

Peredur Owen Griffiths AS  
Chair of Finance Committee  
Senedd  
Tŷ Hywel  
Cardiff Bay  
CF99 1SN

27 September 2024

Dear Peredur

I am writing to provide you with some further information to support the Senedd Commission's Draft Budget 2025-26, which has now been laid. This also contains information in response to Recommendation 2 of the Committee's Report on the Scrutiny of the Senedd Commission's Draft Budget 2024-25.

The Commission has been tasked with preparing the Senedd for the enlarged 7<sup>th</sup> Senedd. The 2025-26 year therefore represents a planned step-change for the Commission, as it completes the adaptations to the estate ready to support 96 Members and begins the process of recruiting staff to provide the increased support required. At the same time, the Commission is continuing to progress the major, complex Bay 32 project, maintain critical infrastructure and establish a pay framework for staff as from 2025-26 within the wider UK context.

The request for funding also relates to the usual pre-election expenditure. It also contains provision for staff pay for the 2024-25 year (relating to those on relevant pay grades only) that will be removed from the final Draft Budget if it is included within the passage of a Supplementary Budget motion before then.

The Senedd Commission's Draft Budget reflects these pressures, whilst seeking no permanent growth for the commission's core activities, seeking an overall budget of £84.301million for 2025-26. This represents an increase of £12.103 million on 2024-25.

The Commission is acutely mindful of the wider context within which this resource request is made, and has undertaken engagement with all Members, through party groups, to explain and seek early views on its Draft Budget.

The effect on the overall Commission budget for 2025-26 is shown in the Table 1 below:



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Description	2024-25 Budget	2025-26 Budget	% change compared to 2024-25 (Laid)
	£million	£million	%
<b>Operational budget</b>	£41.531	£46.135	11.08%
<b>Non-cash items</b>	£5.360	£5.600	4.48%
<b>Member related expenses</b>	£21.708	£22.233	2.42%
<b>Pre-election expenses</b>	£0	£1.000	
<b>Senedd Reform and Ways of Working</b>	£3.596	£8.878	146.91%
<b>Back pay award</b>	£0	£0.456	
<b>Total</b>	£72.195	£84.301	16.77%

The Commission has previously communicated the indicative, likely growth pressures for 2025-26 through published Regulatory Impact Assessment (RIA) cost estimates relating to Senedd Reform Bills and through its future year projections that accompany its annual laid budget. The Commission's Medium-Term Resourcing Framework was established explicitly to set out, openly, the scale of the resourcing challenge facing the Commission over this period.

Those initial RIA estimates have been refined over time, as expected, as more detailed information became available through service planning, design, engagement, procurement and delivery phases. The best estimates now available are contained within the Draft Budget as presented here.

The Commission has continued to use ringfenced budget lines for many of these additional growth pressures (the Senedd Reform and Ways of Working programmes), to ensure transparency and that identified underspends against these lines are returned to the Welsh public purse.

For the 2025-26 budget, the Commission is not offering cash savings. In the past 2 years, the Senedd took budget cuts of £435k and £315k in consecutive years, as well as taking difficult spending decisions in order to make a cost of living payment of ~£800k. The Commission has indicated that it has gone as far as possible in making cuts to its operational budget without permanently degrading its services to



Members. The budget reductions made in 2023-24 triggered concerns amongst Members and the related 'recruitment freeze' for Commission staff saw a significant rise in wellbeing issues.

The Commission does, however, continue to work within its Medium-Term Resourcing Framework principles, proactively driving efficiencies by managing and absorbing various potential growth pressures throughout current financial year. Options for savings and efficiencies continue to be a key part of the service planning and budget development process. It is simply the case that the 2025-26 year will require a significant increase in delivery activity and, therefore, in resourcing.

### **Senedd Reform programme**

The Senedd Reform (SR) resourcing request contained within the Draft Budget is based on the most up-to-date information available. The budget for SR includes provision for new staff to support preparation for 7<sup>th</sup> Senedd, increases to non-staff budgets where necessary and funding for the two main associated works projects – reconfiguration of the Siambr and provision of additional Members' offices within Ty Hywel.

In the 2024-25 budget, the indicative budget amount for 2025-26 was £5.308m. Latest numbers indicate that a budget of £6.482m is required. The increase is due to adaptation costs to the estate.

The Regulatory Impact Assessment is also relevant to the preparation of the Draft Budget. The RIA is calculated based on a set of guidelines which differ to those used in the preparation of a Draft Budget. The main difference in approach to preparation are as follows:

- The RIA was based on 2022-23 pay scales with no inflationary uplifts. The budget is prepared based upon actual payroll uplifted for pay awards and incremental increases, 2025-26 costs.
- Staff costs were included at 'Average' point of scale. The budget staff costs are prepared on the basis of top of scale to ensure sufficient funds to attract and recruit the right skills, knowledge and experience.
- No inflationary uplifts were applied to non-staff budgets. Inflation is included within contracts and has to be accounted for within the budgeting process.
- The capital works projects' indicative costings were "best estimates" using industry standard benchmarks that were available at the time that the RIA was compiled. In addition, the Commission is proposing to bring forward scheduled medium-term works to the Senedd infrastructure in order to coincide with these adaptation works, increasing costs of this project in the short-term, but saving money overall through the alignment of works.

2026-27 includes the final part of the capital costs for Senedd Reform. The projects to reconfigure the estate are therefore estimated to cost £3.155million overall more than the indicative costs provided in the RIA.



In order to provide a robust comparison between the latest resource requirements and the original RIA estimates, those original RIA figures can, and possibly should, be adjusted to reflect inflation. This adjustment would involve applying pay awards to the staff salaries and a level of inflation to non-pay lines within the RIA. This would give an adjusted RIA (for 2025-26 only) of:

**Table 2**

	RIA	RIA (adjusted)*	Budget
	£million	£million	£million
Staff	£3.676	£4.083	£2.163
Non-staff	£0.549	£0.623	£0.445
Capital	£1.786	£2.027	£3.874
<b>Total</b>	<b>£6.011</b>	<b>£6.733</b>	<b>£6.482</b>

*\*Staff costs adjusted by pay awards for 2023/24 (2.4%); 2024-25 (3%) 2025-26 (5%)*

*Non Staff adjusted by Inflation of 2023/24 (7%); 2024-25 (3%) 2025-26 (3%)*

Having adjusted for average inflation and pay awards, the methodology shows that the Senedd Reform budget requirement for 2025-26 can be said to be within RIA amount for 2025-26 (as adjusted for the impact of the passing of time). Making such a comparison is not an exact science. Cost inflation will vary depending on the sector spend and we have applied averages. Works cost inflation has generally been much higher than the averaged CPI rate and this accounts for a significant portion of the capital costs. Additionally, the RIA staff cost is calculated at an average salary, whilst the budget is calculated for new staff at the top of post rate.

**Staff costs**

In the Draft Budget, the Commission’s staff budget request has increased by 9.06% compared to the 2024-25 Laid budget (noting that this will be reduced to a 7.2% increase if the planned Supplementary Budget motion is passed during this current year), reflecting primarily the change to the pay deal context arising from recent UK Government decisions. The drivers for this increase are set out in the table overleaf:



**Table 3**

Description	Amount	Impact
	£m	%
Increments / re-structures	£0.199	0.67%
Triannual Employer Pension contribution rate change	£0.252	0.85%
Adjustment to lower pay scales for cost of living (TS – HEO)	£0.424	1.43%
Provision for Pay award (5%)	£1.501	5.06%
Support for additional Committee	£0.312	1.05%
<b>Total</b>	<b>£2.688</b>	<b>9.06%</b>

As per the principles of the Medium-Term Resourcing Framework, there has been no permanent growth in our existing staff base, with only 4 temporary posts included directly to support Senedd committee activity.

### **Ways of Working Programme**

The costs for the Bay 32 project, within the Commission's Ways of Working Programme (WOW), are needed to support a fully competitive, complex procurement process. This process will secure the best value for money outcome and removes the risk of insufficient funding, which would cause the project to stall. Any delays would likely mean that some of the potential options would fall, as the timeframe would mean they could not be delivered within the fixed timeframe.

The Draft Budget also includes 3 staff dedicated to delivery of the Bay 32 project and the associated projects, easily the largest workstream ever undertaken by the Commission in terms of scale and complexity of works.

The comparative figures between the 2024-25 Laid budget and the latest estimates are shown in the table overleaf. These will be further refined as the procurement process progresses and there is more certainty about where the Commission will be accommodated from 2032.



**Table 4**

	2025-26	2026-27	2027-28
	£million	£million	£million
2024-25 Budget	£0.589	£0.337	not provided
2025-26 Budget	£2.396	£2.256	£1.933
<b>Difference</b>	<b>£1.807</b>	<b>£1.919</b>	<b>£1.933</b>

**Non-staff budgets**

This element of the Senedd Commission's Draft Budget includes costs as set out in Table 5 below which shows an overall increase of 13.70%

**Table 5**

<b>Description of Non Staff Growth</b>	<b>2024-25 Laid</b>	<b>2025-26 Draft</b>	<b>Change</b>	<b>% Growth of Non Staff Total</b>
	£million	£million	%	%
Accommodation and facilities	£5.991	£6.229	3.97%	2.03%
ICT costs	£2.731	£2.944	7.78%	1.82%
Other costs	£2.061	£2.122	2.93%	0.98%
Total Income	(£0.100)	(£0.061)	(39.2%)	0.31% *
Project Fund (revenue)	£1.000	£2.000	100.00%	8.56%
<b>Total</b>	<b>£11.683</b>	<b>£12.733</b>		<b>13.70%</b>

\*Reduced income increases cost growth

Accommodation costs are largely driven by inflationary uplifts, including Office Rates, as well as the impact on Catering and Cleaning contract values based on the Commission's commitment to ensure that contractor staff working on its estate and providing services to Members and other building users are not paid less than its own staff.



ICT costs are largely contractual, but the Broadcasting budget has also had to be re-based on the basis that the improvements to SeneddTV had to be delayed due to the agreement to fund cost of living payments.

The Project Fund has been increased due to the number of critical infrastructure projects requiring completion. The total project cost pressure on the Project Fund in 2025-26 is currently £4.89m. As a direct result of this pressure on critical infrastructure, the Project Fund budget is now proposed to be set at £2.5m (£1m more than has been the case in previous budgets) for a period of time until this peak in lifecycle replacement is completed. There is the potential to re-phase some of the expenditure through the prioritisation exercise but, ultimately, the forward work programmes for both EFM and ICT services are significant; 2025-26 represents a peak in expenditure for estate infrastructure management requirements in particular

### **Pre-Election budget**

Historically, the Senedd has requested budget in the year preceding an election to support the usual work required in the lead-up to ensure the Commission can support an effective and efficient transition to a new Senedd. This funding will include, for example, additional support to Members Business Support to help Members wind-up their offices and ICT staff to support the purchase, set up and roll out of ICT kit.

This amount is generally set at £500k (on a 'use or return' basis) in the pre-election year. This year the request is budgeted at £1 million. This is to afford the some of the previously mentioned works/purchases that would have normally taken place during election recess are being brought forward so that there are not two phases to completing the Siambur project. For example, the screens in the Siambur would have been replaced as part of the election cycle, but it is not efficient to introduce 36 new screens (funded from Senedd Reform budget) then replace the other 60 in the next financial year through the election budget.

### **Non-cash budgets**

Noncash budgets cover items such as depreciation of fixed assets and right of use assets and notional interest on right of use assets. These reflect the increase in capital expenditure as a result of the adaptation works and the ICT equipment that is budgeted to be purchased during 2025-26.

Finally, the Commission, whilst aware of the challenging wider public sector context, has significant delivery pressures for time-critical major programmes of activity in 2025-26 and has presented a Draft Budget that contains a funding request for those requirements at the most prudent level possible in these circumstances.



We look forward to discussing these issues with your Committee and to receiving its views in due course.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hefin David MS', written in a cursive style.

Hefin David MS

cc Manon Antoniazzi, Ed Williams

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English

