

# National Assembly for Wales **Draft Budget 2018-19**

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September 2017



The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

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September 2017



**National Assembly for Wales**  
Assembly Commission



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In July 2016, Assembly Members agreed unanimously that the name of the Assembly should reflect its constitutional status as a national parliament. To give effect to this decision, the Assembly Commission consulted the public between 8 December 2016 and 3 March 2017. 61 per cent of respondents agreed or strongly agreed that the Assembly should change its name and that the name that best described the institution's role and responsibility was: Welsh Parliament / Senedd Cymru. The change will be taken forward as part of a wider programme of reforms being considered following the transfer of the relevant powers by the Wales Act 2017. The Commission intends to publish the legislation to give effect to those reforms in 2018.

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# 01. Introduction

The Assembly Commission serves the National Assembly for Wales to help make it a strong, accessible and forward-looking democratic institution and legislature that delivers effectively for the people of Wales. Its role is to provide the National Assembly with the staff, property and the services required to fulfil this role.

The budget for the Assembly Commission is used to meet the running costs of the National Assembly for Wales and the costs of Assembly Members' Salaries and Allowances as determined by the independent Remuneration Board.

This budget focuses on the delivery of the Commission's priorities in the context of a Fifth Assembly that is under extensive challenge from pressures, such as Brexit and the changing constitutional landscape of the United Kingdom. Indicative budgets for the remainder of the Assembly term are provided although with the scale of change and challenge faced by the Assembly, it is likely that these will need amendment closer to the time.

As well as continuing to provide exemplar services to Members and committees operating in this complex and demanding environment, Commission priorities include the establishment of a Youth Parliament, transforming the way in which it communicates and engages with the public and a programme of digital transformation to make information more open and user friendly. The Commission also intends to introduce legislation in several important areas. Following a public consultation exercise and a unanimous vote in the Assembly instructing us to take work forward, the intention is to introduce a Bill to change the name of the National Assembly to the Welsh Parliament/Senedd Cymru. The Commission will also legislate to make a number of important changes to aspects of the Assembly's internal organisation, the extent of which will be discussed and decided by Members during the 2017/18 period.

The limitations on the capacity of Members to carry out their work due to their relatively low number are still in evidence, if not more acute in the current climate. This puts even more emphasis on the Commission to provide efficient and effective support to help Members carry out their roles.

To inform its legislative proposals, at the start of 2017 the Commission established an Expert Panel on Electoral Reform. The purpose of the Expert Panel is to advise the Assembly Commission on three core issues: the number of Members the Assembly needs, the most suitable electoral system to be used to elect them and the minimum voting age for Assembly elections. Its report is expected in autumn 2017. Any significant changes to either the size or remit of the Assembly will be fully costed and would be likely to require an entirely new budget strategy, either for the end of the Fifth Assembly or from the beginning of the Sixth.

The independent Remuneration Board decides on the level of resource to provide for Members' pay and pensions, the cost to them of running an office and employing their own support staff, undertaking research and reimbursement of travel and accommodation expenses. This is a significant element of the overall budget and is provided for in full to ensure no risk to the Commission's operational budget arises from fluctuations in the costs actually incurred.

Accommodation in Tŷ Hywel is under pressure and the Commission is actively considering how to address this and how to meet the requirements of future Assemblies, particularly if a decision is taken to increase the number of Members. The Commission's priority is to seek the most cost-effective solution and will make their decision on how to proceed on that basis.

The Assembly Commission's approach to resourcing and service provision has been to aim for excellence in all. The term 'world class' was first used to describe the Commission's ambitions in respect of committee support but has since spread to characterise the aspiration across all aspects of Commission activity. This budget aims to maintain that ethos whilst also meeting the Commission's new priorities, which have been formed largely in response to the challenges of a dynamic political environment and with regard to a constrained public purse.

## 02. Budget Approach 2018-19

The budget approach for 2018-19 has made provision for costs that can be predicted with relative certainty, whilst building in resilience to reflect the uncertainty facing the Commission over the next year, with regards to the emerging impact of the Assembly's new powers, Brexit and wider constitutional change within Wales and the UK.

Despite these mounting pressures and the demands emerging from the first year of this Assembly, the 2018-19 operational budget remains as forecast in the 2017-18 budget document.

The 2018-19 budget is presented in the same way as the 2017-18 budget, where a forward projection of the likely budget for the remainder of the Fifth Assembly is also included. For the remainder of the Fifth Assembly, inflationary increases have been applied to the operational budget.

A prudent view is taken of the required funding, mindful of the wider public sector position. The Commission is committed to enforcing rigorous financial control and strong governance in the management of the budget to deliver excellent services and value for money.

The budget, in total, provides for the following;

- expenditure under the Commission's direct control;
- the budget for the Remuneration Board's Determination for Members' Pay and Allowances;
- the accounting provision for the Members' Pension Scheme under the HM Treasury's Annually Managed Expenditure (AME) heading; and
- an additional budget line to reflect the potential costs of developing a planning application for a new build to meet the Assembly's future accommodation needs, should there be approval to progress this.

Detail is included later in the document about investment priorities for 2018-19. The Investment and Resourcing Board continually monitor and manage available funds during each year to ensure any works that are undertaken are consistent with the goals and priorities of the Commission and provide value for money.

A forthcoming change to accounting rules will require operating leases to be recognised as assets in the Statement of Financial Position and subsequently depreciated, in order to increase transparency regarding an organisation's committed liabilities. The change will take effect from financial year 2019-20. This change is not reflected in this budget document, which shows current reporting requirements.

Rhwydwaith Anabledd Cynulliad Cenedlaethol Cymru

# EMBRACE

Disability Network of the National Assembly for Wales

Rhwydwaith LGBT Cynulliad Cenedlaethol Cymru

# OUT-NAW

LGBT Network of the National Assembly for Wales

Rhwydwaith Hil, Ethnigrwydd a Threftadaeth  
Ddiwylliannol Cynulliad Cenedlaethol Cymru

# REACH

Race, Ethnicity And Cultural Heritage Network  
of the National Assembly for Wales

Rhwydwaith Menywod Cynulliad Cenedlaethol Cymru

# INSPIRE

Women's Network of the National Assembly for Wales

Rhwydwaith Gofalwyr a Rhieni sy'n  
Gweithio Cynulliad Cenedlaethol Cymru

# TEULU

Working Parent and Carer Network of the  
National Assembly for Wales



INVESTORS  
IN PEOPLE | Gold



Top Employers  
for Working Families

**LOUDER  
THAN  
WORDS**



we're supporting



## Investing in our people

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During the first year of the Fifth Assembly, there has been an upturn in the ambition of both the Assembly and the Commission. The powers provided in the Wales Act 2017 now enable the Commission to legislate in respect of the name, size, electoral systems and procedures of the Assembly and provide the means by which the Assembly can develop more wide-ranging legislation, respond to reserved powers and develop its own initiatives. During this period, a greater volume of committee activity and an increase in the volume and complexity of legislative scrutiny have all been evident.

The Commission also announced two major public engagement initiatives; the establishment of a Youth Parliament for Wales, supported and funded by the Assembly Commission, and the establishment of a Digital Information and News Taskforce. Set against a wider political context including Brexit, an increasing focus on national security and, latterly, a UK election, it has been an exciting and busy period that has had a significant impact on all services.

To meet the statutory requirement to support and facilitate Members' current and future needs that may arise from the Assembly's ambition to use its newer powers, the Commission will produce investment plans to develop its organisational capability, ever mindful of the cost of expanding that capability.

The positive engagement scores of the most recent staff survey in July 2017, coupled with external accolades, evidence the effectiveness of the Commission's approach. Work with employees, staff networks and Trade Union partners ensures that the Commission continues to be an exemplar employer, reflecting its aspiration to be an employer of choice to all sections of the community.

There are three main directorates within the Commission.

- The Assembly Business Directorate provides specialist parliamentary support to Members to ensure the efficient and effective conduct of business. It comprises the Chamber & Committee Service, Policy & Legislation Committee Service, Communications Service, Research Service, Legal Service and the Strategic Transformation Service.
- Commission Services provides secretariat services and support to the Llywydd, the Chief Executive, Directors, Assembly Commission and Remuneration Committee. Members' Business Support (MBS), professional development for Members and their staff, Translation and Reporting Service and the newly constituted Parliamentary Venues & Visitor Services are also within this directorate.
- The Resources Directorate provides corporate support to the business environment, including Security, Estates and Facilities Management, ICT, Human Resources (HR), Governance and Audit and Finance.

A bi-annual capacity planning exercise requires services to assess their current staffing and skills against the work priorities they need to deliver, as well as identify where resources can be re-directed to emerging needs and maximising the productive output of our staff.

In recent years, there has been a steady growth in the staff complement of the Commission needed to meet the increasing demands of the Assembly. This process has been thoroughly scrutinised each year by the Finance Committee, Public Accounts Committee and the Assembly itself. That degree of scrutiny, coupled with the day to day transparency and proximity of so many Commission services to all Members and committees, means that the Commission is confident that any expansion has been understood by Members and delivered with their support.

At the same time, the Commission is also aware of the challenging context of public sector finances. Using the same basis for calculation as the figure published for the end of March 2017, the FTE total of staff employed by the Commission is currently 452, in addition to which there are 18 FTE vacancies. It is in this context that the Commission has asked the Chief Executive and Clerk to lead a review of capacity to inform future discussions about priorities and the resources needed to deliver these. The Management team considers service delivery continuously with a view to responding effectively to emerging challenges and opportunities whilst maximising efficiencies. The review will help establish a shared understanding of how staff resources are currently deployed, the pressures faced by various teams and what efficiencies might be achieved whilst maintaining effectiveness. The review will take place in parallel with the budget setting process for 2018-19, help inform how spending is prioritised in that year and establish a baseline for future years. Its findings will be considered by the Commission towards the end of 2017.

The current staff pay deal ends on 31 March 2018. Negotiations for the next pay deal will begin in mid-2017 with the aim of having an agreement in place prior to the start of the 2018-19 financial year.

# 03. The challenges ahead

## Brexit and constitutional change

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The National Assembly, and its committees, face unprecedented challenges during the next two years. The Assembly must be ready to play a full part in overseeing the Brexit negotiations, scrutinising the impact of the European Union (Withdrawal) Bill (and the huge volume of further legislation that will follow), and ensuring that the voice of the people of Wales is heard. The legislative task alone will add significant extra workload, with hundreds of additional statutory instruments expected and a range of Westminster Bills that will require thorough Assembly scrutiny due to their constitutional importance.

Scrutiny of Brexit is likely to put significant pressures on Members and staff. It may impact on and, as a consequence, test the existing procedures. It could also mean a major shift in the focus of Members' work towards scrutiny of subordinate legislation, Westminster Bills, potential Assembly Bills and Legislative Consent Motions. The Business Committee has an important role in maintaining oversight of the impact on Assembly business, while the Chairs' Forum discusses Brexit as a standing agenda item at its termly meetings, including the capacity of the Assembly to engage effectively. The Commission will continue to monitor developments to assess any resource implications arising.

This programme of Brexit legislation is taking place against a unique background of significant constitutional change in Wales. The devolution of powers to the Assembly and a move to a reserved powers model signals a new constitutional basis for the Assembly, with important new responsibilities. The reserved powers model is expected to come into effect in early 2018 and work is underway to ensure that the Assembly is properly prepared, and supported by Commission staff, to undertake its vital scrutiny and oversight role. New tax raising powers and budget procedures are also to be introduced during this time.

## Building for the future

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The Commission has a statutory obligation under the Government of Wales Act 2006 to “ensure that the Assembly is provided with the property, staff and services required for the Assembly’s purposes”.

Over the past twenty years, the estate in Cardiff Bay has become a focal point for the National Assembly and, more generally, for Welsh public life. The Senedd building, Tŷ Hywel and the Pierhead building have become key national assets that are now central to the portrayal of Wales and Welsh democracy on the international stage.

The Assembly is also expanding its fundamental roles to engage with the people of Wales and to properly scrutinise the Government, through times of great constitutional and economic upheaval. The case for additional accommodation is driven by the need to ensure that our estate can continue to provide an appropriate home for the Assembly, which continues to evolve, taking on increased powers and responsibilities.

With greater devolved powers and as the Assembly moves into a post-Brexit world, there is a greater need than ever to have an estate that delivers the required capacity, enhances the profile of Wales internationally, encourages public engagement and makes the work of Parliament more accessible to the citizens of Wales.

The accommodation needs were first considered by the Commission in November 2016, on the basis that space within Tŷ Hywel is coming close to full capacity and, whilst short term needs for Commission staff can be met through some office reconfigurations, other options will need to be considered for the future. The Commission was clear that maximising the use of the existing Estate was essential.

The initial feasibility work carried out has identified that the Assembly would need a building of 80,000 - 105,000 sq. ft. net and this would meet all of the requirements. The benefits to the Assembly include the proximity to the Senedd and Tŷ Hywel, the ability to physically link a new building to provide a secure connection, having spaces and facilities designed to complement and enhance those available in the Senedd and to support strategic and engagement objectives. The proximity will also avoid the disruption of having Assembly functions distributed over several locations, instead extending services such as security, facilities management, ICT, catering, cleaning and CCTV to the new building.

If the Commission decides to progress with a planning application for a new building then the work involved will incur costs. Meeting such costs from the Commission's operational budget would be financially challenging and would greatly restrict the planned investment the Commission is able to progress. Therefore, for the purposes of the budget strategy, a separate, ring-fenced budget has been included for 2018-19. This is the most transparent way of managing the potential costs and this budget would not be drawn unless and until a decision is made by the Commission to proceed.

## Assembly reform

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The Wales Act 2017 gives the Assembly powers to address some important constitutional issues. The Assembly will have autonomy over its internal and electoral arrangements when the relevant provisions of the Act are expected to commence in 2018.

Acting on behalf of the institution, and of the people of Wales, the Commission is leading a programme of Assembly reform to consider how best to make use of these powers to help make it a stronger, more accessible, inclusive and forward-looking legislature that delivers effectively for the people of Wales.

In January 2015 the previous Assembly Commission concluded that:

“With only 60 Members, the National Assembly is under powered and over stretched”.

The Commission agrees with its predecessors. As part of its Assembly reform programme, it is leading work to address the capacity issues facing the Assembly as a result of its small size, and to determine the appropriate electoral arrangements for the Assembly, including the minimum voting age.

The design of electoral systems is highly technical, requiring significant specialist expertise that is not available in house. To access such expertise in a cost effective and timely way, and to ensure that any legislative proposals brought forward by the Commission are based on robust, politically impartial, independent advice, the Llywydd has established an Expert Panel on Assembly Electoral Reform to review the evidence and make recommendations to her and the Commission. The Panel is chaired by Professor Laura McAllister CBE, and includes members with a wealth of expertise in the fields of electoral systems, parliamentary work and capacity, the constitutional position of the National Assembly and wider issues of governance, including equalities, diversity and engagement.

The Panel has been tasked with reporting in autumn 2017, at which point the Commission will consider the full scope of its reform programme and the legislative proposals it intends to bring

forward in 2018, including addressing reform of any internal arrangements. Any proposals will be accompanied by robust estimates of the financial and other implications of any changes for the Commission and other stakeholders, including estimates of when any costs are likely to be incurred.

The majority of the scoping and development of the legislative proposals will be delivered by Commission staff. Specialist legislative drafting expertise has been procured, with costs falling in 2017-18 and 2018-19. Some additional costs may also arise in 2017-18 or 2018-19 to facilitate access to expert advice on technical issues or ensure that any consultation undertaken in relation to the reform programme is fully accessible.

## A new name

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As part of the reform programme, and on the basis of unanimous agreement by the Assembly in July 2016 that the institution's name should reflect its constitutional status as a national parliament, the Assembly Commission consulted the people of Wales earlier this year. 61 per cent of 2,800 respondents agreed the Assembly should change its name, and that the name that best described the institution's role and responsibility was: Welsh Parliament / Senedd Cymru.

The Commission announced in June 2017 that it intends to legislate to rename the National Assembly for Wales as the Welsh Parliament / Senedd Cymru before the end of the Fifth Assembly in 2021.

Some of those who responded to the consultation raised concerns about the potential costs of such a change. The Commission is mindful of these concerns, and intends to plan the change so as to minimise the cost, just changing the Assembly's name and avoiding a wholesale rebrand or a change to the logo. The costs of implementing the change arise in 2019-20, assuming a Bill is agreed in 2019. Until legislation to change the name of the Assembly is in place, it will continue to be officially known by its current statutory name, the National Assembly for Wales, to avoid confusion and to minimise cost and disruption.

## Exploiting technology to transform service delivery

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MySenedd is the Commission's principal programme for transforming the way services are delivered to Members and the public, making information on Assembly business more accessible and providing a more engaging experience for all over the course of the Fifth Assembly. Within the programme there are a number of specific projects to improve the way information is created, shared, managed and exploited, to deliver improved services to Members and the public and interact with all other users through the use of technology.

One of the first projects to be delivered will be a new transcription and publication solution, integrated with other services within the Assembly Business Directorate, to make the production of the Record of Proceedings ("the Record") more efficient, quicker to access and easier for people to search for the content they need.

A new Table Office solution is also being delivered, and will be integrated with the new Record of Proceedings solution and other Assembly Business services to make it quicker and easier for Members and their staff to table business, be kept up to date on business items of interest, and find the information they need. It will also make the tabling service more efficient. This new solution will go live in the autumn of 2017.

The MySenedd programme foresees the rollout, over the remainder of this Assembly, of further improvement projects similar to those explained above to improve the users' experience, including

investing in transforming the website, which has been recognised as needing significant improvement to make it user friendly and engaging for the public.

The Assembly engages with tens of thousands of people each year and needs to invest in a system that can manage information securely and effectively and maintains a dialogue with those who are interested. The aim is to improve the effectiveness of our communications and engagement activities for the benefit of the public and the work of the Assembly.

## **Creating a Youth Parliament for Wales**

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The proposal to establish a new Youth Parliament for Wales is a priority public engagement initiative noted in the Commission's Fifth Assembly strategy.

Following a unanimous resolution of the Assembly instructing the Commission to take this work forward, the aim is to deliver a new democratic space for children and young people in Wales to discuss and deliberate issues of importance to them and engage the Assembly with their work.

Planning for the Youth Parliament started in January 2017 including consultation with over 5,000 young people to find out how they would like their Youth Parliament to work.



# 04. Supporting Assembly Business

## Legislation

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As well as ensuring that the Assembly is resourced to meet the immense legislative challenge of Brexit and the implementation of the new reserved powers model, the Commission's own legislative ambitions are unprecedented. Currently, the aim is to legislate to change the name of the Assembly, its size and electoral system and various aspects of our internal organisation, structure and procedures.

The Finance Committee has confirmed its intention to develop and introduce its own Bill to reform the role of the Public Services Ombudsman. Supporting legislation is a highly specialist and demanding task that impacts upon all areas of the Business Directorate – clerking, research, legal and communications. In addition, the changes to the fiscal framework, in particular new powers over taxation and moving to a legislative budget process, will impact significantly on the work of the Finance Committee, and Assembly committees generally, and the support they will require over the next few years.

The Commission is in the early stages of a project to replace the ageing technology used to manage Bills through the legislative process – from drafting through amendment to publication. For a project of this scale and significance, dedicated funding is likely to be required. The current contract ends in April 2019 and, depending on the option chosen to progress this project, the Commission may require additional funding to complete it. Work is currently underway to scope the requirements of a new system and work with Welsh Government to determine how the project moves forward as it needs to be a solution that is suitable for both organisations and able to manage the expected increase in legislation in the future.

## Committees

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At the start of the Fifth Assembly, two new committees were created making a total of 14, compared with 12 active in the Fourth Assembly. One of these additional committees - the External Affairs and Additional Legislation Committee - has a remit to examine the implications for Wales of the United Kingdom's withdrawal from the European Union, ensuring Welsh interests are safeguarded during the withdrawal process, in any new relationship with the European Union and in the intra-UK post-withdrawal arrangements for relevant policy, finance and legislation.

The Commission provides extensive, tailored and high quality support to committees. Many Commission services are directly involved in this provision including clerking, procedural, research, media and legal support; security and visitor services, simultaneous interpretation and translation; production of verbatim records; IT and broadcasting. Commission staff support committees in meetings and visits across Wales and further afield and undertake outreach and engagement work to draw people directly into the work of the Assembly. The Commission also provides extensive professional development support for Members and their staff to enhance their committee work.

The ambition of the Llywydd, Commission and committee chairs is considerable – for instance, increased demand from committees for engagement and outreach work that feeds directly into committee legislative and policy oversight and scrutiny; significantly higher expectations for social media and other digital communications; the Llywydd’s engagement priorities for the fifth term that include the development of our online engagement services, establishing a Youth Parliament, the development of an Assembly archive; and the ambitions described in the Commission’s own Public Engagement Strategy (January 2017). Further specific recommendations and impetus have been added by the [report of the Digital News and Information Task Force](#).

## Translation and Reporting Service

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The Translation and Reporting Service [TRS] has, of necessity, adopted an innovative approach to recruiting staff. Historically, it has been difficult to attract staff with the appropriate level of skills and experience for the relevant grade. Those who do possess those skills generally prefer to work on a freelance basis. Having failed to secure any suitable candidates in both the text translation and interpretation over the last two recruitment exercises, traineeship schemes were offered and, by so doing, succeeded in recruiting two trainee editors and two trainee interpreters. This approach allows TRS to invest in newly appointed staff who would otherwise not have been appointed due to lack of skills. TRS uses internal expertise to provide ‘on the job’ training for a period of six to nine months until the trainees attain the required skill levels.

The Official Languages Scheme for the Fifth Assembly was passed on 12 July 2017. The scheme outlines the bilingual services provided to Assembly Members and their support staff, to the people of Wales and to staff members of the Commission. Work on the themes for improvement identified in the scheme for the Fifth Assembly has commenced. A working group on recruitment will be responsible for considering and implementing the actions set out in the scheme by summer 2018. The main focus of the recruitment theme will be to increase the level of basic Welsh language skills across the organisation over time, building on the Assembly Commission’s existing bilingual ethos. This will include the implementation of an approach where all new and vacant posts will require at least a basic / courtesy level of Welsh language skills. The working group will agree definitions of skills levels, based on the internationally recognised Association of Language Testers in Europe (ALTE) model, and work with others to ensure that appropriate support and training is available for both recruitment panels and applicants in order to ensure a smooth transition to the new system.

## Making the most of our estate

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Although many successful activities have been held in the Senedd that have enabled visitors to engage with Assembly business, a recent review into processes and structures revealed that a more strategic approach would benefit the usage of the estate as a whole.

The review proposed that revised systems, structures and processes should be put in place to enable the Assembly to be a pioneering parliament that puts the voice of the people of Wales at the heart of its activities through meaningful engagement in the form of world class parliamentary activities on the estate.

To improve outcomes in line with the Commission's priorities, the management of activities hosted on the estate has moved to a more pro-active, strategic and considered approach, enabling the estate to become a key tool in promoting the Assembly, in line with the overall public engagement strategy.

This revised approach to managing activity enables the Commission to:

- inform and involve the public in the Assembly's work;
- empower the public to influence the Assembly's agenda, inspiring them to share ownership of its purpose and achievements;
- provide platforms to link with communities, constituencies and regions; and
- allow equality of access.

Through improved use of the estate to communicate key messages and a programme of planned and permanent interactive exhibitions, every visitor to the estate will have the opportunity to take home information about work at the Assembly, its Members and Welsh democracy.

A new service, Parliamentary Venues and Visitor Services, was recently launched and now provides a single point for all venue bookings on the estate. This has removed the duplication of activity, created efficient administrative processes, provided clarity around roles and responsibilities, developed a strategic and meaningful approach to the use of the estate, harmonised policies and guidance around the use of the estate, improved communications between all the component parts involved in estate activity and delivered financial savings. Opportunities for creating further efficiencies will continue to be explored as the new service area is embedded.



## 05. Investment plans

Aside from the potential plans to commission a new building, the plans for investment in 2018-19 are based around the organisational priorities of the Commission, namely increasing engagement with the people of Wales, increasing and improving the Assembly's digital presence in response to the recommendations of the Digital Taskforce through the MySenedd programme and establishing a Youth Parliament for Wales. Subject to the availability of funding, the Commission also continues to invest in its infrastructure and estate and has used the forward work plans of ICT and Estates and Facilities Management (EFM) to identify the works that take priority.

In previous years the Commission has made provision within its budget for anticipated investment projects. Funds released by, for example, bringing ICT services in-house, provided the Commission with an investment fund. This investment fund was used to fund priority projects.

Due to investment in staffing resource over the course of the Fifth Assembly to date which, unlike ICT or EFM expenditure, has an on-going resource impact, the opening balance on the investment fund has been greatly reduced. As the year progresses, it is expected that funding will be released from staffing budgets – either from those posts that are vacant at the start of the year or those that become vacant during the year - which will supplement the fund. It is estimated that this released funding could be around £800k.

Historically, the budget for the Remuneration Board's Determination has also released unused resources, which are available to the Commission to invest in Member or other services. It is not possible to predict accurately what this redeployed amount is; a prudent estimate, based on historic trends, would suggest £600k may become available.

In addition to the priorities explained in the document thus far, the Commission also intends to invest in ICT and Estates and Facilities Management where there is financial scope to do so as funding becomes available. The following areas of expenditure are currently identified as priorities.

### **MySenedd - Exploiting technology to transform service delivery**

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MySenedd is the Commission's principal programme for transforming the way services are delivered to Members and the public, making information on Assembly business more accessible and providing a more engaging experience for all over the course of the Fifth Assembly. Current expenditure plans have identified £290k of priority items that may require funding during 2018-19.

These investment plans include the first part of a three year project to deliver a high performing website and excellent content management; this was one of the main recommendations of the Digital News and Information Taskforce to support engagement directly with the people of Wales and is an important element of the Commission's Public Engagement Strategy. Such a large and complex project requires a long lead time and investment over a number of years. Scoping work is taking place during 2017-18 and a business case is expected to be presented in summer 2018 for the recommended solution with implementation costs falling into 2019-20.

Other elements of the MySenedd programme requiring investment in 2018-19 are currently being scoped. They include improvements to the publishing and sharing of plenary and committee papers, the petitions system, making the consultation and legislative process easier to manage and more accessible, improving how information is archived and classified and managing customer relations. These projects provide many of the building blocks for the content and capabilities needed to transform the website. Customer relationship management was again an important area for investment flagged in the Taskforce recommendations “so that the Assembly can build long term relationships and maintain a healthy dialogue with the public it serves”. It would enable the Assembly to engage more efficiently and effectively with more people in a way that complies with new data regulations.

Also within the MySenedd programme, 2018-19 is the first year of the Assembly’s investment in a partnership with the National Library of Wales, which will create a coherent, publicly accessible archive for the long-term preservation of the Assembly’s records. Through this partnership the Assembly’s archive will become more secure, stream-lined and publicly accessible, including on-line, as envisaged in the Commission’s Strategy.

## Youth Parliament

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The proposal to establish a new Youth Parliament for Wales is a priority public engagement initiative noted in the Commission’s Fifth Assembly strategy. During 2018-19, £100K has been earmarked to cover the cost of promoting and running an election campaign and establishing a website / digital platform to house discussions amongst young people. That funding will also cover travel and accommodation costs during the year for the 60 Members of the Welsh Youth Parliament.

## Enhancement of Digital News and Public Information

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In 2017 the Commission established a News and Digital Information Taskforce to provide advice about the best techniques and opportunities to optimise engagement between the Assembly and the people of Wales. Their recommendations reinforce the direction of travel outlined in the Commission’s strategy. Funding has been earmarked to enhance capacity to improve the management and accessibility of all online content and the development of new products such as multimedia news packages that reflect Assembly business in a way that is accessible and engaging for the public.

## ICT

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The Commission is committed to maintaining an appropriate level of investment in ICT and broadcasting services, in order to ensure that critical systems, essential for the Assembly to work effectively and efficiently, are supported and developed. The Commission has developed a three-year investment plan for ICT, which identifies both strategic and operational needs for investment and this allows the IRB to make informed and prioritised decisions.

With a focus on value and continual service improvement, the ICT strategy is moving the Assembly into cloud based services as the platform of choice, where such services offer a secure, economic alternative to infrastructure and applications delivered from the Commission’s own data centres. The move to Office365 has significantly improved flexibility and choice in how users access Assembly systems and information and the improved cyber security measures ensure that the Commission is effectively protected against this growing threat.

The ICT investment plans for 2018/19, which have been categorised as being priority items if funding becomes available, are shown in Annex 3.

## Estates and Facilities Management

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The EFM team have developed a 10 year work plan to show the nature and timing of works that need to be undertaken from a maintenance point of view. Budget for routine maintenance is provided as part of the annual baseline budget for EFM. However, additional works and projects arise each year that are the subject of business cases to request funding.

The focus for the effective management of the estate as a key asset will continue to be directed by the priorities identified in the long term (rolling) prioritised investment plan for the estate. These will include a number of life cycle replacements and refurbishments of systems nearing the end of their operational life such as lift, access control for the estate and our electrical infrastructure. Other priorities include boiler replacements which, as well as providing more reliable systems, will also provide more energy efficient and effective heating that will contribute to our sustainability objectives.

Work to undertake some basic improvement to heating and ventilation systems for part of Tŷ Hywel could also be considered by the Investment and Resourcing Board. An indicative £89k may be released from the Investment Fund if funding is created from other budget areas.

The EFM investment plans for 2018/19 that have been categorised as being priority items if funding becomes available are shown in Annex 3.

Offsite mail and delivery scanning facilities could also be considered by the Board subject to the availability of around £110k.

## 06. Financial governance and control

The Assembly Commission Audit and Risk Assurance Committee (ACARAC) supports the Commission and the Accounting Officer with regard to their responsibilities for risk management, internal control and corporate governance. As part of its role it maintains a strong interest in and oversight of the internal financial control environment. Updates on accounting policies and budgetary position are considered by ACARAC and it also takes a keen interest in the clearance of the Annual Report and Accounts. Members of the Committee have also provided oversight and challenge of the development and implementation of the new finance system.

External and Internal Audit provide important sources of assurance to ACARAC and the Accounting Officer. The Auditor General for Wales (AGW) is the Commission's external auditor and he is supported in his work by the Wales Audit Office (WAO). For the 2016-17 financial year the AGW issued an unqualified opinion on the financial statements and there were no issues raised in the Audit of Financial Statements Report or Management Letter completed by the WAO engagement team. The key financial systems, controls and procedures supporting the production of accounts were all found to be robust and accounting policies appropriately followed and applied, which reflects positively on the work undertaken by the Financial Services Team. The strength of the financial internal control environment is further evidenced by the work that Internal Audit has undertaken over the last two financial years. In that period all three areas of the Financial Services' work have been subject to audit: Key Financial Controls, Budgetary Control and Financial Management and Pensions Administration. All three of these audits resulted in Strong Ratings with only minor recommendations raised.

The Financial Services Team work to ensure that they meet a number of targets and report on their performance as part of the Assembly Commission Corporate Performance Report. These targets provide a means of focus and ensure that performance is regularly monitored and engagement maintained between the central finance team and the wider organisation. The team has consistently managed to meet the targets on the areas of underspend, payment of suppliers and Members and value for money savings targets. The targets are regularly reviewed to ensure that they remain both challenging and realistic and re-calibrated if necessary.

## 07. The Remuneration Board's Determination

The Remuneration Board is the independent body that determines the pay and remuneration for Assembly Members and their staff and the system of financial support needed for Members to fulfil their responsibilities as elected representatives.

The system provides funds to cover the expenses associated with being a Member and / or an Office Holder, for example:

- running an office and engaging with constituents;
- salaries and travel expenses of the support staff;
- residential accommodation in Cardiff for Members whose home is a significant distance away (eligibility criteria apply); and
- support for the Party Groups and policy research.

At the start of this Assembly, the basic salary for Assembly Members was set at £64,000 to be updated 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% and the same annual percentage increase has been assumed to apply going forward for the remainder of this Assembly. Additional salaries are paid to Members holding offices carrying significant extra responsibilities, such as Ministers, the Llywydd and committee chairs.

The Remuneration Board put in place funding (up to £95,000 per Member per annum) 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 but the Remuneration Board is due to begin a review of Support Staff salaries and the way in which Members are permitted to use their staffing budgets. The findings of the review are expected to have a financial impact in 2018-19 but are unlikely to be reported until after the start of the financial year. 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.

Members' salaries and the mechanism for any uplift is now set for the remainder of this five year Assembly. The Board will review the other elements of its Determination on an annual or periodic basis to ensure that they remain appropriate. The Office Costs budget is reviewed annually and adjusted as necessary. For the purpose of providing indicative figures for future years an inflationary uplift only has been assumed (1.56%).

The on-costs associated with the Members' salaries include National Insurance, Pension 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.

The 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 Governments' Actuary 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 that they did in 2017-18.

The budget to fund the Remuneration Board's Determination for the Fifth Assembly is shown in Table 9.

## 08. Budget Ambit

This budget submission is laid in compliance with the National Assembly Standing Order 20.13 to assist in the compilation of the Annual Budget Motion required by Section 125 of the Government of Wales Act 2006. The submission covers the resource and cash requirements of the Assembly Commission for the year ending 31 March 2019.

The Budget Motion will authorise the net resources to be used for the services and purposes of Members and Assembly Services. The motion includes the maximum income (or accruing resources) that may be retained for use on those services and purposes instead of being paid into the Welsh Consolidated Fund and the cash amount that will need to be issued from the Welsh Consolidated Fund to meet the anticipated net amounts falling due for payment by the Commission.

The 2018-19 Budget for the Assembly Commission addressing these requirements is set out in Table 1;

Table 1	2018-19 £'000
<p>Resources other than accruing resources for use by the National Assembly for Wales Commission on resource and capital costs associated with the administration and operation of Assembly Services to support the National Assembly for Wales ('the Assembly'); promotion of the Assembly including payments to the Electoral Commission and others; payments in respect of the Commissioner for Standards and Remuneration Board; any other payments relating to functions of the Assembly or functions of the National Assembly for Wales Commission.</p> <p>Resources other than accruing resources for use by the National Assembly for Wales Commission in respect of decisions of the Remuneration Board and expenditure in respect of Assembly Members' Pension provision.</p>	<p>£56,788 Table 3</p>
<p>Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the National Assembly for Wales Commission;</p> <ul style="list-style-type: none"> <li>– from the disposal of fixed assets and other capital income for use on the purchase or acquisition of fixed assets, rental income, gifts, grants, cheques, recharges and income from commercial sales and other services provided to the public or others for use on administrative costs of the Assembly</li> </ul>	<p>£300 Table 8</p>
<p><b>Amount to be issued from the Welsh Consolidated Fund to meet the anticipated amounts falling due for payment in the year in respect of the above services and purposes less expected retainable receipts and recoverable VAT</b></p>	<p><b>£52,738 Table 3</b></p>

# Annex 1: Budget Overview

Table 2	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Budget	Budget
Budget Heading	£'000	£'000	£'000	£'000
Staff salaries and related costs (Table 4)	£21,458	£23,401	£23,985	£24,647
Accommodation and facilities (Table 5)	£7,586	£7,526	£7,553	£7,580
ICT costs (Table 6)	£2,024	£2,044	£2,019	£2,013
Other costs (Table 7)	£2,150	£1,318	£1,321	£1,318
Training and development	£400	£400	£400	£400
Promoting awareness and understanding	£314	£313	£313	£313
Staff travel and subsistence	£158	£162	£162	£162
Other HR costs	£123	£123	£123	£123
<b>Total Revenue Expenditure</b>	<b>£34,213</b>	<b>£35,287</b>	<b>£35,876</b>	<b>£36,556</b>
<b>Total Income</b> (Table 8)	(£300)	(£300)	(£300)	(£300)
Capital Expenditure – creation of fixed assets	£500	£500	£500	£500
<b>Total Operational Resource</b>	<b>£34,413</b>	<b>£35,487</b>	<b>£36,076</b>	<b>£36,756</b>
Members' salaries and related costs (Table 9)	£15,532	£16,201	£16,538	£16,884
<b>Total Resource</b>	<b>£49,945</b>	<b>£51,688</b>	<b>£52,614</b>	<b>£53,640</b>
<b>Ring-fenced budgets</b>				
Potential new Assembly accommodation	£0	£700	£200	£200
Election related expenditure	£0	£0	£0	£500
<b>Non-cash budgets</b>				
Depreciation and amortisation charges	£2,600	£2,400	£2,300	£2,300
Members' Pension finance costs	£1,200	£2,000	£2,000	£2,000
<b>Total non-cash and ring-fenced budgets</b>	<b>£3,800</b>	<b>£5,100</b>	<b>£4,500</b>	<b>£5,000</b>
<b>Total Commission Budget</b>	<b>£53,745</b>	<b>£56,788</b>	<b>£57,114</b>	<b>£58,640</b>

## Reconciliation of the new resource requirement to the cash drawing requirement from the Welsh Consolidated Fund;

Table 3	2018-19
	£'000
Members' net revenue requirement	£16,201
Commission net revenue requirement	£37,387
Net capital requirement	£500
Costs associated with a potential new building	£700
Annually Managed Expenditure	£2,000
<b>Subtotal</b>	<b>£56,788</b>
<b>Adjustments</b>	
Depreciation	(£2,400)
Movements in provisions	(£2,000)
Movement in debtors and creditors	£350
<b>Subtotal</b>	<b>(£4,050)</b>
<b>Net cash requirement from the Welsh Consolidated Fund</b>	<b>£52,738</b>

# Annex 2: Budget Detail

## Analysis of 'Staff salaries and related costs'

Table 4	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Budget	Budget
	£000	£000	£000	£000
Staff Establishment (including 2018-19 pay award)	£21,208	£22,978	£23,658	£24,389
Apprenticeship Levy	£0	£110	£120	£120
Capacity Planning	£250	£313	£207	£138
<b>Total</b>	<b>£21,458</b>	<b>£23,401</b>	<b>£23,985</b>	<b>£24,647</b>

## Analysis of 'Accommodation and Facilities'

Table 5	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Budget	Budget
	£000	£000	£000	£000
Rent and rates incl. car parking	£4,265	£4,291	£4,318	£4,345
Maintenance and works	£972	£972	£972	£972
Security	£684	£694	£694	£694
Utilities	£644	£548	£548	£548
Cleaning	£472	£472	£472	£472
Catering	£334	£334	£334	£334
Photocopier rentals	£155	£155	£155	£155
Furniture and fittings	£60	£60	£60	£60
<b>Total</b>	<b>£7,586</b>	<b>£7,526</b>	<b>£7,553</b>	<b>£7,580</b>

## Analysis of 'ICT Costs'

Table 6	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Budget	Budget
	£000	£000	£000	£000
Contracted out services incl. telephone	£588	£638	£613	£613
Broadcasting	£505	£496	£496	£490
Licences and maintenance	£681	£660	£660	£660
Revenue and consumables	£250	£250	£250	£250
<b>Total</b>	<b>£2,024</b>	<b>£2,044</b>	<b>£2,019</b>	<b>£2,013</b>

## Analysis of 'Other Costs'

Table 7	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Budget	Budget
	£000	£000	£000	£000
Language contracted-out services	£263	£293	£293	£293
Printing, stationery and postage	£270	£263	£263	£263
Insurance and legal costs	£115	£115	£115	£115
Publications	£120	£120	£120	£120
Accounting and financial services	£44	£44	£44	£44
Audit	£90	£82	£82	£82
Specialist advice	£54	£45	£45	£45
Hospitality	£39	£39	£39	£39
Other travel and subsistence	£119	£104	£104	£104
Remuneration Board related costs	£42	£62	£62	£62
Vetting	£26	£26	£29	£26
Consultancy	£30	£25	£25	£25
Uniforms and clothing	£20	£20	£20	£20
Other items <£15k	£68	£80	£80	£80
Investment Fund	£850	£0	£0	£0
<b>Total</b>	<b>£2,150</b>	<b>£1,318</b>	<b>£1,321</b>	<b>£1,318</b>

## Analysis of 'Income'

Table 8	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Budget	Budget
	£'000	£'000	£'000	£'000
Sales – the Assembly Shop	(£15)	(£15)	(£15)	(£15)
Accommodation – rental income	(£50)	(£50)	(£50)	(£50)
Miscellaneous income	(£235)	(£235)	(£235)	(£235)
<b>Total</b>	<b>(£300)</b>	<b>(£300)</b>	<b>(£300)</b>	<b>(£300)</b>

## Analysis of 'Members' salaries and related costs'

Table 9	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Budget	Budget
	£'000	£'000	£'000	£'000
Assembly Members' Salary and on-costs	£5,725	£6,140	£6,269	£6,401
Assembly Members' Support Staff Salaries and on-costs	£8,110	£8,365	£8,545	£8,729
Allowances and Office Costs	£1,697	£1,696	£1,724	£1,754
<b>Total</b>	<b>£15,532</b>	<b>£16,201</b>	<b>£16,538</b>	<b>£16,884</b>

# Annex 3: Investment Priorities

Summary of estimated funding released for 2018-19 and Commission investment priorities for 2018-19

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Table 10		£'000
<b>Estimated funds becoming available from:</b>		
Capital Budget		£500
Operational Budgets		£800
Remuneration Board Determination		£600
<b>Total estimated funding released during 2018-19</b>		<b>£1,900</b>

2018-19 Commission Investment Priorities:			
<b>EFM Priority Expenditure</b>			£505
Critical spares	For the lifts in the Senedd and the Pierhead	£99	
Essential Lifecycle	Access control (all estate buildings); mechanical refurbishment to the lifts in the Atrium, Electrical distribution boards	£280	
Health and Safety	Air conditioning and functional improvements	£89	
Statutory Compliance	Electrical T&I remedial works	£37	
<b>Off-Site mail delivery and scanning facilities</b>			£100
<b>ICT Priority Expenditure</b>			£619
Security	Transition to the cloud; cyber security	£100	
Services	Senedd TV; IPTV digital signage	£139	
Equipment	Refresh equipment that is > 7 years old	£380	
<b>Youth Parliament</b>			£100
<b>My Senedd Programme</b>			£290
Preparing for a new website, including information classification and customer relationship management		£60	
NLW archiving partnership		£20	
IT solutions to support legislation processes, committee and plenary papers and evidence gathering, petitions (priorities to be determined)		£210	
<b>Enhancement of Digital News and Public Information</b>			£300
<b>2018-19 Investment Priorities</b>			<b>£1,914</b>

# Annex 4: Glossary

## Annually Managed Expenditure (AME)

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A categorisation of expenditure reserved for less predictable and controllable items. Can only be allocated to the purpose for which it is assigned.

## Budget

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Sets out the resource and cash amounts proposed for use in the following financial year and indicative figures for the subsequent financial years.

## Capital

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Expenditure that generally results in a fixed asset (e.g. a building, equipment or land) intended to benefit future accounting periods, or spend that increases the capacity, economy, efficiency or lifespan of an existing fixed asset.

## Depreciation

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A measure of the consumption, wearing out or otherwise reduction in the useful life of a fixed asset.

## Fixed Assets

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Items that are purchased with an expected life greater than one year for the economic benefit of the business such as land, buildings and equipment.

## Government of Wales Act 2006

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The Act of the Parliament of the United Kingdom that reforms the National Assembly for Wales and allows further powers to be granted to it more easily. The Act creates a system of government with a separate executive drawn from and accountable to the legislature.

## Provisions

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A provision is a liability of uncertain timing or amount. A cost is recognised in the Commission's Resource Account when we have a present obligation (legal or constructive) as a result of a past event, when it is probable that a transfer of economic benefits will be required to settle this obligation, and when a reliable estimate can be made of the amount of the obligation.

## Real terms

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The value of expenditure adjusted to take account of general price inflation. Enables comparisons of spending across years without the distortion caused by price changes.

## Revenue / Running Costs

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Current expenditure covering day-to-day running costs such as staff salaries and the purchase of consumable goods and services.

## Value for Money

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The process under which an organisation's procurement, projects and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, value and avoidance of error and other waste, judged for the public sector as a whole.

## **Welsh block**

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Is the block grant of money, calculated using the Barnett Formula, voted by Parliament to the Secretary of State for Wales for funding that comes to Wales.

## **Welsh Consolidated Fund**

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Created by the Government of Wales Act 2006, this is a neutral bank account held by the Paymaster General. The account into which the money voted by the UK Parliament for use by the Welsh Government, the Assembly Commission, the Auditor General and the Public Services Ombudsman for Wales is paid.