

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

6 November 2018

Dear Llyr

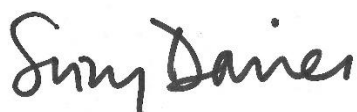
Thank you for your committee's **Report on the Scrutiny of the Assembly Commission Draft Budget 2019-2020**, published on 22 October 2018. The Commission's response to the Finance Committee recommendations is detailed in the annex attached.

We note and welcome the Committee's conclusion that it is content with our draft budget budget proposals.

We also note the Committee's conclusion that any unexpected Determination costs should not be met from within the Commission's operational budget. If unexpected costs arise whereby the Determination spend exceeds the budget, we would look to seek a supplementary budget where this amount is significant.

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



Suzy Davies  
cc Manon Antoniazzi, Nia Morgan

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



## Finance Committee Recommendations

**Recommendation 1.** The Committee recommend that the Commission has a consistent approach to how changes to annual budgets are presented, for example, with or without the inclusion of non-cash and annually managed expenditure.

We note and welcome the Committee's comments that the changes introduced to the 2019-20 budget document contribute to transparency in our budgeting process. We aim to continue with the openness that we have shown and wish to continue to work with the Committee to improve our budget submissions year-on-year.

It was difficult during this transitional year to provide a clear comparison between the 2018-19 and 2019-20 budget. The Committee notes that it is content with the new draft budget proposal and presentation and therefore going forward we will present future budgets in a consistent manner to ensure that there is a direct comparison between the 2019-20 and 2020-21 and future budgets.

We propose that we continue to monitor the increase in the Welsh Block Grant and ensure that the Commission's **operational** budget increases in line with the Welsh Block Grant.

The **operational** budget includes revenue expenditure (staff and non-staff), capital expenditure and the new project fund. The operational budget for 2019-20 is set at £37.076million, as stated on page 36 of the draft budget.

The operational budget excludes any non-cash amounts (pension finance costs (AME) and depreciation), and any Member or election related costs (including the Remuneration Board's Determination budget). These amounts are mainly outside the control of the Commission; with the AME budget set, based on advice provided by the Government's Actuaries Department (GAD) and the Determination Budget set by the independent Remuneration Board.



**Recommendation 2.** The Committee recommends that, prior to laying the final budget, the documentation is amended to clarify the project work being undertaken under the heading “public information and engagement”.

The Llywydd’s engagement priorities for the Fifth Assembly include the development of our online engagement services, establishing a Youth Parliament and the ambitions described in the Commission’s own Public Engagement Strategy. Further specific recommendations and impetus have been added by the report of the Digital News and Information Task Force.

Within Annex 3 of the 2019-20 draft Budget, the sub-heading “To engage with all the people of Wales and champion the Assembly”, lists the engagement priorities for 2019-20. This include the Website and other public information and engagement activities. Page 25 of the draft Budget document provides further detail on these public information and enagement priorities. These initiatives include the following:

- The Commission will mark the twentieth anniversary since the Assembly’s establishment in May 2019 by promoting its work, achievements and history during the week commencing 6 May 2019.
- The Commission will also host a festival of democracy as the centrepiece of the anniversary to include lectures, events, and activities. This is likely to take place early in the autumn term.
- The Commission has agreed to invest in improved social listening tools.
- The Commission has also agreed to pursue the option of investing in an existing news wire service to increase the volume of dedicated Assembly news output. The proposal is to run the service as a pilot for twelve months subject to a full business case.

These four initiatives are in the early stages of planning and costs are currently estimated to be in the region of a total of £125k.



**Recommendation 3.** There is uncertainty around the costs associated with the Youth Parliament and the Committee recommends that further consideration is given to how the costs are determined, and how they are presented in the draft Budget.

In November 2016, as part of a wider Assembly reform programme, the Commission announced its intention to establish a Youth Parliament for Wales. In September 2017, the Commission agreed to pursue an option to establish a Youth Parliament with representatives elected electronically during 2018.

The budget for 2018-19 includes a specific amount of £100k for the Youth Parliament. This is shown within Annex 3 of the 2018-19 Budget document which details the Investment Priorities.

This expenditure included the following:

	Budget 2018-19
<b>Phase 1</b>	
Consultation and engagement	£9,600
<b>Phase 2</b>	
Establishing an election system	£21,600
Resource development	£20,000
Running Costs	£48,360
<b>Total</b>	<b>£99,560</b>

In non-election years, such as 2019-20, it is anticipated that only the running costs of the Youth Parliament will be incurred. The 2019-20 draft budget includes £50,000 of running costs. The costs of the Youth Parliament are no longer shown within Appendix 3 (Priority Projects) as the Youth Parliament is now considered to be “Business as Usual” and is a core item of expenditure that now appears within a service budget within the Engagement Directorate.

The running costs of the Youth Parliament are shown in the table below. These costs are expected to be incurred each year, totalling around £50,000. There will be additional costs, as stated above, in election years.

The round of regional events, meetings and the first residential will be held in January/February 2019 and will provide clearer evidence of the actual costs relating to the Welsh Youth Parliament plenary meetings. The Executive Board



will review the costs as soon as possible in the new financial year and consider any reasonable adjustments it should make based on the evidence presented.

Activity	Costs £
Residential meeting of all 60 WYPMs Costs include T&S, transportation of WYPMs to and from Cardiff Bay, additional external staffing support, and overnight costs.	17k
Four regional engagement events (one in four regions) (2.5k x 4) Opportunity for regional WYPMs to engage with young people in area and feed into WYP programme	10k
12 WYPM meetings (three during the financial year in each region) (1.5k x 12) Opportunities for training, developing plans for upcoming WYP activity with Assembly staff	18k
Contingency	5k
Total	50k

**Recommendation 4.** The Committee would welcome clarity on the Legislative Workbench project, including clarity over the costs and how this will be shared with the Welsh Government.

Within the draft budget document, on page 22, we stated the following:

The estimated cost of these enhancements is £200,000, which would be split equally between the Commission and the Welsh Government, over two years. The Commission's contribution is included as £100,000 in 2019-20 and in 2020-21.

To provide greater clarity in the final budget, this section will be amended to the following:

The estimated cost of these enhancements for the Commission is £200,000 over the next two financial years. Total costs of around £400,000 will be split to meet the joint objectives of the Commission and the Welsh Government. This will continue for two years while the next steps are considered for a long-term replacement of the software. The Commission's contribution is £100,000 in 2019-20 and £100,000 in 2020-21.



**Recommendation 5.** The Committee recommends that any staffing decisions are given serious consideration by the Commission, including any Voluntary Exit Scheme, and any such scheme should be closely linked with the findings of the recent Capacity Review.

Among the actions arising from the Capacity Review were a requirement for better prioritisation of how Commission resources are utilized, more flexibility in how we can quickly deploy staff to meet new needs and better planning to improve efficiency. The result of implementing these actions has meant that we have successfully met an increasing demand for resources from within the existing establishment of 491 posts and we have been able to reallocate 10 vacancies, arising from natural turn-over, to higher priority roles, primarily arising from Brexit and Constitutional Change. However, this approach alone cannot be relied upon indefinitely and, whilst we are committed to recruiting within the 491 establishment, the Commission will need other solutions to meet new demands for resource and skills.

To this end, we have been carefully considering whether the time is now right to offer a Voluntary Exit Scheme (VES), having previously done so at the end of 2015. The aims of the VES would be to:

- allow the Commission to respond to changes in skill and expertise requirements;
- facilitate organisational change, including within particular teams;
- improve workforce efficiency; and
- where possible to deliver long-term savings and avoid an establishment increase in meeting resource needs.

The Commission considered this at their meeting on 5 November 2018. We will write to the Committee with their decision.



**Recommendation 6.** The Committee is concerned by the apparent increases in sickness absence and staff turnover and recommends that further information is provided as to how they are addressing these issues.

## Absence

We wrote to the Committee on 16 October 2018 to provide it with recent sickness absence figures. In this letter we stated the following:

Since March 2018, the sickness figures have improved and have dropped below the public sector benchmark over the last three months, though we have yet to see the full impact of the action we are taking.

Month	Sickness Absence - % rolling 12m average
March 2018	3.8%
July 2018	3.64%
August 2018	3.44%
September 2018	3.36%
CIPD Public sector Benchmark	3.7%

The Commission is actively working on initiatives to improve absence levels and the wellbeing and mental health of staff.

From 2-12 October we launched a Work Life and Wellbeing event for all staff. The event was dedicated to better health and wellbeing, including advice for employees and managers about how best to manage their work and home life in order to improve their wellbeing and lifestyle. This also encompassed World Mental Health Day on 10 October, supported by the members of our mental health staff network MINDFUL. Finally throughout October, our occupational health nurse has been offering free health checks for staff.

Absence is the focal point of HR Business Partner discussions, and absence data and reporting have been improved to clearly show how each department compares to the benchmark and our organisational target. We are happy that a 12 month period of intense scrutiny and change has resulted in only a marginal increase to our rolling absence rates in March 2018, and has reduced in subsequent period within the reported CIPD public sector average of 3.7%.



## Turnover Rate

Despite a year of change and uncertainty, during which demands have increased and we have committed to an establishment of 491, we are pleased that our turnover rate of 10.8% remains significantly below the public sector average of 15%. As anticipated, our exit interviews tell us that in the main, people are leaving voluntarily for a new job, for promotion and 20% of leavers either retired or came to the end of a fixed term contract.

Turnover is not all bad, of course and given that we are a relatively small organisation the turnover has provided an opportunity for remaining staff as well as allowing us to reallocate some vacant posts to meet new resource requirements driven by Brexit and Assembly Reform.

**Recommendation 7.** The Committee recommends that the financial impact of any proposed legislation regarding Assembly Reform is accompanied by a robust financial impact assessment.

In accordance with Standing Order requirements, the financial impact of the Welsh Parliament and Elections (Wales) Bill will be set out in the Explanatory Memorandum that will be laid alongside the Bill on introduction.

The documentation will set out the best estimates of the financial impact of the legislation on the Assembly Commission and on external bodies. This will include the costs and savings arising from the proposals and the timescales of when such costs and savings will fall. In preparing the financial impact assessment, the Assembly Commission will have regard to the recommendations made by the Finance Committee following its [Inquiry into the financial estimates accompanying legislation...](#)

The Bill will be subject to the usual legislative scrutiny processes, ensuring that the Assembly and its committees will be able to scrutinise the financial impact assessment. Should the costs arising from the Bill be considered 'significant', then in accordance with Standing Orders 26.68 to 26.74, the Assembly will be asked to consider a Financial Resolution.

In addition, as the Bill will include provision which touches on protected subject matters, as defined in section 9 of the Wales Act 2017, it will require a "super-majority" at its final legislative stage. This means that for the Bill to pass at least 40 Members will need to vote in favour at Stage 4.





**Recommendation 8.** The Committee recommends that the Commission provides details of the changes in the final budget reflecting spending on Assembly reform to the Committee. Should there be a requirement for a supplementary budget in relation to reform the Commission should provide details to both the Finance Committee and Welsh Government as early as possible.

We are not proposing any changes to the final budget to reflect spending on Assembly Reform during 2019-20.

Assembly Members agreed on 10 October 2018 to allow the Assembly Commission to introduce the Welsh Parliament and Elections (Wales) Bill. This Bill will be introduced in early 2019. The best estimates for the additional implementation costs required for this Bill for 2019-20 at the time of laying the draft budget are reflected in the document (Annex 3 sets out that £25,000 has been set aside as additional costs for name change in 2019-20). Costs relating to raising awareness regarding the change in the franchise are anticipated for 2020-21. These costs will be set out in more detail in the financial impact assessment which will accompany the Bill (see the response to Recommendation 7 above).

The second phase of the Commission's legislative programme relates to electoral systems and the size of the Assembly. The Commission has decided to allow time for cross-party discussions on the options for the second phase to continue and potentially legislating within this Assembly if there is cross-party support.

Work to support both phases of the Commission's Assembly Reform programme is being undertaken through a reprioritisation of resources, and where possible with posts and their associated funding being redeployed from elsewhere within the organisation. This is part of the Commission's commitment in response to the findings of the Capacity Review. We will continue to monitor the need for additional resources to meet priorities associated with Brexit and Assembly Reform. In exceptional circumstances we may need to revisit the establishment cap of 491.

During 2019-20 additional funding for Assembly Reform may be required. This will depend on the outcome of cross-party discussions. Until then, the costs are not known. If further funding for Assembly Reform is deemed necessary as a result of these decisions and this cannot be found by redeployment of staff and funding from within the Commission budget, we would then consider a Supplementary Budget for 2019-20. We will provide details to both the Finance Committee and the Welsh Government as soon as this becomes evident.



