

Comisiwn y Cynulliad Assembly Commission

NAFWC 2011 (Paper 3 Part 1)
Commission draft budget strategy

Cynulliad
Cenedlaethol
Cymru
National
Assembly for
Wales



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Author name and contact number: Claire Clancy, ext 8233

Commission draft budget strategy

1.0 Purpose and summary of issues

1.1. At the meeting on 29 June, Commissioners began to consider their budget strategy for 2011-16. Commissioners asked for an activity-based paper in order to get a better understanding of what could be achieved with greater resources.

1.2. This paper provides an overview within two possible scenarios:

- (i) Consequences if we continue with the previous budget strategy (Annex 1)
- (ii) Improvements that could be made if we had a larger budget (Annex 2)

2.0 Recommendations

2.1. The Commission is asked to provide a steer on the overall approach they wish to take to the budget and the preferred level of balance between improvements/growth and cost. Detailed work will then be done over the summer and submitted to the Commission for consideration in September.

3.0 Financial Implications

3.1. Just to stand still, we will need our existing budget, plus the unavoidable additional costs of £1.8m.

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- 3.2. Growth would result in extra costs, which would need to be funded by additional resources or savings (through doing things more efficiently and/or reducing spend in some areas).
- 3.3. The financial implications of the full list of improvements set out in Annex 2, which would be introduced incrementally over the next three to four years, would be:
 - for 2012-13, a budget increase of £2.8m (8.8 per cent) on the current budget for Assembly services.
 - up to £1m year on year which would mean that the budget for 2014-15 would be up to £5m higher than the current year.
 - within the proposed 0.2 per cent relationship with the Welsh Block.
- 3.4. The Commission would review the budget strategy as part of the annual budget-setting process.

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Overall position if we continue with the previous budget strategy

1. The strategy set in 2010 aligns the Commission's budget for Assembly services with percentage changes in the Welsh block. Retaining this strategy would mean we would receive broadly the same amount of money for the next two years. However, we face the following unavoidable cost increases:
 - inflationary impact on major areas of spend (for example, utilities and major contracted services): estimated at £0.2m / 0.5 per cent;
 - staff contractual salary increments: £0.5m / 1.6 per cent; and
 - Unavoidable increases in fixed or contracted costs (for example, Tŷ Hywel rent and depreciation on fixed assets): £1.1m / 3.6 per cent.
2. More unavoidable increases for increments and inflationary impact would follow in future years, along with any new spend required for investment projects or contract renewals. There is no provision to fund a pay deal for Assembly staff when the current arrangement ends in March 2012.
3. We would have to find ways to meet the overall funding shortfall each year, which would need to be done by re-allocating existing resources. Options would be:
 - reducing Assembly staffing headcount further through voluntary severance or not filling posts when they become vacant;
 - reducing contract standards or contracted services provided;
 - reducing areas of discretionary spend and areas of spend where we can control demand;
 - reviewing the nature of service provision (considering whether to contract out more services to save money) to identify scope for savings;
 - delivering invest-to-save projects to achieve longer-term savings, (though we would need additional upfront funds to do so); and
 - increasing income through a more commercial approach (necessarily within the legal framework and without compromising Assembly business).

4. The Commission's statutory responsibilities would continue to be met - formal Assembly business would go ahead: committees and Plenary would meet, legislation would be made, the budget setting process would take place. However, the extent and quality of support provided to Members would reduce and our exemplar aspirations would suffer. Committees provide one example. At present, every committee has access to a clerk and associated team, typically dedicated to one or two committees. This is already a lower level of resource than is provided to committees in the Scottish Parliament (where every committee has its own dedicated team, each of which is as large or larger than one of our multi-committee teams) or Westminster (where a Select Committee, typically, will be supported by a dedicated team of around six staff at equivalent or higher levels than here). Over the course of the next four years, the effect of the real terms reductions envisaged in the existing budget strategy would be that these resources will be spread more thinly between committees.
5. Other consequences in terms of Assembly Business are likely to be:
 - a lower level of support available to Members and committees restricting the volume of legislative and policy scrutiny that could be undertaken at any point in time and the quality of the support provided to that work;
 - slower response times and a focus on ensuring the logistical necessities of committees - meeting spaces, witness arrangements, legal and Standing Order requirements - rather than higher end advice and analysis or proactive work;
 - research briefing and support would not be provided in all areas currently covered; and
 - the information and advice provided by clerks and research staff would be less specialised. In order to meet budgetary reduction in this year, for instance, the research service has already reduced headcount and filled 'specialist' vacancies internally with staff with more general skillsets rather than recruiting specifically for subject expertise. This trend would have to continue.
6. Consequences in other areas of Assembly support are likely to be:

- a reduction in the quality of the visitor experience to the Assembly estate as costs are cut for cleaning; maintenance; visitor services and the education programme;
- invoice payment targets extended to allow for longer-turn around times with fewer staff;
- exemplar employer activity reduced in order to prioritise operational activity over value-adding initiatives; and
- outreach and communications work reduced to cope with lower head-count; cost-savings through scrapping the Assembly bus.

Improvements we could consider with more money

1. Not all additional activities will be optional. There is a direct correlation between some services provided by the Commission and the number and length of Plenary and committee meetings. These services include simultaneous interpretation from Welsh to English, the record of proceedings, dedicated ICT support in Plenary from the Commission's own ICT team and from external contractors, security, visitor management and recording/broadcasting. In addition, the new constitutional position of the Assembly and the expectation of Members will generate increased demands for support from Commission staff compared with previous Assemblies. Table Office staff are reporting an increase in activity now that we have three opposition parties and no overall government majority. We need adequate resources to be confident about meeting these increasing demands.
2. Cuts driven solely by funding pressures could be avoided (as set out in Annex 1) and service levels maintained. We will always look for economy and efficiency in how we deliver activities as part of ensuring the overall effectiveness of Assembly services.

Growth

3. The remainder of this paper sets out possible improvements in four areas of activity and shows estimated additional costs per annum when fully implemented:
 - enhancing Assembly business and international work;
 - improving technology and invest to save;
 - becoming a leader in the fields of equalities, sustainability, bilingual services and employer of choice; and
 - investment in the Assembly estate, security and better procurement.

Enhancing Assembly business and international work (potential additional spend £1.3m per annum when fully implemented)

Committees

4. It would be possible to:

- increase committee activity and influence; take committees out of Cardiff for meeting and evidence gathering visits; provide more external expert advice and for the Research Service to provide more genuinely specialist support to committees. Each committee would be supported own clerking teams for whom the committee would be their sole responsibility.

As an illustration, the Finance Committee could be supported by a public finance expert whose sole focus would be on equipping the Committee with the data and advice it needs to analyse the budget and to hold the government to account for the use of funds from the Consolidated Fund. That support would be focused on the Committee, not responsible too for other types of work as at present. We could enhance support to committees, such as PAC and Petitions, which receive relatively little in-house support at present;

- committees would be equipped to travel, nationally and internationally, in order to inform their inquiries;
- we would implement a more structured programme of procedural work for the Business Committee and Members generally; and
- we would focus greater effort on working with external stakeholders to broaden and improve understanding of relevant procedures, bills, inquiries, draft legislation and consultations so as to strengthen engagement with Assembly activities.

Legislation

5. Sufficient procedural expertise would be available in the Legislation Office to support Members and committees throughout the legislative process without the quality or availability of that support being a restriction on the scrutiny provided by the Assembly.
6. Support for Private Members' legislation would be treated as a priority, rather than as something added on to already heavily loaded existing jobs, through the creation of a dedicated support team.

Research Service

7. Genuine policy expertise would be recruited to strengthen the research service in several areas – most urgently in public finance and statistics, health policy and housing policy.
8. Some examples of the kind of work that we would do today with greater resource include in-depth and more proactive research into:
 - relevant EU/UK legislation;
 - legislative consent motions (likely to increase significantly in number as a result of the referendum);
 - post legislative analysis and assessment;
 - the work of non-devolved bodies of relevance to Wales;
 - different models of funding for devolution; and
 - infrastructure funding in the context of a reducing capital budget.

Legal Services

9. Support from the legal service is provided to the business side of the Assembly (legislation, scrutiny and research), to the operational side (staff, property, facilities) and in relation to corporate activities (freedom of information, data protection etc.)
10. In all these areas the provision of legal services is demand driven. That demand will increase. Three areas in particular are likely to grow substantially. The volume of legislation (including that promoted by individual Members and by committees) will increase. The Assembly is likely to become more engaged with issues of European legislation in response to the increasing importance of the principle of subsidiarity. The Commission's procurement activities will require greater support as public procurement law becomes more complex and more litigious.
11. In order to accommodate this growing demand a small increase in the size of the legal service would be required. To meet in full the increasing demand about two extra lawyers, together with the facility to draw more extensively on external legislative drafting skills, would be needed (representing a roughly 25 per cent increase in the current budget of the legal service).

International work

12. Additional resource would allow the National Assembly to better fulfil its strategic objectives of gaining and imparting knowledge and understanding of international good parliamentary practice. This could be achieved through supporting the development of emerging democracies elsewhere in the world, visiting international parliaments when considering our work in making laws and holding the Welsh Government to account. There would be opportunities for the Assembly to host international conferences with renowned speakers to showcase the Assembly's work where it is an exemplar on the international stage e.g. citizen participation; e-democracy; effective scrutiny of Government; and sustainable and transparent democracy.

Improving technology and invest to save (potential additional spend £1.0m per annum when fully implemented)

Technology

13. We have built ourselves an independent platform and in the next three years, we could transform the way we provide ICT services, with more flexibility and greater control, possibly moving away from large ICT service providers towards a more modular approach. Again, this could provide opportunities for smaller and more local enterprises. However, we would need to buy in or develop more skills in house and aspects of such an approach could be more expensive than the current, less tailored service.

Investing to save

14. There are areas where we could work smarter to make savings, streamlining processes, using systems to replace manual activity, enhancing capacity to manage change and add value to operational activity. Our current separate systems for HR and Payroll could be replaced with an integrated solution, cutting transactional activity and reducing overheads.

Becoming a leader in the fields of equalities, sustainability, bilingual services and employer of choice (potential additional spend £1.0m per annum when fully implemented)

Sustainability

15. We set ourselves a target of reducing the estate's carbon emissions by 40 per cent by 2015. We have made excellent progress so far through relatively easy steps, but we will need to invest to sustain this progress. Increased investment would enable the Assembly to be a leader in this field, deliver our programme more quickly, and control our energy costs over time (otherwise costs are likely to rise in the future).

Bilingual Services

16. If we put more money in to delivering our proposed Official Languages Scheme we will be able to deliver enhanced services more quickly and potentially with greater impact.

Equalities

17. We could aim for accessibility to the estate and communications material to be best in class, and provide more opportunities for a wider range of people to take up employment here, perhaps by supporting structured apprenticeships or work experience programmes. A new programme to widen involvement in politics and democracy could also be established.

An employer of choice

18. We provide good facilities and opportunities for all, as evidenced in our Investors in People Gold status, but there are ways in which we could improve. We could extend development and training further, opening more to support staff and contractors, promote the Assembly as a great place to work and offer more employment opportunities for disadvantaged groups.
19. Staff would undertake the training they require in order to excel in their roles. Though adequate sums remain available for staff training and development, we have cut back and cannot benefit from many development opportunities that would help us increase the capabilities of our staff.

20. There is currently no provision for a pay rise for Assembly staff in future years' budgets. A 1 per cent pay increase costs circa £150,000.

**Investment in the Assembly estate, security and better procurement
(potential additional spend £1.0m per annum when fully implemented)**

Security

21. Current plans include savings targets of £150k on the service agreement with South Wales Police. These cuts could be halted, although we would continue to seek out value for money from this and all our contracted services. In addition we could increase the number and flexibility of security officers to ensure reliability in the opening times of buildings and allow more time for their personal development.

The Assembly estate

22. Our landmark buildings could be used more widely to generate income, if adaptations were made. For example, an upgrade of the Pierhead kitchens would allow use for more commercial functions at times when the Assembly does not need to use the facilities.

Procurement and contract management

23. We are investing more in procurement to make sure that our governance here is strong, but we could improve our performance further by enhancing skills and applying more resources to this area. We could be more creative about how we present opportunities to contract with the Assembly, driving greater sustainability, diversity and local production, helping to grow market capacity where we can.