting of the Chairs Forum;

Capacity Review

- Individual meetings with Committee Chairs;
- Meeting with party group chiefs of staff;
- Analysis of recruitment decisions, service and capacity plans; HR resourcing reports, internal audit reports, the Annual Report and Accounts and other organisational data;
- Data from the Scottish Parliament and Northern Ireland Assembly to help benchmark, where possible to do so; and
- Benchmarking our bilingual services to those of other bilingual legislatures.

The review team was supplemented by a working group to provide support and challenge. Input and advice from the Assembly Commission's Independent Advisers has also been invaluable in helping shape the review.

The review provides an evidence base for the next phase of work, which will look to agree and develop solutions to implement the accompanying action plan.

The report structure

This report records the findings of the review which are structured around the objectives set in the review's terms of reference:

Staffing the Assembly Commission: To analyse how staff resources are currently allocated within the organisation and evaluate whether this provides the most effective and efficient deployment of resources to deliver the Commission's objectives.

Benchmarking: To benchmark our services against those provided by other parliaments and enable the Commission to take a view about how this aligns with the Commission's evolving priorities.

Opportunities to work differently: To work with staff to identify activities which are no longer a priority or could be delivered differently, bringing together other strands of ongoing work on efficiency and effectiveness to identify and exploit ways of doing things better.

Staffing the Assembly Commission

The constitutional context

The role and powers of the Assembly have increased significantly since 1999. The pressures on the Assembly are very likely to continue to increase as a result of a move to a reserved powers model of devolution, the devolution of taxation and borrowing powers (including income tax-varying powers), further devolution of other responsibilities, and Brexit.

The National Assembly for Wales has undergone a series of radical transformations of its powers and, in one case, its very structure – in the 18 years since it was established. The Government of Wales Act 2006 led the way to the separation of a single corporate body into the Welsh Government, National Assembly and Assembly Commission in 2007, with a further fundamental shift after the Referendum in 2011 to full primary legislative powers. Tax-raising powers and further changes to the devolution settlement and responsibilities of the institution arose from the Wales Acts of 2014 and 2017.

The size of the Welsh Government has changed over time to reflect the Assembly's role and powers. When the Assembly was first established, its Standing Orders limited the size of the Cabinet to nine. The limit was increased to 14 by section 51 of the Government of Wales Act 2006. However, there has remained a capacity constraint of 60 Members on the Assembly itself, which imposes significant challenges when seeking to hold the executive to account.

The size of the Assembly makes membership of two, sometimes three, demanding committees inevitable for most backbench Members from all political parties. As an illustrative example, once the members of the Welsh Government and the Deputy Presiding Officer have been taken into account, there are 15 backbench Welsh Labour Members. These 15 Members must between them fill a place on the Assembly Commission, six committee chairs and 31 committee places. As there are four Labour places on each of the policy and legislation committees, the result is that more or less all the party's backbenchers will be in committee on Wednesday mornings and all day on Thursday, when four committees may be meeting concurrently.

Capacity Review

Looking forward, the Assembly is operating in a context of unprecedented constitutional change in the UK, due to the result of the referendum on EU membership.

The UK's decision to leave the EU is likely to bring further changes to the Assembly's role and workload. The Assembly has a critical role in ensuring that the voice of the Welsh people is heard in the Brexit negotiations. It will need to play its part in overseeing the negotiations, and scrutinising the legislation which will follow.

The precise nature of the impact of Brexit on the Assembly's role, powers and workload is not yet clear, as we cannot know with any certainty at this point what the constitutional arrangements will be in the post-Brexit UK, nor what the repatriation of powers from the EU will mean for the responsibilities and legislative competence of the Assembly. However, the UK Government has indicated that it anticipates the responsibilities of the National Assembly for Wales, the Northern Ireland Assembly and the Scottish Parliament will increase.

It is clear that the Assembly will have a role to play in scrutinising the establishment and operation of any such legal, constitutional and policy frameworks, whatever form they take. We can therefore expect that the Assembly's role during the Brexit process, and within the post-Brexit UK, will include shaping public policy in Wales in areas previously reliant on approaches set at European level; scrutinising a large volume of primary legislation, secondary legislation and Legislative Consent Memoranda; scrutinising intergovernmental working; facilitating and undertaking joint scrutiny with other legislatures; and influencing the debate on where powers returned from the EU should lie.

While there may be uncertainty about the powers the Assembly has as a consequence of Brexit, it is clear that Members' workload will certainly not be reduced and is likely to grow.

The Assembly Commission will also monitor closely any developments regarding the recommendations of the Report of the Expert Panel on Assembly Electoral Reform and consider the potential implications on the capacity, resourcing and ways of working.

The development of the Assembly Commission structure

From its creation, the Assembly Commission's approach to resourcing and service provision has been to aim for excellence in all aspects. Features of the levels of service it delivers are pace, responsiveness to the demands of Members and delivery that is often tailored to the needs of individual committees and Members. This latter point in particular is one that often marks the Assembly out from other parliaments.

Over the period since the separation of the executive and legislative branches in 2007, the Assembly Commission has seen an increase in the people resources allocated to it in order to realise the goals, priorities and needs set by the Commission and Assembly Members. This has included:

- providing corporate infrastructure to the Assembly Commission as a new organisation following separation from the Welsh Government. This has included establishing and developing a human resources function to support the maturing organisation and equipping the organisation with its own legal, governance and procurement functions;
- insourcing ICT arrangements to resource the organisation with effective ICT skills and expertise which delivers better value for money than pre-existing arrangements of contracting services;
- providing greater levels of security, acknowledging the escalating threats in respect of terrorism;
- better supporting Members and their staff to discharge their duties in the light of increasing roles in respect of legislative and financial scrutiny and broader constitutional change;
- further improving our service provision in relation to bilingual working to ensure that both official languages are treated equally; and
- responding to increased expectations from Assembly Members and the people of Wales on our engagement work and digital services. Including expectations of transparency and accessibility of information and being able to communicate quickly with our audiences in response to the emergence of 24 hour news platforms.

Capacity Review

The Commission has accepted the Finance Committee's recommendations that future changes in our budget should not exceed that seen in the Welsh Block grant and that we do not increase the number of posts for which we budget during 2018–19.

Given the pressures identified during this review, it is imperative we plan prudently during the coming months to make sure we have flexibility to respond to needs as they arise.

The current Assembly Commission structure

The Assembly Commission published its Strategy for the Fifth Assembly in July 2016. For each strategic goal, the Commission's aim is:

*'to set and maintain high standards as a Welsh public service leader during a time of closer public scrutiny and enhance our international reputation as an effective, open, world class parliamentary institution.'*²

The Commission's budget strategy seeks to continue excellent levels of support, whilst also taking account of the broader financial context, which is seeing most public-sector organisations having to economise and maximise the effectiveness and efficiency.

To underpin the Assembly Commission's Strategy senior management has established a planning 'thread' that runs from the strategy and goals, through corporate priorities and into our service and capacity planning. This is supported by an assurance framework, which helps to ensure evidence of effective planning and decision taking.

Since August 2016, the Commission administration has been divided into three Directorates (Assembly Business, Assembly Resources and Commission Services), reporting to the Chief Executive. The Directorates are further sub-divided into service areas, led by Heads of Service.

The Chief Executive, Directors and Heads of Service make up the Management Board, which regularly meets formally and informally to review, coordinate, and share information on policy and operational matters. The

² Assembly Commission Strategy 2016–2021, July 2016

Capacity Review

Management Board is responsible for ensuring that the alignment with strategy and priorities is consistent.

The Investment and Resourcing Board (IRB) (comprising the Chief Executive and Clerk, Directors and the Head of Human Resources) is responsible for decisions on investment and staffing resources and for oversight of the Commission's budget.

Within the Assembly Commission, there is an established service and capacity planning process with decisions taken on an organisation-wide basis twice a year, informed by detailed proposals from each Directorate. The authority to recruit for all posts, whether new posts as part of an approved capacity plan or 'back filled' posts, can currently only be granted by the Investment and Resourcing Board (IRB).

Details of the current establishment and full time equivalent (FTE) numbers per service area can be found in the table below; changes to the numbers of FTE employed by the Assembly Commission since 2007 are laid out in Appendix A.

Capacity Review

Section	Establishment (Sept 17)	FTE (Sept 17)
Commission & Members Support Service (CAMS)	32	32.34
Legal Services	15	14.08
HR	33	28.59
Estates and Facilities Management (EFM)	30	30.12
Financial Services	14	13.43
ICT	45	42.99
Research Service	44	40.27
Committee and Chamber Services	24	23.30
Translation and Reporting Service (TRS)	47	43.72
Policy and Legislation Committee Services (PLCS)	33	32.41
Communications	32	27.27
Security	74	65.16
Governance, Audit and Procurement Service	15	14.15
Co-ordination Unit	6	6.00
Strategic Transformation Service (STS)	14	14.00
Parliamentary Venues & Visitor Services (PAVVS)	33	26.09
Totals	491	453.92

Approaches to resourcing

Resourcing the Assembly Commission involves a range of challenges, from optimising the efficiency and effectiveness of parliamentary procedures, having to meet numerous statutory requirements, accommodating a wide range of working patterns from term time working to shift systems, being prepared for and reacting rapidly to internal and external political and other imperatives.

Capacity Review

The Assembly is well-regarded among parliaments for the integrated way in which it supports its committees. The approach is recognised as encouraging a holistic approach to providing expertise and supporting Assembly Members to best effect.

Some services which are particularly demand-led or require access to additional temporary resources or specialist expertise at particular points in time have external contracts in place which allows them more flexibility to meet demands, such as Legal Services, Estates, ICT applications development and Translation.

The academic engagement work led by the Research Service is also a means of pulling in additional academic expertise for a short term duration to enhance capacity and capability of teams mainly within the Business Directorate. This has included knowledge exchange partnerships with Cardiff University on geographical information systems (GIS) and inter-parliamentary joint working e.g. on Brexit.

Assembly Commission staff also demonstrate a commitment to continuous improvement across all aspects of the services delivered. Recently we have introduced new structures and ways of working following reviews of Assembly events and our security services. We have also delivered new solutions in respect of searching our Record of Proceedings and the processes around tabling of questions and amendments.

While we recognise the many effective ways in which we deliver our services, opportunities for improvement have also been identified. Responses from our survey to staff found that smarter planning of work, increased collaboration across teams and ensuring that work flows efficiently were common improvement themes.

Culture of the organisation

A culture of excellence and striving for continuous improvement is one that the majority of staff recognise in their responses to the review. Many described the culture of the Commission as focused on delivering the highest possible quality outputs and service. This has resulted in high quality services which Members and their support staff tell us they value. Results of successive, annual Member and Member Support Staff surveys indicate high levels of satisfaction with Commission services. Members have

Capacity Review

noted that the level of support that they receive is very extensive and compares favourably to other parliaments.

An integral part of organisational ethos has seen the Commission traditionally adopt an un-hesitating and immediate response to service requests from Members, Commissioners and the Presiding Officer. This approach, combined with the desire to deliver to the highest possible standard, has led to an increase in the resources needed to respond effectively. Analysis of recruitment approval forms and service plans show that increasing demands to deliver more and higher quality services is a significant contributor to the increasing size of the Assembly Commission.

Contributors to the review reported undertaking one-off pieces of work for both Members and internal services that can quickly escalate into weeks of work which adds pressure on existing resources to meet all service requests. Research, Legal and Communications have all reported this issue.

Skills and capabilities

Understanding and developing the skills and capabilities of our staff was a strong theme emerging from the review. Contributors identified the importance of having the right skills available as well as having the right capacity. We have benefitted from good levels of investment in developing staff as evidenced by our repeated attainment of the highest levels of Investors in People (IiP) awards and positive feedback from Member and Commission staff surveys. The staff we spoke to talked about the importance of continued investment in staff development but also in ensuring that training is properly focussed on delivering business benefits and is aligned with our strategic goals.

A review of learning and development needs is currently underway with the purpose of establishing the Assembly's current training offering; undertaking a learning gap analysis; understanding the skills/ knowledge/ learning that is required and how these can be delivered.

It is vital that our learning and development function is aligned to our strategic direction and that our offering is benefits led and is focused on delivering outcomes which enable and enhance the value our services deliver.

Capacity Review

Assembly Member Support Staff (AMSS) have indicated that they place significant value on the support they receive from the Commission in respect of their professional development, noting that the *“professional development team continue to provide a range of increasingly valuable training courses and resources which are helping AMSS to improve their skills so that they can perform their roles more effectively and efficiently”*.

Benchmarking

Benchmarking establishment size

Assembly Commission staff across all Directorates maintain close links with other parliaments in the UK and Ireland, as well as in Australia and Canada, other Commonwealth countries and elsewhere around the world. Among the many benefits of these connections is the opportunity on regular basis to share and identify best practice in delivering parliamentary services which are value for money.

We know from the relationships we have developed that parliaments are resourced in different ways, to meet specific needs. The variables (which are considerable) affecting resourcing decisions include:

- the political and financial context;
- the parliament’s functions and procedures, including the number of official languages;
- the number of Members and the levels of Member support staff;
- the way Members perceive and discharge their responsibilities;
- the resources available to the parliament from other organisations/sectors of society; and
- the choices made by senior managers about how to organise teams to make the most of skills and experience.

As such, direct, clear comparisons are difficult to achieve. By way of illustration, the Scottish Parliament, which is usually cited as the most similar institution to the National Assembly for Wales, differs in many respects, such as:

- History, culture and politics
- Size
- Committee system
- Procedures and configuration of clerking teams
- Services available to Members, e.g. to support backbench legislation
- Legal system (i.e. Scotland has a jurisdiction separate from England and Wales)

Capacity Review

- Legislative competence
- Language policy

At face value, it might be expected that some differences – size, legislative competence – would mean more staff for the Scottish Parliament; whereas others – a less ambitious language policy, less support for backbench legislation – would mean fewer staff. However, in reality, these differences are less distinct. Understanding them will need a detailed examination of why and how services are structured and resourced, as well as of the way staff numbers are reported, tasks undertaken, and responsibilities shared across different teams.

Within the timeframe for this review, we have not been able to undertake this detailed level of analysis in relation to our most familiar comparators – the other devolved parliaments in the UK, nor indeed a wider global benchmarking.

Nevertheless, we have been able to benchmark our staff numbers against those at both the Scottish Parliament and the Northern Ireland Assembly and this is presented in the tables below. The Scottish Parliament has an establishment of 504 and the Northern Ireland Assembly reports an establishment of 344.9. For the reasons outlined above, the statistics must be used with significant caution.

The figures in the two tables below have been analysed in line with the structure of the Scottish Parliament and the Northern Ireland Assembly, respectively. Consequently, where appropriate we have grouped the comparative services from the National Assembly for Wales together in order to make direct comparisons possible.

Capacity Review

Scottish Parliament Service Area	Scottish Parliament Establishment (Sept 2017)	National Assembly for Wales Establishment (Sept 2017)
Chamber, Reporting and Broadcasting	75	62*
Committees and Outreach	62	59
Digital Services	62	54
HR and Facilities Management	57	58
Finance (including Payroll and Allowances) and Security	110	108
Legal Services, Procurement and Audit	25	30
Research, Communications and Public Engagement	92	103
Offices of the PO, Chief Executive, ACEs International Relations, officeholders	21	17
Total	504	491

Capacity Review

Northern Ireland Assembly Service Areas	Northern Ireland Establishment (Sept 2017)	Wales FTE Establishment (Sept 2017)
Directors Offices and Commission Support	14.0	32
Finance	20.8	14
HR Office and Equality Unit	16.2	33
Estates, porter service, and security services	89.3	104
Committees and Plenary services	73.2	77
Communications, Public Engagement & Official Report	56.9	112*
Information Systems	17.6	45
Legal Services	9.8	15
Research Service	37.1	44
Audit, Governance and Procurement	10.0	15
Total	344.9	491

*Figures for the National Assembly include Translation staff

Each organisation is unique and the three legislatures are all structured differently. We should also note that AMs in Wales are entitled to three Full Time Equivalent Members of Support Staff. The number of Support Staff permitted to Members of the Scottish Parliament (MSPs) rose from two to three following the 2016 election. In Northern Ireland Members of the Legislative Assembly (MLAs) are entitled to two staff.

Headline figures show that the Northern Ireland Assembly has much lower staff numbers than either the National Assembly for Wales or the Scottish Parliament.

The three legislatures have differing numbers of Members – there are 60 AMs in Wales, 129 MSPs in Scotland and the Northern Ireland Assembly had 108 MLAs up until the March 2017 election, after which the number of Members reduced to 90.

Capacity Review

The level of bilingual working and commitment to bilingualism of the National Assembly for Wales, marks it out as different to the other two devolved legislatures. This has a big impact on our resourcing requirements and most obviously can be seen in the size of the Translation and Reporting Service. However, it also has a very practical impact on a range of other services.

For example, the Assembly's commitment to deliver increasing levels of briefing support to committees entails considerably shorter deadlines for written work than would be seen in monolingual parliaments and that, in turn, increases demand on services such as Research. The entire legislative process is undertaken in two languages rather than one, doubling the work associated with amendments and accompanying explanatory memoranda, drafting and proof reading. The Assembly Commission's Official Languages Scheme provides for the equal treatment of both languages which draws resource into translation for internal Commission meetings, Welsh Language teaching and training for Members, their staff and the staff of the Assembly Commission.

Other differences between Northern Ireland and Wales and Scotland include a far lower resource for ICT, 17.6 posts in Northern Ireland as compared to 45 posts in Wales and 63 posts in Scotland. The Assembly Commission took a business decision to fully insource all ICT functions three years ago. This resulted in recurrent savings (£1M per annum) and an in-house team which provides dedicated customer account support to Assembly Members, bespoke applications development and digital solutions amongst other services.

Northern Ireland has smaller Members' Business Support and Education Outreach Teams and does not have an equivalent of the National Assembly's, Translation Service. In Northern Ireland, Standing Orders do provide for Members to speak in the language of their choice; however, a Speaker's ruling requires that Members must also provide an English translation. Translation is provided on an agency basis at an approximate cost of £18k pa with no establishment posts

The Scottish Parliament has an establishment figure which is 13 above the National Assembly figure. Again, it is structured in a different way but in many areas staff levels are similar.

Capacity Review

The Scottish Parliament also does not have a direct equivalent to Members Business Support Service, the Remuneration Board, Continuous Professional Development or the Translation Service (a difference in establishment of approximately 48 posts covering services not provided in Scotland).

Benchmarking bilingual services

As previously highlighted, a key distinguishing feature of the Assembly is its bilingualism. It has two official languages, Welsh and English. Under the Official Languages Act 2012, the Assembly is required to publish a scheme for every Assembly term. It sets out our ambition, service standards and improvement themes to which we are held to account annually to ensure that we deliver enshrined duties to provide rights to the public and to Assembly Members to interact with the Assembly in the official language of their choice.

The Assembly Commission's Bilingual Skills Strategy published under the first Official Languages Scheme [OLS] requires service areas to publish their own language plans. The plans give Heads of Service the means to identify the bilingual capacity required in each team in relation to their service's day-to-day functions, and outlines how each team makes the best use of the language skills within the team and beyond.

We have looked to benchmark our bilingual services against those of Scottish Parliament in their provision of support for Gaelic, the legislative Assembly of Ontario, and the House of Commons of Canada, see Appendix B.

The Assembly's specialist bilingual capability is managed through the Translation and Reporting Service (TRS). The team consists of 47 establishment posts covering a mix of specialists and multi-skilled staff able to work across one or more of the three skills covered by this service: transcription of the official report; translation and interpretation.

The reporting service is responsible for the official (written) reports of all Plenary and Committee meetings. The Plenary report is published fully bilingually and its translation is contracted out at a cost of circa £180K per annum. Committee transcripts are published in the spoken language with Welsh contributions translated into English.

Capacity Review

All published procedural documents are made available in both English and Welsh at the same time, internal and private documents may be provided bilingually. Interpretation is available for all Assembly Business and at events and internal meetings upon request. The Assembly operates a fully bilingual website and software systems utilise bilingual interfaces where practicable. Translation work for these are usually handled by Translation and Reporting Services.

The Scottish Parliament supports the use of Gaelic in parliamentary proceedings, interpretation is available providing notice is given. The Official Report is in spoken language with transcription of the English interpretation of any Gaelic spoken (this is also the situation in the Northern Ireland Assembly with respect to the Irish language. Translation and interpretation is provided through two external contracts totalling circa £105K per annum with no establishment posts.

The Legislative Assembly of Ontario with 107 Members uses English and French. The Official Report is published in the spoken language only and is not translated; 21 full time plus 6 on call staff are available to transcribe the Official Report. Interpretation is provided to all House sittings and televised committees by 6 full time staff supplemented by freelance interpreters as necessary. House documentation (e.g. Votes & Proceedings, Orders & Notices) are available in both English and French, with translation provided by specialist translation services. The size of the translation service is not known.

The House of Commons of Canada with 334 Members are fully bilingual, English and French. Committee and Plenary reports and all procedural documents are published in both languages. Approximately 160 employees (75% of which are part-time) cover reporting and interpretation. All translation work is carried out by a separate Translation Bureau which is not part of the House of Commons establishment. The Translation Bureau consists of approximately 117 translators and 10 administrators.

Opportunities to work differently

Opportunities to improve the way we work were captured during the review and fall into two categories: those which have an organisation-wide impact and are discussed below; and those having a service or activity specific impact. The latter will be assessed and developed at a service level. The organisation-wide change opportunities are:

- Agreement of priorities;
- Improved planning and delivery;
- Greater agility in capacity and capability; and
- Development of shared understanding.

Action 1

We will set up a steering group to manage the implementation of the Capacity Review's actions. This group will:

- oversee the prioritisation, resourcing, delivery and benefits of this programme;
- ensure that the Capacity Review programme of work and that of the other Assembly commission change programmes and projects are aligned;
- report into the Assembly Chief Executive and Directors and disseminate information through the Commission's Management Board; and
- Actively engage with staff and communicate regularly on progress.

Agreement of priorities

New priorities for the Commission are being driven by the increasing pressures on the Assembly in terms of legal and regulatory change, constitutional change and the heightened expectations, especially around engagement of our stakeholders: Assembly Members, the people of Wales and partner organisations. The Assembly operates in a rapidly changing environment which can result in multiple, complex and competing priorities.

Capacity Review

Given the finite size of Assembly Commission's resources, all priorities compete for the same resource.

To continue to deliver new initiatives and changes, the Commission will need to be able to better manage these competing priorities and at the same time ensure that its resources are being used in the most efficient and effective ways. A set of prioritisation criteria for use by IRB is currently being developed and is set to be piloted in coming months to help the IRB prioritise the projects and investments into the next financial year and beyond.

In the future on-going effective prioritisation will depend on:

- The supply of accurate and timely information on the costs, benefits and impact of competing investment and change initiatives to support decision making;
- The relative impact, benefits and costs of change initiatives to be assessed against a set of agreed criteria for prioritisation;
- A shared understanding and agreement on the Commission's strategic goals and high-level priorities across the important groups of influence including the Commission, the Business Committee, the Committee Chairs forum and party groups. Mechanisms will be required to strengthen and focus this dialogue; and
- Effective communication of agreed priorities including the reasons behind decisions, to internal and external stakeholders.

Action 2

We will support the Commission in the prioritisation of new projects and initiatives, through:

- the use of agreed and established prioritisation criteria tools and processes;
- the provision of accurate and timely information on the benefits and resource implications of options for change; and
- establishing effective channels of communication and engagement between the various stakeholders.

Improved planning and delivery

The efficient and effective delivery of prioritised initiatives requires aligned planning, such that:

- There is better alignment of budget, service and capacity planning;
- A clear line of sight exists from strategic goals to operational planning and personal objectives; and
- Benefits are realised through effective and proportionate change and assurance activities that supports good governance.

Some of the work now planned includes:

- Review of annual corporate reporting with an intention to reduce potential duplication within the system;
- Renewing the Commission's suite of Key Performance Indicators (KPIs);
- An internal audit review of the Performance Management Development Reports (PMDRs) to ensure that they remain fit for purpose;
- On-going dialogue and review of project and programme governance and assurance arrangements; and
- The use of a cross organisational Working Group to help ensure that the Commission is prepared and compliant with General Data Protection Regulation (GDPR).

In addition to continuous improvement, the Commission delivers change through formally managed projects monitored by the Investment and Resourcing Board (IRB). Investment is approved or declined based upon the assessment of the benefits and costs of project proposals.

New approaches to change management and agile project management have been adopted aimed at increasing the effectiveness of change projects. The Commission is learning from and benchmarking these new approaches with similar organisations including the UK Government Digital Service (GDS), the Parliament Digital Service (PDS) and colleagues in the Scottish Parliament.

Capacity Review

Most new priorities of the Assembly Commission will result in formal projects or initiatives. To deliver these effectively and efficiently the Commission will continue to need to ensure:

- the clear understanding of the purpose and desired benefits of change initiatives;
- the management of the impact on day-to-day business;
- effective monitoring of progress
- the effective allocation of change management expertise; and
- improved clarity of responsibilities.

Action 3

We will improve links from priorities to operational planning and personal objectives, through:

- on-going scenario planning to assess demands for future years and develop options for how those demands can be addressed;
- implementing newly developed cycles for budget, service and capacity planning that will ensure activity is aligned and will minimise the impact on our resources of planning and governance tasks;
- ensure our annual reporting cycle is fit for purpose but does not place a significant burden on resources;
- ensuring a clear line of sight from the Assembly Commission's priorities to personal objectives; and
- enhancing the oversight and management of change across the Assembly Commission bringing together learning and good practice.

Agile capacity and capability

The third theme of the strategic-level opportunities to work differently looks at ways to bring greater agility to the Commission's capacity and capability by:

- Improving the agility and skills of our workforce to respond to changing demands;
- Continuing to review and challenge existing structures and systems with a view to developing options for improved ways of working; and
- Realising the benefits from optimising the use of existing and new technologies.

Work is underway to develop the latest People Strategy for the Assembly. This will reflect the need to create a more agile workforce. We will ensure that, through this strategy, we build our skills and capability to meet future needs as well as those of today.

We will need to consider whether the working patterns that have evolved over time remain effective in meeting the demands placed on the Commission staff, or whether there are benefits to be gained for both the organisation and individuals in introducing changes.

The Assembly Commission must continue to review and challenge existing service structures, systems, internal management and governance arrangements, to develop improved ways of working that are as efficient and effective as possible.

During the Capacity Review we spoke with Members, their support staff and Commission staff, to gather ideas for change. As well as the four main themes for change discussed here, many specific process change ideas were also suggested. Three suggestions stood out as they received a significant number of comments and these are:

- Enabling Members to make more informed decisions about organising their committee work, by providing more regular and detailed information about the resource implications of these decisions;

Capacity Review

- Review of the end-to-end support arrangements for committees, to ensure that all Commission resources supporting committee work are being used as effectively and efficiently as possible; and
- Ensure that the skills, capacity, processes and technology for effective internal and external communications are in place.

Across all services there was an identification of the need to ensure that we take full advantage of information technologies available to the Assembly. This was especially true of the collaboration and document management capabilities offered by Office 365 and SharePoint.

Action 4

Exceptional and wide-ranging changes to circumstances, such as an increase in the number of Assembly Members may require further assessment of the Commission's required capacity. However, as a general principle, the Commission is committed to staying within its current establishment figure of 491 for the duration of the Fifth Assembly.

At present with the commitment to work within the establishment figure and in light of new priorities facing the Commission the Steering Group will undertake further detailed analysis of our organisational structures and working practices and make recommendations to ensure that they remain effective in light of future demands.

We will recommend to future Commissions that a similar Capacity Review exercise is undertaken at the beginning of each Assembly to enable them to plan effectively and ensure that their strategies can be delivered.

Action 5

We will continue to review and challenge existing systems and develop options for improved ways of working. This ongoing programme of continuous improvement will be managed through the Steering Group. The Capacity Review has identified a number of areas for initial investigation.

We will review:

- Internal management and governance arrangements;

Capacity Review

- The ways in which we enable Members to make more informed decisions about organising their committee work and the detail and frequency of information we provide them with which outlines the resource implications of those decisions;
- Review the end to end support arrangements for committees; and
- How we resource and deliver internal and external communications.

Development of a shared understanding

The final strategic change theme to emerge from the review is that of developing a shared understanding of the purpose and functions of Commission Services, to enable:

- clarity of understanding of responsibilities across teams internally and with Members, their offices and other stakeholders;
- the expectations of the important points of influence to be managed within the context of the Commission's priorities; and
- The development of a one organisation ethos ensuring a shared sense of ownership and responsibility.

A lack of clarity of understanding of the changing roles and responsibilities of the Commission's services can lead to inefficiency both internally and between Members, their offices and these internal teams.

Members' support staff reported their lack of awareness of the roles of some teams within the Commission. They suggested that more 'one stop shop' contact points would save Assembly Members' and staff time in having to contact multiple departments over similar issues.

Services designed around users and their needs are more cost effective helping more people to get the right outcome for themselves and for the Assembly. Members' support staff that we spoke to said that they highly valued involvement at the design stage of services and being able to discuss what they needed with Commission staff responsible for delivering services. They noted that in all cases this early engagement resulted in better outcomes for themselves and Members.

Capacity Review

Improving clarity of responsibilities, clear lines of sight in our planning and clear priorities will boost the 'one organisation' culture of the Assembly. Further steps to improve communications with staff, share organisational values and empower the right people to make decisions within the context of our priorities will enhance this culture.

Action 6

We will take steps to improve communications with staff and other stakeholders. Communicating and reinforcing the responsibilities of teams and empowering the right people to make decisions within the context of a clear set of priorities.

Completing these actions will help to contribute to a greater unity of purpose and direction across the organisation and provide a foundation for the challenges ahead.

Next Steps

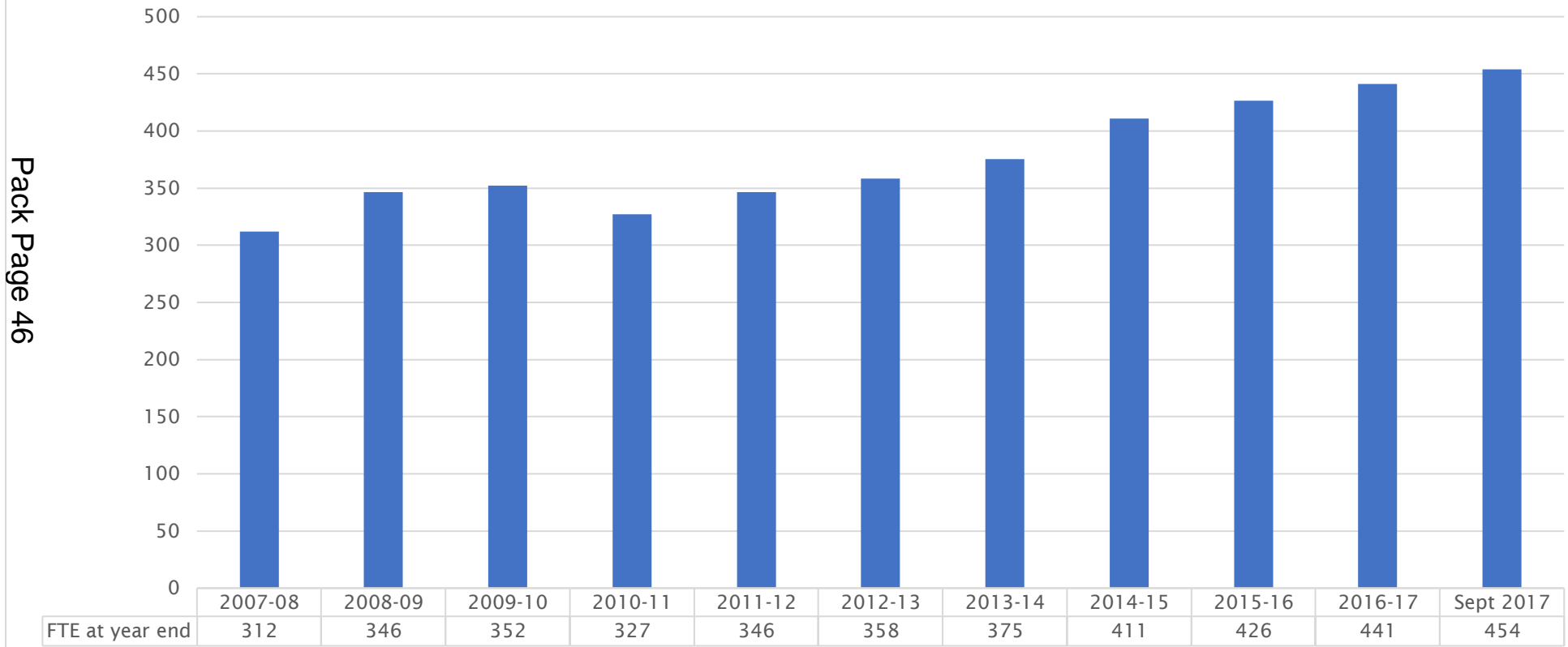
During the next phase of the Capacity Review we will develop our approaches to meet new challenges, many of which are unclear at this stage such as the impact of Brexit and potential electoral reform.

The Steering Group will be chaired by the Director of Resources and its membership will be drawn from across the Assembly Commission. By May 2018, the Steering Group will have in place a plan for taking forward major elements of the work. The Group will keep the Commission updated on progress.

Capacity Review

Appendix A. Assembly Commission Full Time Equivalent 2007 to 2017

FTE at year end, total rounded



Capacity Review

	FTE at Year End by Service Area (rounded)										
Service Area	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Sept 2017
CAMS	21	24	25	33	27	17	33	36	39	32	32
Legal	7	8	9	9	10	9	12	12	12	13	14
HR	19	24	24	14	12	22	32	28	26	31	29
EFM	27	31	32	29	25	28	25	26	29	28	30
Finance	20	19	16	15	15	16	12	16	16	12	13
ICT	13	17	17	14	18	17	20	37	41	43	43
Research	33	37	35	33	35	35	33	36	38	40	40
PCCS	20	25	26	23	22	23	17	20	22	24	23
TRTS	33	34	34	33	37	36	38	37	40	42	44
PLCS	26	28	28	25	25	25	26	28	27	33	32
Communications	38	43	27	31	25	25	25	23	23	23	27
Security	56	56	59	49	59	60	58	61	61	66	65
Gov & Audit					14*	17	13	14	13	14	14
Co-ordination Unit							4	5	6	6	6
FoH / PAVVS			21"	19	23	26	23	24	24	23	26
STS							4	8	9	10	14
Total	312	346	352	327	346	358	375	411	426	441	454

*previously part of corporate unit in CAMS

#previously grouped with Communications

Capacity Review

Appendix B. Bilingual Parliaments Benchmarking:

Comparison of Reporting, Translation and Interpretation Services, December 2017

Institution	Members	Bilingual services	Resources
National Assembly for Wales Pack Page 48	60	<ul style="list-style-type: none"> – Bilingual Welsh and English (both Official Languages under 2012 Act) – Published procedural documents made available in both languages at the same time – All Assembly Business interpreted from Welsh into English and interpretation available at event on request – All internal & private documents made available in the language of choice – Plenary record fully bilingual – Committee transcripts in spoken language with Welsh contributions translated – Fully bilingual website – Software systems bilingual interfaces where practicable. 	<ul style="list-style-type: none"> – Mix of specialists and multi-skilled staff able to work across one or more specialisms. 47 establishment posts broken down as follows: <ul style="list-style-type: none"> ○ 9 Management, Official Languages Scheme, admin & Welsh skills development posts ○ 16 Editors ○ 7 Editor / Translators ○ 1 Senior Interpreter ○ 6 Editor / Translators / Interpreters ○ 8 Translators – Additionally translation of the full Plenary report is contracted out at a cost of circa £180K pa

Capacity Review

Institution	Members	Bilingual services	Resources
Scottish Parliament	129	<ul style="list-style-type: none"> – Working language is English, Scottish Parliamentary Corporate Body (SPCB) is under a legal duty to make and develop provision in Gaelic. – Gaelic may be used in parliamentary proceedings, with notice given and interpretation is then provided. The Official Report is in spoken language with transcription of English interpretation of any Gaelic spoken. – (mostly) Bilingual website 	<ul style="list-style-type: none"> – Official Report: No of Staff members and Budget number have been requested as benchmark data has been provided at directorate level – 1 x FTE Gaelic Development Officer – Translation and Interpretation is provided through two external contracts totalling circa £105K pa
Legislative Assembly of Ontario	107	<ul style="list-style-type: none"> – English and French – Official Report in spoken language only, is not translated – Interpretation provided to all House sittings and televised committees – House documentation (e.g. Votes & Proceedings, Orders & Notices) available in both English and French provided by specialist translation services – Fully bilingual website 	<ul style="list-style-type: none"> – Reporting staff: 21 full time plus 6 on call, mix of English only and English / French speakers – Interpretation staff: 6 full time supplemented by freelance interpreters as necessary – Translation staff numbers and costs are not available

Pack Page 49

Capacity Review

Institution	Members	Bilingual services	Resources
House of Commons of Canada	334	<ul style="list-style-type: none"> – Bilingual English and French – Committee and Plenary reports and all procedural documents published in both languages – Fully bilingual website 	<ul style="list-style-type: none"> – Approximately 160 employees (75% of which are part-time) covering reporting and interpretation. – The translation of all work is done by a separate Translation Bureau which is not part of the House of Commons, Translation Bureau staff: <ul style="list-style-type: none"> ○ 43 (41 translators + 2 administration) for the Hansard (Plenary Report) ○ 33 (31 translators + 2 administration) for Committee Deliberations ○ 41 (35 translators + 6 administration) for Documents (any other documents emanating from Parliament – committee reports, letters, householders, financial reports, policies, internal memos, etc.)

Pack Page 50

Capacity Review

Agenda Item 3



WALES AUDIT OFFICE
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Reference: IG17013/HVT2757/caf

Date issued: 30 October 2017

Dear Simon

The complex public audit fee regime in Wales – a case for change

We have very much welcomed the willingness of the Finance Committee to discuss and explore potential for the simplification of the public audit fee regime in Wales. We are now pleased to provide the Committee with proposals that we consider would lead to its simplification.

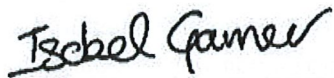
You will recall that the Committee's report of March 2016 recommended that the Public Audit (Wales) Act 2013 be amended to clarify the audit fee charging requirements for the Wales Audit Office, following representations we made to the Committee about the operational complexities of working to the Act. The legislation governing audit fees in Wales is complex and differs markedly from the much simpler arrangements in place for the other UK audit bodies. It means that the processes underpinning how we operate the fee regime are complicated, time consuming and confusing to many. We do not believe that this was the intention underlying the legislation.

In June 2017, we issued a discussion paper '[Simplifying a Complex Fee Regime](#)' which explained the operating complexities and unintended consequences of legislation and our proposed solutions to those complexities. This discussion paper was shared with audited bodies and other relevant parties, and we very much welcomed their responses. We have changed some of our recommendations in light of their feedback, as explained in the attached Case for Change paper, which we look forward to discussing with the Committee.


The Case for Change paper does not explore the other complexities arising from the 2013 Act, such as the requirement for interim reports and the very restrictive quorum requirements. The paper also does not address problems in relation to other legislation that we consider important, as set out in the Auditor General's letter of 5 April (copy attached for ease of reference).

We look forward to attending Committee on 9 November to discuss the above.

Yours sincerely



ISOBEL GARNER
CHAIR, WALES AUDIT OFFICE



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES

Enc: Case for Change paper

Auditor General's letter HVT2702 dated 5 April 2017

Date: 5 April 2017
Our ref: HVT/2702/fgb
Page: 1 of 7

Mr Simon Thomas AM
Chair of the Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

Annwyl Simon

UPDATING ACCOUNTS AND AUDIT LEGISLATION

During the Committee's session on 15 March 2017 on issues relating to the audit of Natural Resources Wales, I undertook to write to you with further details of the need for some updating of Welsh accounts and audit legislation.

The main overall problem

As I mentioned on 15 March, the main overall problem with the audit provisions for Welsh public bodies is their inconsistency across the various bodies. Within that overall issue, the most serious problems are as follows.

a) The lack of a duty to be satisfied as to arrangements for securing vfm in central government bodies

The lack of a requirement for the Auditor General to satisfy himself as to arrangements for securing value for money in central government bodies (the Welsh Government, Welsh Government Sponsored Bodies and certain other bodies such as the Assembly Commission) is in contrast to the requirement in respect of local government bodies and health bodies (under sections 17(2)(d) and 61(3)(b) of the Public Audit (Wales) Act 2004 respectively).

The absence of a duty to be satisfied as to arrangements for securing vfm in central government means that the work to support scrutiny of central government bodies is permitted by statute to be less extensive and thorough than that done in the NHS and local government. In practice, my central government audit teams work on a discretionary basis to overcome this weakness, by, among other things, considering whether deficiencies that they encounter during the audit of accounts

are matters that should be taken into account in the design of vfm examinations and studies. They also raise issues that they encounter in management letters. Similarly, my vfm examination and study teams will look to take account of corporate governance issues in planning and executing their work.

Even given these work-arounds, the situation is less than satisfactory, as discretionary consideration is more open to challenge than consideration done in the course of a statutory duty. A further practical issue is that the absence of specific statutory consideration of arrangements for securing vfm means that more additional work now needs to be done in central government than in local government and the NHS in order to undertake the sustainable development principle examinations required by section 15 of the Well-being of Future Generations (Wales) Act 2015. This is because consideration of arrangements for securing vfm requires significant amounts of review of corporate governance arrangements, and much of that governance review work may be used to meet both the requirements of sections 17 and 61 of the 2004 Act and the requirements of section 15 of the 2015 Act.

b) The absence of explicit provision in statute for regularity opinions among many central government bodies

An absence of explicit provision for a regularity opinion means that a fundamental element of Assembly control of central government expenditure is missing from statute in respect of the relevant body. The Committee will be well aware that one of the key functions of the National Assembly is the approval, following scrutiny, of budget motions so as to authorise government's use of resources. In order to complete the cycle of control, it is necessary that the National Assembly receives reports on whether the resources it has voted have been used in accordance with its intentions.

The bodies affected by the omission of relevant provisions are:

- the Care Council for Wales;
- the Education Workforce Council;
- the Higher Education Funding Council for Wales;
- the Local Democracy & Boundary Commission for Wales;
- the National Library for Wales;
- the National Museums & Galleries for Wales;
- Natural Resources Wales;
- Qualifications Wales.

The Arts Council and the Sports Council are also affected because of the omission of relevant provisions from their Royal Charters. Indeed, the Sports Council's Charter omits audit provisions completely.

I have continued the Comptroller & Auditor General's practice of providing regularity opinions in respect of all sponsored bodies despite the omissions because it is clearly required for the reasons set out above. It is also regarded as necessary to comply with professional standards (the Financial Reporting Council's Practice Note 10).

c) Inflexibility of deadlines

As the case of NRW has illustrated, accounts and audit deadlines are sometimes not sufficiently flexible when significant problems arise. For Welsh public bodies, there is no agile variation provision in legislation as there is for UK resources accounts under the Government Resources and Accounts Act 2000.

d) Overlapping laying requirements

There has been a recent tendency for legislation to include provision for bodies to prepare annual reports on the exercise of functions and for those bodies (not the Auditor General) to lay such reports (see, for example, paragraphs 28 and 29 of Schedule 1 to the Qualifications Wales Act 2015). These requirements sit alongside requirements for the Auditor General to lay the audited accounts with his certificate and report (for example, paragraph 33 of Schedule 1 to the Qualifications Wales Act 2015). At the same time, the Financial Reporting Manual (FReM) set by HM Treasury places a requirement on bodies to provide an annual report alongside the accounts. (Indeed, it is normal for bodies in both the public and private sectors to publish "annual reports and accounts".) These multiple requirements can lead to confusion as to who is required to lay the "annual report".

Potential solutions

The absence of a duty to be satisfied as to arrangements for securing vfm in central government bodies could be remedied by the insertion of such provision in relevant legislation. For the Welsh Ministers and the Assembly Commission this would mean amending the Government of Wales Act 2006 (or any restatement of audit provisions following the Wales Act 2017). These would be small amendments rather than extensive changes. For Welsh Government Sponsored Bodies, similar small amendments would be needed for a range of legislation, including:

- The Care Standards Act 2000
- The Commissioner for Older People (Wales) Act 2006
- The Government of Wales Act 1998 (for Estyn)
- The Well-being of Future Generations (Wales) Act 2015
- The Further & Higher Education Act 1992
- The Local Government (Democracy) (Wales) Act 2013
- The Museums and Galleries Act 1992
- The Natural Resources Body for Wales (Establishment) Order 2012
- The Public Services Ombudsman (Wales) Act 2005
- The Qualifications Wales Act 2015
- The Welsh Language (Wales) Measure 2011
- The Royal Charters of the Arts Council and the Sports Council

Similarly, regularity opinion provisions could be inserted in relevant legislation where these are missing. Likewise, provisions for the laying of annual reports could be aligned so as to provide for the Auditor General to lay such reports (preferably combined annual reports that meet both statutory and FReM requirements).

As regards improving the flexibility of deadlines, again, specific provisions to allow variations by Order, along the lines of those provided by the Government Resources & Accounts Act 2000, could be inserted in the full range of relevant legislation. Such provisions would need to explicitly provide for accelerated procedure so as to enable variations to be made in a worthwhile realistic (short) timescale. However, as I previously mentioned in my letter of 22 December 2016, an alternative and more efficient approach might be to include provision with the effect that the deadline applies only to the extent that it does not prejudice compliance with the Code of Audit Practice. This could dispense with Order-making processes altogether.

With all four of the issues set out above, piecemeal amendment of individual pieces of legislation would not be the most efficient approach. A more sensible approach would be to codify the provisions, for example, along the lines of the provisions of Chapter 2 of Part 2 of the draft Public Audit (Wales) Bill, which was consulted on by the Welsh Government in March 2012. However, some changes to the draft Bill provisions would be needed, as, among other things, it should cover recently created bodies, such as the Future Generations Commissioner.

Data matching

While it is not strictly a matter of audit in itself, I should also take this opportunity to raise the issue of how my data matching powers are now lagging behind those of counterparts in Scotland, England and Northern Ireland.

Currently, data matching exercises are undertaken for the purposes of preventing and detecting fraud. The exercises are done in collaboration with other UK audit agencies, and are known as the National Fraud Initiative (NFI). To date, the NFI has prevented and detected fraud and error of over £1.1 billion across the UK, with some £26 million being prevented and detected in Wales. Most of these amounts relate to fraud perpetrated against public bodies.

Under section 64A of the Public Audit (Wales) Act 2004, I currently have a power to undertake data matching for the “purpose of assisting in the prevention and detection of fraud in or with respect to Wales”. The Auditor General for Scotland, the Secretary of State and the Comptroller & Auditor General Northern Ireland have similar powers under the following legislation:

- Scotland—the Public Finance and Accountability (Scotland) Act 2000;
- England—the Local Audit and Accountability Act 2014;
- Northern Ireland—the Audit and Accountability (Northern Ireland) Order 2003.

The Scottish legislation, however, also provides for data matching to be undertaken for the purposes of assisting in the prevention and detection of crime other than fraud, and for assisting in the apprehension and prosecution of offenders. Furthermore, the Scottish Parliament’s Post Legislative Scrutiny Committee has recently consulted on strengthening and extending the coverage of the Scottish legislation.

The legislation in respect of English bodies contains provision for the purposes of data matching exercises to be extended by regulations so as to cover assisting:

- (a) the prevention and detection of crime other than fraud;
- (b) the apprehension and prosecution of offenders;
- (c) the prevention and detection of errors and inaccuracies, and
- (d) the recovery of debt owing to public bodies.

The Northern Ireland legislation is similar to that applying to English bodies but does not include the prevention and detection of errors and inaccuracies. It is, however, the strongest in the UK in terms of requiring bodies to participate in data matching exercises, as it enables the Comptroller & Auditor General Northern Ireland to require any body audited by him (other than designated “North/South co-operation implementation” bodies) or a local government auditor to provide information for matching rather than that power applying just to a defined list of bodies. For Wales, the list of such mandatory participants is inadequate, as it is limited to local government and health bodies.

My counterparts and I are continually developing the NFI so as to provide further support to public bodies. There is, however, a significant risk that if Welsh data matching legislation does not keep pace with that in other UK jurisdictions, then:

- (a) it may not be possible to run complete UK-wide data matching exercises in Wales;
- (b) the potential financial benefits of data matching to identify errors and inaccuracies, and assist debt recovery will not be available to Wales, and
- (c) the potential to achieve additional savings through the inclusion of new mandatory participants will not be realised.

I would therefore ask the Committee to consider seeking change to the Welsh legislation so as to extend the permitted purposes of data matching to those listed above in respect of English bodies. I would also ask the Committee to consider seeking change to the legislation so as to change the provisions for potential mandatory participants so that all bodies audited by the Auditor General are covered.

Other audit related matters

I know that the Committee is already aware of my concerns about the complexity and difficulties caused by the fee provisions of the Public Audit (Wales) Act 2013 (and related legislation amended by that Act). However, I will not go into detail again now, as the WAO Board and I intend to provide more material setting out how the provisions are not fit for purpose and suggesting possible solutions, in a forthcoming consultation document.

Finally, I should perhaps mention that I am in the process of developing my response to the Welsh Government’s “Reforming Local Government” White Paper. The main focus of that White Paper is the structure of Welsh local government, which has some implications for my audit functions. In addition, there is also a small amount of coverage concerning my functions, with among things, a commitment to repeal Part 1 of the Local Government (Wales) Measure 2009. I will copy my response to the Welsh Government’s White Paper consultation to the Committee. However, I can say now that I welcome repeal of Part 1 of the 2009 Measure, as it is unnecessarily prescriptive and lacks the

flexibility needed to provide proportionate reporting. Repeal of the 2009 Measure will allow resources to be used in pursuit of the more proportionate arrangements of Part 2 of the Public Audit (Wales) Act 2004.

Yn gywir



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES

Archwilydd Cyffredinol Cymru
Auditor General for Wales

The complex public audit fee regime in Wales – a case for change



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

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Contents

Foreword	4
Executive summary	5
The case for change	8
The fee regime for the Wales Audit Office	8
Comparison with other UK audit bodies	9
The bases for our consultation with stakeholders	10
Solution 1: To amend legislation to require that fees charged to an audited body do not exceed the full cost of the work undertaken, taking one year with another	11
Solution 2: Central government and NHS audit work to be cash funded from the Welsh Consolidated Fund (following approval of the Estimate of the Wales Audit Office) instead of through fees	14
Solution 3: Legislative change to enable the Wales Audit Office to fully determine payment terms for agreement work	17
Final recommendations	19
Appendices	
Appendix 1– Extracts of legislation governing the fee regime amongst UK audit bodies	20
Appendix 2 – List of enactments under which the Wales Audit Office may and must charge fees	26

Foreword

Funding for the Wales Audit Office comes from two main sources – from the fees we charge for the audit work we do (circa 70% of our funding), and from the Welsh Consolidated Fund which finances specific areas of our spending (circa 30%).

In March 2016, the National Assembly’s Finance Committee recommended that the Public Audit (Wales) Act 2013 (the Act) be amended to clarify the audit fee charging requirements for the Wales Audit Office, following representations we made to the Committee about the operational complexities of working to the Act.

The Act set new arrangements under which the Wales Audit Office may or must charge fees for certain audit-related work undertaken by the Auditor General for Wales. The legislation governing audit fees in Wales is complex and differs markedly from the much simpler arrangements in place for the other UK audit bodies. It means that the processes underpinning how we operate the fee regime are complicated, time consuming and confusing to many.

We do not believe that the Welsh Government intended to create the level of complexity that we have experienced in practice when it introduced the legislation. Nor do we believe that this was the Assembly’s intention, when it enacted the legislation.

In June 2017, we issued a discussion paper [Simplifying a Complex Fee Regime](#) which explained the operating complexities and unintended consequences of legislation and our proposed solutions to those complexities. This discussion paper was shared with all of our stakeholders.

We now set out our proposed recommendations which take account of what our stakeholders told us in response. We thank our stakeholders for sharing their views with us.

We conclude by proposing that we further explore interim measures which could improve our operating efficiency and overcome some of the complexities, pending a longer-term, fit-for-purpose fix which can only be brought about by legislative change through the National Assembly. We have very much welcomed the willingness of the National Assembly’s Finance Committee to discuss and explore potential for the simplification of the fee regime. We look forward to continued discussions with the Finance Committee in light of this paper.

Isobel Garner
Chair, Wales Audit Office

Huw Vaughan Thomas
Auditor General for Wales

Executive summary

- 1 The Public Audit (Wales) Act 2013 sets out the arrangements under which the Wales Audit Office may or must charge fees for certain audit-related work. Other legislation, such as the Public Audit (Wales) Act 2004, sets out where fee scales must be set and who must be consulted on the setting of those scales.
- 2 We cannot charge fees without a Fee Scheme approved by the Assembly. This provision within the 2013 Act ensures an important, further level of independent scrutiny of our plans, along with Assembly scrutiny of other key documents including our annual Estimate of Income and Expenses and Annual Plan.
- 3 Where we charge a fee, we set hourly fee rates at a level only to recover the costs we incur, as legislation precludes us from charging any more than that. We then set our fees based on the estimated staff time for each auditor role required to complete the work. This is done on an annual basis for each audited body. Legislation requires that any fee we charge “may not exceed the full cost of exercising the function to which the fee relates”. In order to meet this requirement, we have established methods to quantify full cost and use timesheets to record time spent on audits.
- 4 The fee regime in Wales is markedly different to those in place in the other parts of the UK, and is much more complex. This paper argues for the aligning of the arrangements in Wales more closely with those in place elsewhere in the UK.
- 5 Three particular provisions from fee related legislation elsewhere in the UK have the potential to simplify the fee regime in Wales:
 - the ability to charge fees with a view to breaking even on fee-related work ‘taking one year with another’;
 - setting notional fees for accounts prepared by government departments or other bodies that are funded directly from the relevant Consolidated Fund; and
 - greater latitude so that the full extent of the terms and conditions of agreement work¹ are a matter for the relevant auditing body.

1 Non-statutory audit work that we undertake on a commissioned basis

- 6 We see the advantages of such simplification as:
- providing greater certainty to audited bodies of the fee to be charged and overcoming the lack of incentive to drive efficiency in audit delivery at ground level;
 - ending the circulation of fee money across central government bodies; and
 - enabling the Wales Audit Office to make better use of agreement work as part of our financial strategy, which could help reduce the net cost of public audit in Wales.
- 7 We consulted with our stakeholders on options for change in those areas.
- 8 Consultees were broadly supportive of our proposal to amend the 'may not exceed the full cost' constraint and replace it with a provision along the following lines in section 24 of the 2013 Act. This would provide sufficient flexibility to improve the cost effectiveness of our management and processing arrangements:
- 'In setting fee scales, amounts to be charged and means by which the Wales Audit Office is to calculate fees included in a scheme under this section, the Wales Audit Office must aim to ensure that fees charged to a person do not exceed the full cost of the work undertaken, taking one year with another.'**
- 9 On the basis of the general support from stakeholders to simplify this aspect of the fee regime, we will further explore interim measures which could improve our operating efficiency and overcome some of the complexities, alongside recommending a longer-term, fit-for-purpose solution, which can only be brought about by legislative change.
- 10 We took stakeholder views on our proposal to move to notional fees being set for bodies funded from the Welsh Consolidated Fund directly along with the NHS in Wales and the Welsh Government Sponsored Bodies.
- 11 Responses identified a concern amongst stakeholders that notional fees would reduce transparency and accountability. This has not been found to be the case in the other audit agencies of the UK, which have long operated in this way, such as in the National Audit Office. Even under a notional fee regime, we would still expect Audit & Risk Assurance Committees to hold us to account in proposing our audit plan and notional fee for the year.

- 12 However, both the Welsh Government and Natural Resources Wales raised objections to this proposal, leading us to revise our thinking. Our proposal for notional fees is now constrained to just those bodies funded directly from the Welsh Consolidated Fund², being comparable with the arrangements in place in England, Scotland and Northern Ireland.
- 13 Finally, we took stakeholder views on empowering the Wales Audit Office to determine fee rates for agreement work and for it not to be constrained by the “no more than cost of function” restriction in the Act. Such a change would provide a greater incentive for the Wales Audit Office to undertake such work, providing development opportunities for our staff as well as allowing us to retain any surplus over the cost of delivery and use it to reduce our call on the Welsh Consolidated Fund.
- 14 The majority of responses were broadly supportive of simplification in this area. Cautions raised around the risk of cross-subsidisation are already part of our risk management arrangements when considering agreement work.
- 15 The remainder of this paper gives further detail on all the above aspects.

² Welsh Government (Welsh Ministers), National Assembly for Wales Commission and Public Services Ombudsman for Wales

The case for change

The fee regime for the Wales Audit Office

- 16 The Public Audit (Wales) Act 2013 sets out the arrangements under which the Wales Audit Office may or must charge fees for certain audit-related work. Other legislation, such as the Public Audit (Wales) Act 2004, sets out where fee scales must be set and who must be consulted on the setting of those scales. We choose to consult more widely than legislation requires as we consider it enhances transparency and gives all our stakeholders the opportunity to comment on our fee-charging plans.
- 17 **Appendix 1** provides the relevant extract of the 2013 Act, along with an overview of the equivalent legislation applying to the other UK audit bodies. **Appendix 2** provides a full list of enactments under which the Wales Audit Office may or must charge fees. It is a complex picture.
- 18 Our Annual **Estimate** (budget) sets out the detail of our expected income and expenditure for each financial year. Aligned with the Estimate, we publish a **Fee Scheme**, which sets out our charging structure for audit work and fee scales as required by legislation. Both the Estimate and Fee Scheme, along with our Annual Plan, Interim Report and Annual Report and Accounts, are subject to scrutiny by the Assembly's Finance Committee. We cannot charge fees without a Fee Scheme approved by the Assembly, which ensures an important further level of independent scrutiny of our plans.
- 19 We are not able to charge fees for all aspects of our work – for example, audited bodies do not pay for the Auditor General's programme of economy, efficiency and effectiveness examinations. Such work is financed from the Welsh Consolidated Fund, as set out in our Estimate, under the authority of the Assembly's annual budget motion.
- 20 Where we charge a fee, we set hourly fee rates at a level intended only to recover the costs we incur, as legislation precludes us from charging any more than that. We then set our estimated audit fees based on the estimated staff time for each auditor role required to complete the work. This is done on an annual basis for each audited body.

Comparison with other UK audit bodies

- 21 **Exhibit 1** compares fee-related legislative requirements in Wales with those in place for the other UK audit bodies (narrative provided in **Appendix 1**).

Exhibit 1 – Comparison of fee-related legislation across UK audit bodies

Fee-related requirements	Wales Audit Office	National Audit Office	Audit Scotland	Northern Ireland Audit Office
Set fees to broadly break even on fee work taking one year with another.	No	Not specified but is established practice	Yes	Not specified but is established practice
No fee charged for accounts prepared by central government bodies (bodies financed directly by the relevant Consolidated Fund).	No	Yes	Yes	Yes
Must have a fee scheme setting out arrangements for charging fees.	Yes	Yes	No	No
Terms and conditions for agreement work are a matter for the audit body.	Yes but with restrictions	Yes	Yes	Yes

- 22 Three particular provisions stand out from **Exhibit 1** that have the potential to simplify the fee regime in Wales:
- the ability to charge fees with a view to breaking even on fee-related work ‘taking one year with another’;
 - not charging a fee for accounts prepared by government departments or other bodies that are funded directly from the relevant Consolidated Fund; and
 - greater latitude so that the terms and conditions of agreement work are a matter for the relevant auditing body (in our case the Wales Audit Office Board).

The bases for our consultation with stakeholders

- 23 We published a discussion paper on 6 June 2017 and invited stakeholder views by 28 July. We were pleased to receive 24 responses from across the sectors we audit.
- 24 Our discussion paper set out in detail the complexities arising from the current arrangements and their implications. We set out in the discussion paper that we saw the opportunity for simplification in Wales by bringing aspects of the fee regime more in line with those governing other parts of the UK. In particular, we set out potential advantages in:
- providing greater certainty to audited bodies of the fee to be charged and overcoming the lack of incentive to drive efficiency in audit delivery at ground level;
 - ending the circulation of fee money across central government bodies and the NHS; and
 - enabling the Wales Audit Office to make better use of agreement work as part of our financial strategy.
- 25 Set out below are the 3 solutions suggested in the discussion paper, along with a summary of the responses received from stakeholders and our recommendations taking into account those consultation responses.

Solution 1: To amend legislation to require that fees charged to an audited body do not exceed the full cost of the work undertaken, taking one year with another

- 26 We do not believe that the 2013 Act was intended to cause the level of complexity now experienced nor risk compromising the overall financial position of the Wales Audit Office. Nor do we believe the ‘may not exceed the full cost’ constraint was intended to be a disincentive to be more efficient in delivering audits. This disincentive occurs because the ‘may not exceed the full cost’ constraint has been included in section 23 of the Act (provisions relating to fees, and in certain places in other legislation) rather than section 24 (provisions for a scheme relating to the charging of fees). The positioning in section 23 results in a strict liability in relation to individual payments for specific aspects of our work, rather than requiring fee scales and fee amounts to be set at an appropriate level in the Fee Scheme for the overall amount of audit work we undertake.
- 27 To address this problem, we suggested that the Act is amended so that the ‘may not exceed the full cost’ constraint applies to the setting of fee scales and fee amounts in the section 24 Scheme for charging fees, rather than the fees actually charged under section 23 (and relevant provisions in other legislation). We also suggested removing the reference to cost ‘of a function’³ and including provision for ‘taking one year with another’. Making these changes would retain the discipline of requiring fee scales and fee amounts to be set with a view to recovering no more than the full cost of the work undertaken, but in a less prescriptive and inflexible way than is currently the case. A provision along the following lines in section 24 of the Act should provide sufficient flexibility to improve the cost effectiveness of our management and processing arrangements:

‘ In setting fee scales, amounts to be charged and means by which the Wales Audit Office is to calculate fees included in a scheme under this section, the Wales Audit Office must aim to ensure that fees charged to a person do not exceed the full cost of the work undertaken, taking one year with another.’

3 By omission of subsection 23(5)(b) of the 2013 Act, together with omission of subsection 20(5A) of the Public Audit (Wales) Act 2004 and subsection 27(4A) of the Local Government (Wales) Measure 2009.

Consultation responses

- 28 The majority of stakeholders were supportive of our preferred solution for simplification of the regime, with the assurance that audited bodies would not be charged more than the audit has cost taking one year with another. A range of narrative responses were provided; other than comments that simply agreed, a summary of the key points raised by individual responses is provided below:
- 1 Supportive in order to minimise the cost of the service provided by the Wales Audit Office through maximising efficiencies.
 - 2 Fee rates must be as transparent as possible and efficiency savings must be made wherever possible.
 - 3 Recognition that the current regime creates a disincentive to be more efficient in delivering audit work; changes must benefit audited bodies as well as the Wales Audit Office.
 - 4 Process should not allow the auditor to be inefficient in what they do. The cost of changes in audit teams should not be passed on to audited bodies.
 - 5 Would reduce the risk of unwanted year end surprises in terms of additional fees being charged.
 - 6 In reducing complexity, it is important that the Wales Audit Office does not end up with a simplistic generic system that also has unintended consequences.
 - 7 Happy with the current method of charging, just want a greater breakdown of costs so auditees can get a feel for its value for money.
 - 8 Encouraging a continued focus on cost reduction and lower fees wherever possible.
 - 9 Seek to change the approach but without the need for legislative change – support from Welsh Government to accommodate such a move going forward.
 - 10 The legislation should be simplified further, along the lines of ‘Wales Audit Office must charge fees in accordance with a Fee Scheme to be approved by the National Assembly annually’. Then use management policies to implement in greater detail.

Wales Audit Office recommendation having considered stakeholder views

- 29 We welcomed the responses received and broad support for simplifying this aspect of the legislation. There is evidently a shared desire for the Wales Audit Office to work as efficiently and effectively as possible, with a view to containing or lowering fees where possible. We will continue to ensure the fee setting process is transparent and that audited bodies understand how their fee is calculated. We will also continue to strive to improve the overall value for money in how we operate as the Wales Audit Office, reporting annually on this through our Estimate and Annual Report & Accounts.
- 30 **On the basis of the general support from stakeholders to simplify this aspect of the fee regime, we recommend that the legislation is amended so as to replace the existing 'no more than full cost requirement' with a duty on the Wales Audit Office to devise fee scales and calculate fees so as to seek to achieve no more than full cost recovery, taking one year with another.**
- 31 In the meantime, we will take further legal advice to re-test the scope to streamline our fee charging arrangements, while ensuring compliance with the 2013 Act. If we are able to operate such streamlining, we would re-lay the Fee Scheme to reflect and explain those arrangements.

Solution 2: Central government and NHS audit work to be cash funded from the Welsh Consolidated Fund (following approval of the Estimate of the Wales Audit Office) instead of through fees

- 32 The charging of fees for central government bodies and the NHS represents a circulation of funds within the same sector amounting to some £4.9 million annually.
- 33 Looking at our counterparts in the other UK audit bodies, we see that such circular cash funding is avoided for government departments – no cash fee is charged (although a notional charge is included in the accounts of those bodies) and the cash funding for that work is provided to the audit office concerned direct from the relevant Consolidated Fund.
- 34 In considering whether to move to this approach for Wales, we saw scope to extend the approach to cover the NHS, Welsh Government Sponsored Bodies and the Commissioner bodies. For all these bodies, the Auditor General undertakes their work for the Assembly rather than for the audited body. It is therefore arguably also appropriate for the cost of the audits to be funded directly by the Assembly through the Wales Audit Office's budget scrutiny and approval process rather than by the audited body. To some extent, this approach bolsters audit independence from the body being audited.
- 35 The Auditor General would still be subject to the monitoring and advice of the Wales Audit Office and the legal requirement to exercise functions cost effectively. Furthermore, the Wales Audit Office would still be subject to the Assembly's scrutiny through the Finance Committee.
- 36 The estimated total cost of the audit work across these bodies (in the order of £4.9 million) would be included in the annual Estimate of the Wales Audit Office, to be funded from the Welsh Consolidated Fund. It would be balanced by a one-off adjustment to the Welsh Government's budget and other relevant bodies.
- 37 We would provide relevant audited bodies with a notional fee cost, for inclusion in their Resource Budget and Annual Accounts, per Financial Reporting Manual requirements. The key change is that we would no longer physically raise invoices for that work nor have transfers between bank accounts for the sums invoiced.

Consultation responses

- 38 Although the majority of stakeholders were supportive of our preferred solution, importantly two of the larger stakeholder organisations, the Welsh Government and Natural Resources Wales, were not. The Welsh Government's response said that without maintaining a clear link between audit work and audit costs incurred, there is less of an incentive for the public sector to pursue change.
- 39 A range of narrative responses were provided by stakeholders; other than comments that simply agreed, a summary of the key points raised by individual responses is provided below:
- 1 Concern of increased complication from this proposal.
 - 2 Need to ensure it is a cost neutral adjustment.
 - 3 Implication to audited bodies, their boards and Audit Committees in terms of seeking a quality service at a reasonable price. Where does the challenge to the audit fee come from under the new proposal?
 - 4 Savings would be minimal in terms of processing transactions and could be offset by increased administrative issues relating to changing grant-in-aid allocations.
 - 5 Concern that adjustments may be made by the Welsh Government to Grant in Aid beyond the adjustment for the fee, based on previous experiences of Welsh Government Sponsored Bodies. Also, some bodies use a mix of Grant in Aid and other income to fund the fee. Others have no Grant in Aid at all.
 - 6 Creates perception that the audited body does not pay for its audit.
 - 7 Discussions during the audit planning stage may well lead to changes in the hours needed to complete the work and hence the costs incurred.
 - 8 This approach would take the burden away from the public body and allows the Wales Audit Office the autonomy to undertake a full audit without pressure of costs.
 - 9 Of significant note, the Welsh Government is opposed to switching to notional charges as proposed by this question.

Wales Audit Office recommendation having considered stakeholder views

- 40 We have listened carefully to the areas of concern raised by stakeholders in relation to moving to notional fees. Some stakeholders were concerned that notional fees might reduce transparency and accountability. This has not been found to be the case in the other areas of the UK that have long operated in this way, such as in the National Audit Office. Even under a notional fee regime, we would still expect Audit & Risk Assurance Committees to hold us to account in proposing our audit plan and notional fee for the year.
- 41 However, we have revised our thinking in light of feedback and would find it difficult to continue to argue for change that goes beyond what is in place in other parts of the UK. Our proposal for notional fees is therefore now constrained to just those bodies funded directly from the Welsh Consolidated Fund, being comparable with the arrangements in place in England, Scotland and Northern Ireland. These bodies in Wales are the Welsh Government (Welsh Ministers), the National Assembly for Wales Commission and the Public Services Ombudsman for Wales.
- 42 **We recommend that notional audit fees be set for bodies funded directly from the Welsh Consolidated Fund, bringing Wales into line with the arrangements in place across the rest of the UK.**

Solution 3: Legislative change to enable the Wales Audit Office to fully determine payment terms for agreement work

- 43 Our fee regime is such that we may not charge more than the full cost of the work that we do – whether done under statute or by agreement. This is unfortunate. If we were allowed to charge for agreement work on a competitive basis, we believe we could secure a better overall financial position and one which could actually reduce our call on public funds by reducing our net operating costs.
- 44 Agreement work is the audit of accounts, certification of grants or other audit work which is commissioned by the audited body rather than required by statute. Examples of such work include our audits for the Government of Anguilla which were won through a competitive tendering exercise.
- 45 We believe that adopting a model where the payment terms of agreement work can be fully determined by the Wales Audit Office, rather than being constrained in legislation, would enable greater economy in the overall cost of public audit in Wales. We have faced the position of having to part-refund fees because the final cost of the work came out less than the figure agreed through a competitive tender process; this seems nonsensical.
- 46 Such a change would enable us to retain any surpluses made rather than have to refund the difference. We see potential to use this greater discretion as part of our financial strategy in the long-term to help contain the cost of public audit in Wales. In effect, it could lead to us drawing less from the Welsh Consolidated Fund than we otherwise might.

Consultation responses

- 47 The majority of responses were broadly supportive of simplification in this area. Other than the comments that simply agreed, a summary of the key points raised by individual responses from stakeholders is provided below:
- 1 If having secured work through a competitive process, or by agreement, the Wales Audit Office is able to achieve a surplus, it seems logical that the net overall surplus in any year from such activities should be retained and effectively used to reduce the amount required from the Welsh Consolidated Fund.
 - 2 The proposal is reasonable as long as it is for work outside of Wales in order to avoid cross-subsidisation of charges. There must be a genuinely competitive environment for this proposal to work.
 - 3 There is the risk that competitive advantage could be unfairly gained from cross-subsidisation from the Welsh Consolidated Fund.
 - 4 Any profits should be used to lower the cost of statutory audit work.
 - 5 Having the ability to increase commercial acumen will allow Wales Audit Office to increase commercial revenues to offset the costs to the public sector. The price of commercial risks should be factored into costings.
 - 6 By realising other market opportunities it is possible to sell additional services to public bodies such as training and best practice guides which could result in lower fees due to enhanced practices and less auditing time.

Wales Audit Office recommendation having considered stakeholder views

- 48 In light of stakeholder feedback, we do want to be clear that it is not our intention to risk any form of cross-subsidisation of public sector funds. We see the key benefit of simplification in this area as being to reduce the overall cost of public audit and hence our call on the Welsh Consolidated Fund. (albeit probably marginally) and further improve value for money in our use of resources and development opportunities for our staff.
- 49 Cautions raised around the risk of cross-subsidisation are already part of our risk management arrangements when considering agreement work.
- 50 **We recommend that the legislation is amended so as to enable, for commissioned work, the Wales Audit Office through its Fee Scheme to determine appropriate levels of charging which are not subject to the 'charge no more than cost of function' stipulation.**

Final recommendations

51 The recommendations set out in this paper are presented in [Exhibit 2](#) for completeness:

Exhibit 2 – Recommendations to simplify the public audit fee regime in Wales

The exhibit sets out the recommendations presented through this case for change paper.

Recommendations	
R1	We recommend that the legislative is amended so as to replace the existing “no more than full cost requirement” with a duty on the Wales Audit Office to devise fee scales and calculate fees so as to seek to achieve no more than full cost of the work recovery, taking one year with another.
R2	We recommend that notional audit fees be set for bodies funded directly from the Welsh Consolidated Fund, bringing Wales into line with the arrangements in place across the rest of the UK.
R3	We recommend that the legislation is amended so as to enable, for commissioned work, the Wales Audit Office through its Fee Scheme to determine appropriate levels of charging which are not subject to the “charge no more than cost of function” stipulation.

52 Our thanks to all stakeholders who took the time to share their views with us. We now look forward to discussing these recommendations and our case for change with the Finance Committee of the National Assembly.

Appendices

Appendix 1 – Extracts of legislation governing the fee regime amongst UK audit bodies

Wales Audit Office:

Section 20 of the Public Audit (Wales) Act 2004

20 Fees in respect of functions exercised by the Auditor General for Wales

- A1 The Wales Audit Office must, in accordance with a scheme for charging fees prepared under section 24 of the Public Audit (Wales) Act 2013, charge a fee in respect of functions exercised by the Auditor General for Wales—
- a in auditing the accounts of local government bodies in Wales under this Chapter, and
 - b in undertaking studies at the request of a local government body under section 44.
- 1 The Wales Audit Office must prescribe a scale or scales of fees payable for one or more financial years in respect of the audit of accounts of local government bodies in Wales under this Chapter.
 - 2 Before prescribing a scale of fees under subsection (1) the Wales Audit Office must consult -
 - a any associations of local government bodies in Wales which appear to the Wales Audit Office to be concerned, and
 - b such other persons as the Wales Audit Office thinks fit.
 - 3 [repealed]
 - 4 A local government body in Wales must, subject to subsection (5), pay to the Wales Audit Office the fee payable in respect of the audit in accordance with the appropriate scale.
 - 5 If it appears to the Wales Audit Office that the work involved in a particular audit differed substantially from that envisaged by the appropriate scale, the Wales Audit Office may charge a fee which differs from that referred to in subsection (4).
 - 5A But a fee charged under this section may not exceed the full cost of exercising the function to which it relates.
 - 6 [repealed]

Sections 23 and 24 of the Public Audit (Wales) Act 2013

23 General provision relating to fees

- 1 Fees and other sums received by the Auditor General must be paid to the Wales Audit Office.
- 2 The Wales Audit Office may charge a fee in relation to the audit of a person's accounts or statement of accounts by the Auditor General.
- 3 The Wales Audit Office may charge a fee in relation to -
 - a an examination, certification or report under paragraph 18(3) of Schedule 8 to the Government of Wales Act 2006 (certain examinations into the economy etc with which a person has used resources);
 - b an examination under section 145 of the Government of Wales Act 1998 (examinations into the use of resources) or a study under section 145A of that Act (studies for improving economy etc in services), where undertaken at a person's request;
 - c an examination or study undertaken by the Auditor General at a person's request under section 46(4) of the Environment Act 1995;
 - d any services provided or functions exercised under section 19.
- 4 The Wales Audit Office must charge a fee in relation to -
 - a the provision of services to a body under paragraph 20 of Schedule 8 to the Government of Wales Act 2006 (certification of claims, returns etc at the request of a body);
 - b a study at the request of an educational body under section 145B of the Government of Wales Act 1998.
- 5 Fees under this section -
 - a may only be charged in accordance with a scheme prepared by the Wales Audit Office under section 24;
 - b may not exceed the full cost of exercising the function to which the fee relates;
 - c are payable to the Wales Audit Office by the person to whom the function being exercised relates.

24 Scheme for charging fees

- 1 The Wales Audit Office must prepare a scheme relating to the charging of fees by the Wales Audit Office.
- 2 The scheme must include the following -
 - a a list of the enactments under which the Wales Audit Office may charge a fee;
 - b where those enactments make provision for the Wales Audit Office to prescribe a scale or scales of fees, that scale or those scales;
 - c where those enactments make provision for the Wales Audit Office to prescribe an amount to be charged, that amount;
 - d where no provision is made for a scale or scales of fees or for an amount to be prescribed, the means by which the Wales Audit Office is to calculate the fee.
- 3 The scheme may, amongst other things -
 - a include different provision for different cases or classes of case, and
 - a provide for times at which and the manner in which payments are to be made.
- 4 The Wales Audit Office -
 - a must review the scheme at least once in every calendar year,
 - b may revise or remake the scheme at any time, and
 - c must lay the scheme (and any revision to it) before the National Assembly.
- 5 Where the Welsh Ministers prescribe a scale or scales of fees under -
 - a section 64F of the Public Audit (Wales) Act 2004 (fees for data matching), or
 - b section 27A of the Local Government (Wales) Measure 2009 (Welsh Ministers' power to prescribe a scale of fees), to have effect instead of a scale or scales prescribed by the Wales Audit Office, the Wales Audit Office must revise the scheme to include the scale or scales prescribed by the Welsh Ministers instead of those prescribed by the Wales Audit Office.

- 6 If a revision made in accordance with subsection (5) is the only revision to a scheme, it does not require the approval of the National Assembly.
- 7 The scheme takes effect when approved by the National Assembly or, in the case of a revision made in accordance with subsection (5), once it has been laid before the Assembly.
- 8 The Wales Audit Office must publish the scheme (and any revision to it) as soon as reasonably practicable after it takes effect.

**National Audit Office:
Paragraph 8 of schedule 3 to the Budget Responsibility
and National Audit Act 2011**

8 Audit fees etc

- 1 NAO may charge fees for audits carried out by the Comptroller and Auditor General.
- 2 Any fees must be charged in accordance with a scheme prepared by NAO.
- 3 The scheme (including any revision) must be approved by the Public Accounts Commission.
- 4 The agreement of a Minister of the Crown is required for the charging of a fee if the accounts to be audited are the accounts of a body or other person who acts on behalf of the Crown.
- 5 Sub-paragraphs (1) to (4) do not apply in relation to an audit carried out as part of any NAO-approved services.
- 6 The Comptroller and Auditor General may charge fees and other amounts in relation to NAO-approved services, but only in accordance with the agreement or other arrangements under which the services are provided.
- 7 Fees and other amounts received by the Comptroller and Auditor General must be paid to NAO.
- 8 Fees and other amounts received by NAO under this paragraph must be paid into the Consolidated Fund.

Northern Ireland Audit Office: Article 7 of the Audit (Northern Ireland) Order 1987

7 Audit fees

- 1 Subject to paragraph (2), the Comptroller and Auditor General may charge a fee for auditing the accounts of any person or body.
- 2 The Comptroller and Auditor General shall not without the consent of a Northern Ireland department charge a fee for auditing the accounts of a person or body whose functions are discharged on behalf of the Crown; and this Article shall not be construed as authorising the charging of a fee for the audit by agreement of the accounts of any other person or body unless the agreement so provides.
- 3 Any fee received by the Comptroller and Auditor General by virtue of this Article shall be paid by him into the Consolidated Fund.

Article 8 of the Local Government (Northern Ireland) Order 2005

8 Audit fees

There shall be paid to the Comptroller and Auditor General for Northern Ireland by every body whose accounts are audited by the local government auditor such fees as the local government auditor may determine.

Audit Scotland: Section 11 of the Public Finance and Accountability (Scotland) Act 2000

11 Audit Scotland: financial provisions

- 1 Audit Scotland may impose reasonable charges in respect of the exercise of its functions in connection with—
 - a the provision of services under arrangements made in pursuance of section 10(5),
 - b the audit under sections 21 and 22 of an account, other than one prepared in pursuance of section 19(1) to (3) or 20(1),
 - c the carrying out under section 23 of an examination, other than one in respect of an office-holder in the Scottish Administration or a body or other office-holder to whom sums are paid out of the Fund,
- ca carrying out a data matching exercise under section 26A,

- d the audit of an account in pursuance of Part VII of the Local Government (Scotland) Act 1973 (c.65),
 - e the undertaking or promotion of any study under section 97A or 105A of that Act,
 - f the giving of directions under section 1 of the Local Government Act 1992 (c.19).
- 2 Charges under subsection (1) may be determined by reference to particular cases or classes of case.
 - 3 In determining the amounts of those charges Audit Scotland must seek to ensure that the total sum received in respect of the charges is, taking one year with another, broadly equivalent to its expenditure in connection with the matters mentioned in subsection (1)(a) to (f).
 - 4 Charges under subsection (1)(b) to (f) are payable by the body or office-holder whose account is audited or, as the case may be, in respect of whom the examination is carried out, the study undertaken or promoted or the direction given.
 - 5 Where a charge under subsection (1)(c), (e) or (f) relates to an examination, study or direction in respect of more than one body or office-holder, each body or office-holder is to pay such proportion of the charge as is determined by Audit Scotland.
- 5A Charges under subsection (1)(ca) may be imposed on (either or both) -
- a persons who disclose data for a data matching exercise,
 - b persons who receive the results of such an exercise.
- 6 Sums received by Audit Scotland in respect of charges under subsection (1) are to be retained by it and applied to meet the expenditure mentioned in subsection (3).
 - 7 Any other sums received by Audit Scotland are to be paid into the Fund, subject to any provision made by any enactment for such sums to be applied for any purpose instead of being paid into the Fund.
 - 8 Any expenditure of Audit Scotland, so far as not met out of sums received and applied in accordance with subsection (6), is payable out of the Fund.
 - 9 Audit Scotland must, for each financial year, prepare proposals for its use of resources and expenditure and send the proposals to the Scottish Commission for Public Audit (constituted under section 12), which is to examine the proposals and report to the Parliament on them.

Appendix 2 – List of enactments under which the Wales Audit Office may and must charge fees

Exhibit 3 – List of enactments under which the Wales Audit Office may and must charge fees

Nature of work	Enactments
The Wales Audit Office may charge fees for the following activities:	
<ul style="list-style-type: none"> audit of accounts by the Auditor General (other than local government accounts). 	<ul style="list-style-type: none"> section 23(2) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> value-for-money studies undertaken by agreement. 	<ul style="list-style-type: none"> section 23(3)(a)-(c) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> an examination, certification or report under section 31 of the Tax Collection and Management (Wales) Act 2016 in respect of the Welsh Revenue Authority's Tax Statement. 	<ul style="list-style-type: none"> section 23(3)(ba) Public Audit (Wales) Act 2013 (Not yet commenced. Date to be appointed.)
<ul style="list-style-type: none"> an examination under section 15 of the Well-being of Future Generations (Wales) Act 2015 (anaw 2) (examinations of public bodies for the purposes of assessing the extent to which a body has acted in accordance with the sustainable development principle). 	<ul style="list-style-type: none"> section 23(3)(ca) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> any functions of a relevant authority exercised by the Wales Audit Office or the Auditor General and undertaken by agreement, and any administrative, professional or technical services to be provided by the Wales Audit Office or the Auditor General by arrangement under section 19 of the Public Audit (Wales) Act 2013. 	<ul style="list-style-type: none"> section 23(3)(d) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> an extraordinary audit of the accounts of a local government body. 	<ul style="list-style-type: none"> section 37(8) of the Public Audit (Wales) Act 2004
<ul style="list-style-type: none"> data-matching exercises. 	<ul style="list-style-type: none"> section 64F(A1) of the Public Audit (Wales) Act 2004 a fee scale must be prescribed for this work

Nature of work	Enactments
The Wales Audit Office may charge fees for the following activities:	
<ul style="list-style-type: none"> advice and assistance provided by the Auditor General for registered social landlords. 	<ul style="list-style-type: none"> section 145D(2) of the Government of Wales Act 1998
<ul style="list-style-type: none"> work under the Local Government (Wales) Measure 2009. 	<ul style="list-style-type: none"> section 27 of the Local Government (Wales) Measure 2009 a fee scale must be prescribed for this work
<ul style="list-style-type: none"> grant certification services. 	<ul style="list-style-type: none"> section 23(4)(a) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> studies at the request of educational bodies under section 145B of the Government of Wales Act 1998. 	<ul style="list-style-type: none"> section 23(4)(b) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> auditing the accounts of a local government body and undertaking studies by agreement with a local government body. 	<ul style="list-style-type: none"> section 20(A1)(a)-(b) of the Public Audit (Wales) Act 2004 a fee scale must be prescribed for the audit of the accounts of local government bodies
<ul style="list-style-type: none"> benefit administration studies for the Secretary of State. The Auditor General may conduct or assist the Secretary of State in conducting a benefit administration study only if the Secretary of State has made arrangements for the payment to the Wales Audit Office of a fee in respect of the study. The amount of the fee must be a reasonable amount agreed between the Secretary of State and the Wales Audit Office. 	<ul style="list-style-type: none"> section 45 of the Public Audit (Wales) Act 2004
<ul style="list-style-type: none"> assisting Her Majesty's Chief Inspector of Education and Training in Wales with inspections of local authorities. The Auditor General shall not provide such assistance unless, before he does so, the Chief Inspector has agreed to pay the Wales Audit Office a fee. 	<ul style="list-style-type: none"> section 41A of the Education Act 1997

Nature of work	Enactments
The Wales Audit Office may charge fees for the following activities:	
<ul style="list-style-type: none"> programmes of studies relating to registered social landlords undertaken by agreement between the Welsh Ministers and the Auditor General. It shall be a term of every such programme that the Welsh Ministers must pay to the Wales Audit Office a sum in respect of the costs incurred. 	<ul style="list-style-type: none"> section 145C(3) of the Government of Wales Act 1998

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Mr Simon Thomas AM
Chair of the Finance Committee
National Assembly for Wales
Cardiff Bay
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Reference: HVT/2811/caf

Date issued: 7 February 2018

Dear Simon

Thank you for your invitation to attend the Finance Committee on 15th March to discuss the Committee's inquiry into the way in which the Assembly Commission utilises the Remuneration Board's Determinations underspend. I have asked Anthony Barrett, my Assistant Auditor General to attend the meeting on my behalf. Anthony will be supported by Ann-Marie Harkin, Financial Audit Lead for the audit of the Assembly Commission's accounts.

I do not wish to add to the observations made in Anthony's letter to the Committee dated 20 June 2017, which I append to this letter.

Yours sincerely



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES



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Reference: AJB301

Date issued: 20 June 2017

Dear Simon

National Assembly for Wales Commission – Draft Budget

Thank you for your letter of 24 May 2017 to the Auditor General. I am replying on Huw's behalf as he is currently on holiday.

My response is based on our knowledge of the issues as outlined in your letter and the supporting Finance Committee transcript. We have not undertaken a specific review of the Commission's budget setting arrangements.

It appears to me that there are two issues that need to be addressed:

- The requirement that the Commission provide sufficient resources to fund Remuneration Board determinations. I understand that the Commission sets its budget at the maximum that it estimates will be needed to cover this requirement.
- The Finance Committee's responsibilities to scrutinise the Commission's budget, which is complicated by the contingency ("foreseeable underspend") that is built into the Remuneration Board budget line.

HM Treasury provides guidance in its publication, 'Supply Estimates: a guidance manual' on the form and content of Supply Estimates. At paragraph 2.1 this guidance states that:

"Parliament expects departments to submit for approval Estimates based upon taut and realistic spending plans. This means that the amount of provision sought in the Estimates must reflect the department's best view as to the amount of expenditure likely to take place in that financial year. The amounts sought in the Estimate should be neither more (perhaps in order to provide a buffer in case of unexpected additions) nor less (perhaps in order to spread out the increase) than is actually expected to be needed."

It is a matter for the National Assembly to determine whether to apply such guidance in Wales.

I fully recognise the practical difficulties that the Commission faces in needing to provide budget cover for such demand-led expenditure. It is interesting therefore to review the published 2015-16 outcome position for each of the Commission's UK counterpart bodies across corresponding budget lines, as summarised in the following table.

Body	Description of Expenditure	Estimated Expenditure* £'000	Actual Expenditure* £'000	Variance £'000	Variance %
National Assembly for Wales Commission	Resources in respect of Remuneration Board decisions	14,500	13,453	1,047	7.2
Independent Parliamentary Standards Authority	MPs' pay, staffing, business costs and expenses	201,082	169,230	31,852	15.6
Northern Ireland Assembly	Members' salaries, expenses and administration costs	46,230	43,063	3,167	6.8
Scottish Parliament Corporate Body	The Body does not produce an itemised outturn summary				

* As set out in the body's Resource Outturn Statement

For preceding years, I also summarise below the Commission's percentage underspend on Remuneration Board decisions:

- 2014-15: 5.5%
- 2013-14: 3.2%
- 2012-13: 4.2%

This high-level analysis, shows that each of the Commission's counterpart bodies reported relatively significant underspends on "members' costs" for 2015-16. Although we have not reviewed these bodies' budget setting processes we have had discussions with colleagues in the Northern Ireland Audit Office and Audit Scotland which have highlighted some interesting differences in budget setting arrangements for Members' costs. For example, we understand that the Scottish Parliament Corporate Body estimate the likely take up of members' allowances each year; whilst the Northern Ireland Assembly, similarly to the Commission, set their budget at the maximum amount payable, although we understand that there is an informal arrangement to refund any underspend. If it has not done so recently, there may be merit in the Commission considering with its counter parts how they try to manage this budget area.

While I do not think that there is a simple solution to the issues you raise, I offer below two models for consideration by the Finance Committee.

Establish a separate resource control total for Remuneration Board determinations

At present the Budget Motion approved by the National Assembly includes a single resource limit for the Commission relating to all its expenditure. You could consider with the Commission the option of separating this out into two resource requests: the first for Remuneration Board determinations; and, the second for the Commission's other expenditure.

This option would provide for greater transparency in the overall budget process. The original resource request for Remuneration Board determinations could be set at an estimated level for the year with any additional resource required being sought through the supplementary budget

process. This approach would effectively transfer the risk of providing sufficient resource for determinations from the Commission to the overall management of the Welsh block budget. I would note, however, that it would be unusual for a legislature to exercise such detailed control over a body's budget.

Maintain the status quo with additional reporting

The second option would be to request the Commission to provide further detail in its budget submission, including:

- The estimated budget for determinations in the year (potentially based on historical experience); the maximum amount as currently included in the overall resource request; and the level of contingency (being the difference between these two figures).
- Information about the projects on which any underspend against the determinations budget would be utilised.

This approach would afford the Finance Committee the opportunity to scrutinise the totality of the Commission's spending plans.

The Committee would then have three options when considering the budget request:

- Endorse the maximum request, and allow the Commission to use any underspend on its priority projects.
- Endorse the maximum request, but require the Commission to present a revised budget later in the financial year if anticipated Determination spend was likely to be significantly below that maximum level. This would allow the Committee to decide whether to allow the Commission to retain the funding for its priority projects or to reallocate the funding to another WCF funded-body.
- Endorse the expected rather than the maximum level of budget and require the Commission to present a supplementary estimate if actual spend was expected to be higher than the initial estimate.

I hope that you find this information useful. I have not asked the Clerk for the Commission's perspective on these options. The Finance Committee may wish to do so while also asking for a more-depth commentary on budget management in the other UK administrations.

Yours sincerely



Anthony Barrett
Assistant Auditor General

By virtue of paragraph(s) vi of Standing Order 17.42

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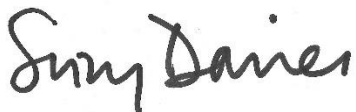
5 February 2017

Dear Simon

I am writing further to your letter of 8 December 2017 regarding your Committee's Inquiry on the Remuneration Board's Determination underspend. We note the Committee's terms of reference for this inquiry and in response we are providing you with a paper (attached), which hopefully addresses the areas of inquiry relevant to the Commission.

Thank you also, for the invitation to a meeting of the Committee in March, which we would be happy to attend to discuss the issues included within the terms of reference and our response. As ever, if there is any further information your Committee would like, please let me know.

Yours sincerely



Suzy Davies

cc Assembly Commissioners, Manon Antoniazzi, Nia Morgan



Finance Committee Inquiry on the Remuneration Board's Determination Underspend

How the Assembly Commission forecasts its budget for Remuneration Board determinations

The Remuneration Board is independent of the Assembly and Assembly Commission. The National Assembly for Wales (Remuneration) Measure 2010 precludes the Assembly or Assembly Commission from subjecting the Board to any control in the exercise of its functions. The Assembly Commission's priority is to ensure that it is in a position to meet all payments and reimbursement of costs to which Members are entitled under the Determination.

The Board may only make one Determination per Assembly for the payment of salaries for Members, these are therefore relatively simple to forecast, subject to the annual uprating. With respect to other aspects, the Board undertakes an annual review of all allowances. It may from time to time, undertake more in-depth reviews of certain aspects of the Determination, which may result in small changes in the budget required for the Determination.

The Assembly Commission forecasts its budget for the Remuneration Board's determination by estimating the cost of fulfilling its obligation under the most recent Determination, by understanding the work programme of the Board for the following financial year, and through discussions with officials supporting the Board.

This does not cover estimates for the costs of the Assembly Commission's contribution to the Members' pension scheme, these are determined by the scheme actuary as explained below.



The forecast for 2018–19 (£16.201million) was estimated as follows:

Analysis of ‘Members’ salaries and related costs’*

Table 1 (9 in Budget)	2017–18	2018–19	2019–20	2020–21
	Budget	Budget	Budget	Budget
	£’000	£’000	£’000	£’000
Assembly Members’ Salary and on-costs (i)	£5,725	£6,140	£6,269	£6,401
Assembly Members’ Support Staff Salaries and on-costs (ii)	£8,110	£8,365	£8,545	£8,729
Allowances and Office Costs (iii)	£1,697	£1,696	£1,724	£1,754
Total	£15,532	£16,201	£16,538	£16,884

*Extract from the final laid Assembly Commission Budget 2018–19.

i) Assembly Members’ salary and on-costs (£6.140million)

In 2016–17, the Remuneration Board Determination set the basic salary for Assembly Members at £64,000 to be uprated each year in line with average earnings in Wales as measured in the Annual Survey of Hours and Earnings (ASHE). For 2017–18, this resulted in an increase of 2.1%. This same annual percentage increase, 2.1%, has been assumed to apply to 2018–19 and reflected in the laid budget. The latest ASHE figures show a 2.3% increase in average earnings, actual salaries in 2018–19 are therefore likely to be in excess of the budgeted figures.

The on-costs associated with the Members’ salaries include National Insurance, Employer Pension contributions and the Apprenticeship Levy, which was introduced as a 0.5% charge on all payrolls, in excess of £3m (less a £15k allowance) per annum, from 2017–18.



Also included are the additional salaries paid to Members holding offices carrying significant extra responsibilities, such as Ministers, the Llywydd and committee chairs, these are set out on page 10 of the 2017–18 Determination. It has been assumed for 2018–19 that the Counsel General continues to be an elected Assembly Member. The impact of two new Deputy Ministers, appointed in November 2017, is not reflected in the 2018–19 laid budget.

The contribution percentage charge for the pension scheme is set by the pension scheme actuary. In the case of the Commission, actuarial services are provided by the Government's Actuarial Department (GAD). The April 2017 valuation of the pension scheme has resulted in the need to increase the pension contribution from 15.6% to 20.8% to avoid the fund going into a deficit position. This has increased the cost by £240k for the year, assuming that Members receive the same salary increase in 2018–19 as they did in 2017–18. This pension contribution increase is reflected in the 2018–19 budget.

Factors that may impact on this element of the budget:

- ASHE figures, when published, are in excess of the budgeted increase.
- A Counsel General is appointed who is not an AM (as happened in May 2011).
- Additional or more costly positions, which attract an additional salary, are created such as further Cabinet Secretary (rather than Deputy Minister) or committee chair posts.
- Changes to on-costs, outside of the control of the Commission e.g. the Apprentices Levy, changes to NI and pension contributions.

There is no provision for these changes or additional payments in the 2018–19 budget.



ii) Assembly Members' support staff salaries, support for political parties and on-costs (£8.365million)

The Remuneration Board Determination sets out the funding available (up to £96,995 per Member per annum in 2017–18) for Members to employ up to three full-time equivalent staff to support them in all aspects of their role. This was increased by 2.1% in 2017–18 as part of the annual review of staff salaries. The same increase applied to the sum available to support all political parties, which is mainly used to employ staff, resulting in £929,110 in 2017–18.

The Remuneration Board has begun a review of staffing support for Members including the adequacy of the level of support provided to Members; the flexibility and prescriptiveness of the current support system for Members; and the suitability of the current terms and conditions of support staff. The findings of the review may have a financial impact in 2018–19 but will not report until autumn 2018. A 3% increase in the Support Staff budget has been estimated for 2018–19 to allow for a potential increase over and above that applied to Members' salaries.

Factors that may impact on this element of the budget:

- The Remuneration Board review results in changes amounting to a greater than 3% increase in the support staff and support for political parties' budgets.
- The budget for Assembly Members' support staff salaries and on-costs does not provide for any unexpected costs such as redundancy payments and death-in-service payments, both of which were payable in 2017–18.
- The budget for Assembly Members' support staff salaries and on-costs does not provide for any unexpected costs such as maternity or long term sickness payments.

There is no provision for these types of payments in the 2018–19 budget.



iii) Allowances and Office costs (£1.696million)

The office costs budget and residential accommodation expenditure, are reviewed annually and adjusted as necessary. For the purpose of estimating a budget for 2018–19, an inflationary uplift only has been assumed (1.56%). This budget line also includes overnight stays, a policy and research fund and travel costs.

Factors that may impact on this element of the budget:

- Unexpected additional costs may arise within this office costs line e.g. the security improvement fund. These additional amounts may need to be funded at short notice and are beyond those originally foreseen in the Determination office costs budget.

Other consideration:

The allowance and office costs budget covers office costs and other items as set out within the Determination. The budget does not however cover all office related costs incurred by Members. The Commission, out of its own budget, provides additional office cost support to Members. The Commission also absorbs all costs associated with the independent Remuneration Board. These costs are not funded by the Determination.



The following amounts are included within the Commission operational budget.

Table 2	2017-18 Forecast	2018-19 Budget
Members' stationery	£60,041	£61,000
Members' printing	£119,191	£120,000
Members' training	£144,987	£145,000
Remuneration Board Costs	£63,839	£68,000
Other Expenses e.g. international travel	£67,046	£76,000
Total	£455,104	£470,000

These costs total £470k, all of which are funded from the Commission operational budget. Although a budget is set by the Commission for these additional items, directly associated with and driven by Members, unlike the Determination spend, there is no set limit on how much each Assembly Member can call upon these services. The amount incurred by Members can vary significantly.

An increase in Remuneration Board expenditure could see this budget, set by the Commission, being exceeded. Under the National Assembly for Wales (Remuneration) Measure 2010, the Commission must provide the Board with such administrative support as the Board reasonably requires to enable it to discharge its functions. The Measure precludes the Assembly or Assembly Commission to subject the Board to any control in the exercise of its functions. The amount that the Remuneration Board therefore could incur on special advisers or consultation exercises during a financial year may go beyond the forecasted budget.



Whether the way in which the Assembly Commission provides information on the underspend is clear and transparent

In the 2018–19 budget document, scrutinised by this Committee in October 2017 and laid before the Assembly in November 2017, the Commission provides clear and transparent information on the size and utilisation of any underspend arising from the Remuneration Board’s Determination budget.

The 2018–19 budget document contains information on the estimated amount of the underspend anticipated for 2018–19 (£600k) and contains detail on the investment priorities for 2018–19. The budget document clarifies that any underspend that becomes available, contributes to the Commission investment fund and will be utilised on clearly defined priority projects, as set out within the budget document.

The Commission has also been clear and transparent on its use of the Remuneration Board’s Determination budget underspend during 2016–17 and 2017–18, providing information relating to the likely Remuneration Board’s Determination underspend for both years to the Committee, as requested, in letters dated 28 March 2017 and 21 December 2017.

The following information (table 3), is an extract from the letter sent to the Committee on 21 December 2017, and provides information on the anticipated investment fund for 2017–18 and 2018–19 and the contribution anticipated from the Remuneration Board’s Determination budget line.



Table 3	£'000	£'000
	2017-18	2018-19
Opening Investment Fund	£850	-
Capital Budget	£500	£500
Total Investment fund within the core Commission budget for priority/essential items	£1,350	£500
Estimated funds becoming available from underspends within:		
- Operational Budgets	£500	£800
- Remuneration Board Determination Budget	£1,000	£600
Total estimated funding released/available for investment priorities	£2,850	£1,900

The Commission will continue to set out each year, in its final budget document, the expected amount that will remain unutilised from the Remuneration Board's Determination Budget. This will ensure transparency where the budget is set at 100% and flexibility to accommodate unexpected items of expenditure under the Determination.

The Commission will, as it did last year, review the presentation of the budget and the amount requested within the Determination budget line at its April meeting. This is to ensure that it remains the most transparent and flexible mechanism and presentation to address the requirements of the Remuneration Board's Determination.



In addition, transparency will continue to be ensured as our annual report and accounts document, audited by the WAO, will also provide full details of our expenditure against the Remuneration Board's Determination budget for each financial year.

How the Assembly Commission decides to utilise the underspend after meeting the Remuneration Board's determinations.

Meeting the Determination

As noted above, the Assembly Commission's priority is to ensure that it is in a position to meet all payments and reimbursement of costs to which Members are entitled under the Determination. The Commission monitors the payments made under the Determination throughout the year to ensure there is sufficient funding to reimburse all costs until the end of the financial year.

This forecasting provides an estimate of the likely underspend or shortfall to be expected at the end of the financial year. During the year, an assessment is made as to the certainty of the estimate and whether it is prudent to use any of the projected underspend on priority investment projects. This is achieved with regular communication with Members' Business Services (MBS) who provide forecasts of Member expenditure along with explanations of significant variances in spending trends. MBS also ensure the forecast is updated regularly to reflect additional items not included in the budget, as soon as they arise.

At no point during the financial year will the Commission have "met" the Determination. The actual funding required by the Determination will not be known with certainty until three weeks after the end of the financial year, when the majority of claims will have been received from Assembly Members.



Utilisation of the Remuneration Board's Determination underspend

During the year, the entire budget, including anticipated underspends, is continuously monitored. Forecasts are revised on a fortnightly basis to accurately gauge the Investment Fund available for project and other priority expenditure by the Commission. These forecasts are reviewed by Investment and Resourcing Board (IRB) and investment prioritisation and expenditure decisions, following scrutiny, are made at the fortnightly IRB meetings.

The information in table 4 shows the anticipated demands on the investment fund for 2017–18. This includes unexpected demands on the Determination along with project expenditure for 2017–18. Information on the anticipated expenditure for 2018–19 can be found within the Commission's Final Budget for 2018–19 (page 29), laid before the Assembly in November 2017.

During 2017–18 the combination of the Determination underspend, operational underspends, the capital budget and the opening investment fund (Table 3 – £2.85million) were used to fund the following prioritised items:



Table 4

Expenditure of underspend and Investment Fund		£'000
Impact of 2016–17 changes in staffing capacity		£1,000
Determination Expenditure:		
- Death in service AMSS*	£125	£177
- Additional ministerial salaries*	£21	
- AMSS redundancy payments*	£31	
Apprentice Levy		£110
EFM Priority Expenditure:		
- Phase 2 Electrical Distribution Boards	£29	£133
- Senedd & Pierhead lift improvements	£34	
- Ty Hywel water risk assessment remedials	£16	
- Ty Hywel Lifts 1,2 & 3 rope replacements	£54	
Projects (Table 5 – below)		£1,262
Total investment expenditure		£2,682
Remaining Balance		£168

*The items marked were not foreseeable at the beginning of the financial year.



Table 5 – Project Expenditure

These items are summarised in table 4 above (£1,262k).

2017–18 Project Expenditure:		£'000
Library Management System		£32
Finance System (phase 2)		£22
MySenedd, including:		£156
– Website and Content Management	£35	
– Information Management	£22	
– Record of Proceedings	£52	
– Table Office	£32	
Ground Floor works including ICT and broadcasting equipment		£513
CCTV		£362
Assembly Reform		£100
Future accommodation planning		£23
Weeping Window (Poppies)		£44
Youth Parliament		£10
Total Project budgeted expenditure* (Table 4 above)		£1,262

*Year-to-date actual expenditure is £962k.



Presentation of the Commission 2019–20 Budget

As noted in our letter to your Committee, dated 21 December 2017, the Investment and Resourcing Board (IRB), at its 7 December meeting, considered a paper on the presentation of the 2019–20 Commission Budget. IRB recommended that the Commission consider alternative budget presentations for 2019–20, rather than continuing with the existing presentation. Our aim in presenting a revised model would be to address the concerns around transparency raised by your Committee, whilst maintaining flexibility and minimising risk to the Commission budget.

The Commission will review alternative budget presentations in the Spring of 2018. Two alternative models to be considered are as follows:

- a ring-fenced budget for the Remuneration Board's determination, set at 100%, with unused amounts being returned to the Welsh Consolidated Fund via a supplementary budget, with a corresponding increase seen in the Commission's operational budget.
- a reduced amount, e.g. a 98%, being set as a budget for the funding of the Remuneration Board's Determination, with a corresponding increase seen in the Commission's operational budget.

Assembly Commission

February 2018



By virtue of paragraph(s) vi of Standing Order 17.42

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