

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

5 November 2019

Dear Llyr

I'd like to draw the Committee's attention to a change to the Commission's budget following the recent publication of the Annual Survey for Hours and Earnings (ASHE) index. This index is used to calculate increases to Members' salaries. **Annex 1** provides further information on this change in the Remuneration Board's Determination budget line.

Thank you also for your Committee's **Report on the Scrutiny of the Assembly Commission Draft Budget 2020-2021**, published on 17 October 2019. The Commission's response to the Finance Committee's recommendations is detailed in **Annex 2**.

We note and welcome the Committee's comments. However I am concerned that the Committee feels there could be more transparency around staff numbers. I thought, therefore, that it might be helpful if we provided the Committee with a summary of how the Commission's position has developed over the last two years. This is set out in **Annex 3**.

I have also included, as requested, a note on the Commission's planning for Brexit. This can be found in **Annex 4**.

I would like to thank the Committee for its scrutiny and I look forward to the debate on the Commission's budget motion next week.

The Commission's approach is always to try to operate with openness,



transparency and clarity, if there is any further information your Committee would like to have, please do not hesitate to let me know.

Yours sincerely

A handwritten signature in black ink that reads "Suzy Davies". The signature is written in a cursive, flowing style.

Suzy Davies AM
cc Manon Antoniazzi, Nia Morgan

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



Annex 1

Change to the Remuneration Board's Determination Budget

The Assembly Commission's draft 2020-21 budget included an amount of £15.813 million to fund the requirements of the Remuneration Board's Determination.

Assembly Members' salaries are adjusted each year, as set out in the Determination. Salaries for Members are linked directly to changes in the Annual Survey for Hours and Earnings (ASHE) index. The 2019-20 determination also linked AMSS salaries to the ASHE index.

The Commission's draft budget (page 27) noted that an estimate of the change in the index, of 2.0%, was included in the draft figures. On 29 October 2019, the latest ASHE index was published and the increase in the index is 4.4%. This additional amount (around £360,000) is significant and has therefore been incorporated into the final budget document to be laid on 6 November 2019. In previous years the estimate has not varied significantly from the published index and changes to the draft budget have not been necessary.

Table 9 (page 35) has been amended within the final budget document. The new table now shows the following amounts in 2020-21 and future years:

Table 1: Analysis of 'Members' salaries and related costs'

| | 2019-20 £'000 | 2020-21 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 |
|---|------------------|--------------------|------------------|------------------|------------------|
| | | Pre IFRS 16 | IFRS 16 | | |
| Assembly Members' Support Staff Salaries and on-costs | £8,568 | £8,797 | £8,797 | £9,184 | £9,588 |
| Allowances and Office Costs | £1,809 | £1,831 | £1,831 | £1,864 | £1,899 |
| Vacancy / Churn Provision | (£500) | (£1,000) | (£1,000) | (£1,000) | (£500) |
| Total | £16,197 | £16,172 | £16,172 | £16,881 | £18,120 |

These new totals also feed into the budget summary tables (tables 1, 2 and 3) on pages 30, 31 and 32. These tables have also been updated. In summary, the total budget requirement for 2020-21 has increased from £61.052 million to £61.411 million and the net cash requirement for 2020-21 is now £56.075 million.



Annex 2

Finance Committee Recommendations

Recommendation 1.

The Committee recommends further details are provided on the legislation software project in June 2020 when more specifics, including costs, of the project are known and the contract has been awarded.

Accepted. Once more details are known on the legislation software project, the Commission will write to the Finance Committee with further information.

Recommendation 2.

The Committee recommends that the Assembly Commission provides details to the Committee, around June 2020, of the long term project planning being undertaken.

Accepted. The Assembly Commission will provide more detail to the Committee on its long term project planning alongside its budget proposals for 2021-22, by 1 October 2020.

Recommendation 3.

The Committee recommends that an annual financial report on the long term benefits, including ongoing savings, of the Voluntary Exit Scheme is provided to the Committee identifying how the scheme has met the stated aims, specifically “Delivering long-term savings where possible and/or avoiding additional costs in meeting skill shortages”.

A report on the benefits of the VES and how it has met its stated aims will be provided to the Committee by September 2020.

Recommendation 4.

As the Assembly Commission considers the Standards Commissioner’s staffing support should be outside the Assembly Commission’s establishment cap, the Committee recommends that work needs to be undertaken to ensure that this draft Budget and future draft Budgets identify resources for the Standards Commissioner.

Accepted. The Assembly Commission will amend its 2020-21 Draft Budget to identify resources for the Standards Commissioner. This information will be included within the narrative on page nine and within table four in the Final Budget to be laid on 6 November 2019 and within future budgets.



We will continue to respond to the resource requirements of the Standards Commissioner in accordance with statutory requirements.

Recommendation 5.

The Committee recommends that where the Commission is requesting the Assembly to authorise policies, then there needs to be more transparent detail provided to Members at the time regarding the financial costs and future accountability arrangements around these policies, this should include the mechanism for calculating staffing increases and the justification for this.

Accepted. There is and there will continue to be governance around our provision of resources, including to the Standards Commissioner.

There are on-going conversations between the Commission, the Standards Committee and the Standards Commissioner around future resourcing and governance arrangements. However as noted above, we are required by law to provide the Standards Commissioner with the resources he requires to discharge his functions.

Recommendation 6.

The Committee recommends that the Commission prioritises funding for awareness raising of voting at 16 and works proactively with the Electoral Commission, the Welsh Government and local authorities to ensure a comprehensive awareness raising campaign.

Accepted. The Commission has prioritised £150,000 for awareness raising of lowering the voting to 16 within the 2020-21 budget (within the £500,000 pre-election costs) and we will continue to work proactively with the organisations listed above.



Annex 3

Transparency in decision making around staff numbers

To address the Committee's regret that "there is not more transparency in decision making around staff numbers (page 19)", the following note outlines the Commission's developing thinking about its establishment.

In October 2017, the Finance Committee recommended that the number of full-time equivalent posts (FTE) in the Assembly should remain static for the financial year 2018-19. In fact, the average FTE number for 2018-19 was 442.79, as opposed to 451.19 in 2017-18. However, maintaining a static FTE count for a fixed period is not a practical measure for any organisation, as the number of FTEs can change on a daily basis due to leavers, secondments, maternity leave and job shares, for example. Having looked hard at how to respond positively to the principle behind the Finance Committee's recommendation, we concluded that the best approach would be to focus on maintaining a fixed number of establishment posts, benchmarking against a starting point in 2017 of 491. We would also give an undertaking to work within this cap for as long as possible and only seek to vary it with the permission of the Assembly Commission.

For 18 months we have been successful in maintaining the number of established posts at or below this cap, whilst responding to a significant growth in demand for Commission services. We have been able to do this by introducing greater discipline around the allocation of posts, looking to re-prioritise vacated posts to meet new demands, increasing the scrutiny of individual services resource plans and actively looking to combine roles where possible, so two posts becoming one. The Commission's Executive Board has taken on the responsibility for making all decisions on requests for resources and the Commission has been regularly informed of the outcome of these decisions.

In addition, we have kept the Committee informed of developing pressures on our establishment total as new needs have emerged, most notably those arising from Brexit. We have been challenged by both the Finance and Public Accounts Committees about our resourcing plans for Brexit, whilst also being urged to consider staff wellbeing and the increasing incidence of absence from work due to stress.

Clearly, in the 2019-20 Budget we did state an ambition to manage our:

"staffing resources robustly to meet the needs of the Assembly, within its fixed establishment of 491 posts, until the next election." ,



However, during the Finance Committee scrutiny session of the budget on 3 October 2018 we gave notice that this might need to change:

“we are at the moment staying within that establishment post count of 491”

and we repeated this in our response to the Committee’s report on the 2019-20 budget, stating that we would work:

“for as long as possible, within the overall establishment cap of 491 posts”

This change in our ambition to manage within a fixed establishment cap was singularly driven by the need to ensure that we could continue to support Members and the Assembly in addressing the increasing workload brought about by Brexit preparations. In this we were not alone in recognising the need for resources, with the Welsh Government and Scottish and UK Parliaments all identifying similar resource needs. In the course of the following months it became increasingly evident through our forward planning processes, that the measures we had introduced to manage demand within available resources would only go so far and that if we were to avoid compromising our goal of providing outstanding parliamentary support, we would need to consider other options.

We therefore introduced a Voluntary Exit Scheme to release capacity in the organisation to repurpose posts, restructure services to focus on priority demands and enhance our agility to respond to these challenges.

The Chief Executive wrote to the Committee on 20 November 2018 informing it of the Commission’s agreement to run a VES. In the letter we stated that:

“The VES will help to ensure that the Commission can continue to provide the necessary skills, expertise and capacity to support the Assembly through the particular challenges brought by Brexit and Constitutional Change, whilst continuing to work, for as long as possible, within the overall establishment cap of 491 posts.”

The VES succeeded in releasing 24 posts, however by early 2019 it was evident that even this would not be sufficient to address the immediate and increasing resource needs of the Commission, driven by Brexit.

In its 1 April 2019 meeting, the Commission was asked to agree to allow a modest and controlled increase to the establishment, beyond 491 and that that an increase of up to 10 posts could be funded from the existing staffing budget – due



to levels of churn. The immediate need was for 6 posts, required to provide additional clerking support driven by the volume of Brexit legislation and translation capacity including specialist legislation translation expertise. The result of the Commission agreeing to this was to take the number of established posts from 491 to 497, but recognising that the establishment may need to increase to 501.

On 3 May 2019, the Chief Executive wrote to the Finance Committee, informing it of the Commission's decision to agree an increase in the number of established posts from 491 to 497 – for the 6 posts mentioned above.

The 2020-21 draft budget further explains the pressures faced by the Commission and notes the increase in the establishment cap to 501. However, the number of posts utilised remains at 497, as communicated to the Committee in May 2019, and currently we are meeting demand within this number as a result of our detailed planning and by continuing to operate the discipline and prioritisation controls mentioned above. Should any requirement to increase beyond 497 become necessary then we would seek the Commission's agreement in the same way as we did for the increase from 491 to 497.

The two Standards Commissioner posts are outside of this cap as it is not within the power of the Commission to control or limit this resource. We note the Committee's separate recommendation about this issue and look forward to further dialogue on the matter.



Annex 4

Brexit Preparedness

Risk Landscape

To date, the main impact of Brexit on the Assembly has related to its work as a legislature.

The longstanding uncertainty around the timing of the UK's withdrawal from the EU and the terms of any departure has created challenges in planning how we resource the work that the Assembly, as a legislature, needs to deliver.

Regular detailed scenario planning has helped us identify pressures and issues that could arise from each of the scenarios we are likely to face at the end of October 2019 i.e. that a Withdrawal Agreement is reached before the end of October; there is an extension to Article 50; or the UK exiting the EU without a deal.

Under each scenario there will be an increase in the volume of business at fairly short notice. It is likely that this increased business would be for a longer period of time under a no deal scenario. While an extension to the Article 50 negotiating period would allow more time for planning and for legislation to be passed, it is likely there would still be an intense period of activity towards the end of any extension period. That said, the bulk of subordinate legislation scrutiny was done during an intensely busy time for the Constitutional and Legislative Affairs Committee and for Legal Services prior to the previous March 2019 deadline.

Regardless of which Brexit scenario plays out, we have been planning for work post-Brexit. The Assembly will have a key role to play in the scrutiny of new UK-wide common policy frameworks and international agreements, including trade agreements, in the coming months. Consideration is being given to further rebalancing staff resources, and assessing the skills and expertise needed to support effective scrutiny of new UK-wide post-Brexit arrangements.

Brexit is also likely to have an impact on the Commission's corporate services, and again, the extent and timing of these impacts will depend on the terms of the UK's withdrawal from the EU.

We will look to minimise the financial impacts on the Commission and mitigate against the need for additional funding requests, by continuing to focus on building skills and capacity in areas as demand arises.



As mentioned in the scrutiny session, there could be scenarios that could be expensive and we have undertaken analysis of the impact of a no-deal Brexit on our large service and supply contracts, including issues relating to procurement, for example catering, IT hardware and facilities maintenance. While we do not anticipate problems in supply, costs are likely to increase. Assessment of the impact of a no-deal Brexit on the Assembly Commission's budget for both the current year and for 2020-21 is that additional cost to the budget is unlikely to be more than £50,000 - £100,000. Other potential impacts relate to workloads and ensuring we rebalance staffing resource and expertise to be able to respond to post-Brexit scrutiny arrangements and to continue to meet Members' expectations.

Risk Management

The Assembly Audit and Risk Assurance Committee has been kept apprised of the controls and actions in place to assess the implications of various Brexit outcomes on business and on corporate services and to mitigate any risks.

The following controls and actions in place:

- Regular scenario planning involving officials from across the Commission assessing what different Brexit scenarios might mean for Assembly business and the resources that support it.
- Regular assurance exercises examining the Commission's preparedness across corporate services, particularly in the event of a no-deal. This included reviewing our plans for potential recalls of the Assembly during recess and learning lessons from the recall during the summer recess; an assessment of the potential impact on the Commission's large service and supply contracts; how the Assembly might deal with any civil unrest and protests; the implications of changes to freedom of movement after Brexit for our current employees and vetting procedures; and impact of a no-deal Brexit on the Assembly Commission's budget.
- A central point for co-ordinating the Assembly's Brexit work, with senior official oversight, enabling us to share information and identify issues or problems that may arise. Officials meet weekly to share information, and to plan and identify emerging priorities or activities that need to be taken forward.



- Preparatory work on the Assembly's role in scrutinising Brexit beyond exit day and the mechanics and structures needed around these, such as changes to Standing Orders or committee remits.
- Ongoing use of the Brexit Academic Framework to add capacity and expertise via external resource, enabling us to respond quickly to events or complex matters.
- Training sessions for Members, AMSS and Commission staff to ensure awareness of key Brexit developments and to increase expertise.
- The deployment of additional resources to support Brexit related Assembly business to increase resilience.
- Regular dialogue between the Llywydd and committee chairs through the Chairs Forum about workload, resources and forward planning.
- Regular liaison with the other UK parliaments through Member-led channels such as the Interparliamentary Forum on Brexit, and between officials at all levels.
- Formal and informal discussions with Welsh Government officials.
- A communications strategy to highlight work and activity across the Assembly to both internal and external audiences.
- Preparations for any civil unrest/protest and regular conversations with South Wales Police who are preparing for Brexit as part of their national strategy.

The approach we have taken means we have been able to identify and plan for issues that need addressing as early as possible. Resourcing needs are kept under constant review so that we are able to continue to meet Members' expectations.

Assembly Commission
22 October 2019

