

Nick Ramsay AM  
Chair of Public Accounts Committee  
National Assembly for Wales  
Tŷ Hywel  
Cardiff Bay  
CF99 1NA

3 May 2019

Dear Nick

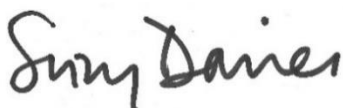
## **Public Accounts Committee Report on the Scrutiny of Accounts 2017-18**

I am writing in response to the Public Accounts Committee report on the Scrutiny of Accounts 2017-18. I would like to thank the Committee for their scrutiny. We will continue to develop our approach of including accessible and transparent information within our Annual Report and Accounts document.

I would also like to take this opportunity to assure the Committee that we remain as committed as ever to providing assurance through external scrutiny and audit as well as our internal governance framework. This work is vital in underpinning our confidence that we use resources efficiently, economically and effectively in delivering our services to the Assembly.

Your Committee's recommendations concerning the Commission (Recommendations 2-10) are addressed in full in the attached Annex. If you would like any further information on any matter covered in the Annex, please do not hesitate to let me know.

Yours sincerely



Suzy Davies

cc Assembly Commissioners, Manon Antoniazzi, Nia Morgan



# Public Accounts Committee Report on the Scrutiny of Accounts 2017-18

**Recommendation 2.** The Committee recommends that the Assembly Commission's targets include alternative measures, for its financial performance, ensuring rigour in the management of its finances. These could reflect the separation of the resources available for its use and for the Remuneration Board.

## **New Corporate Performance Indicators**

The Commission had considered and agreed a new set of corporate performance indicators, to take effect from 1 April 2019.

The new performance indicators continue to align with Commission's goals and priorities, but take a revised approach with more focus on:

- a. A set of strategic measures of overall corporate performance; and
- b. A set of measures that provide 'stretch' to develop performance where there is a need for improvement or a risk of plateauing

Commissioners particularly welcomed the development of the stretch indicators, which will address procurement with Welsh suppliers, sickness absence, engagement, BAME representation in the Commission workforce, supporting Members to work in the language of their choice and reducing business-related car travel.

Commissioners agreed that both sets of indicators should be reported in the Annual Report and Accounts, rather than in a separate performance report.

## **Separation of the resources available for its use and for the Remuneration Board**

The Budget for 2019-20 already includes separate lines for the Commission's operational budget and a budget for the independent Remuneration Board's determination.

Historically, the budget for the Remuneration Board's Determination has delivered an underspend which has been utilised by the Commission to fund certain projects. To address the Finance Committee's recommendations and to increase transparency, the 2019-20 budget incorporates the following:

- any underspend against the Remuneration Board Determination budget line in 2019-20 will not be drawn from the Welsh Consolidated Fund and will be available for carry forward within the Welsh Reserve.



- a new project fund line is included, in addition to the Commission operational budget. This replaces the previous investment fund which was funded from determination and operational underspends.

**Recommendation 3. The Committee recommends that the Assembly Commission sets a broader and more ambitious target for cost savings or efficiencies that reflects the full range of its activities rather than it relate solely to the contracts it is due to renew in the year. Performance against the target should be reported each year in the Assembly Commission's accounts.**

The Commission's strategy in setting its annual budget continues to be to propose a budget that is the minimum required to fulfil its statutory requirements and to deliver its goals. The recent changes the Commission has made to improve transparency, by identifying necessary project investments and by separating the operational budget from the determination budget, both reinforce this strategy of only asking for the minimum resources needed. We will continue to work to drive efficiency through our procurement activity as contracts come up for renewal and new contracts are let, as we consider this to be a demonstration of good governance. However, given this strategy, we do not consider it to be necessary or indeed efficient, to set an arbitrary target for annual cost savings and indeed we feel this could lead to a perverse incentive to increase the annual budget purely to deliver a year-end saving and meet the target.

**Recommendation 4. The Committee recommends that the Assembly Commission provides to the Committee, when more detail is known, an update on the operation and the outcome of its Voluntary Exit Scheme, including how it was informed by its Capacity Review.**

Unlike many public sector organisations, the Assembly Commission does not regularly offer Voluntary Exit. The last time such a scheme was made available was during 2015/16. The current VES scheme was open to applications between December 2018 and January 2019. The aims of the VES, which were derived directly from the capacity review were to:

- Allow the organisation to respond to shifts in its skill requirements;
- Improve workforce efficiency;
- Facilitate organisational change; and
- Deliver long-term savings where possible and/or avoid additional costs in meeting skill shortages.



In total, 43 applications were received and these were considered against the scheme criteria, by a Panel which included an Independent Advisor to the Commission and was observed by a member of the Trade Union Side and the Head of Governance and Assurance. The Panel's assessment of every application was based on the information available via the application, supported and scored by the relevant line manager and subject to moderation undertaken by an independent moderating panel. 22 applications were accepted. A further 4 applications were considered on appeal and were approved following the consideration of additional information not provided in the application. Two applicants subsequently rejected the offer of VES and thus a total of 24 staff will exit by September 2019.

The initial budget of £800k was subsequently increased at Executive Board to £950k and then increased further to £1.016m. Following the completion of the appeal process and to address the aims of the scheme, the final cost was within the agreed budget, and was well within the Cabinet Office Scheme approved budget of £1.5m.

We are confident that the process followed best practice and took account of the lessons learned from the previous VES in 2015-16. We ensured that independent and objective assurance was provided for all stages of the Scheme. We consider that the Scheme has been effective and has delivered the aims, as well as providing a significant opportunity to make valuable organisational changes to improve efficiency and effectiveness.

**Recommendation 5. The Committee recommends that the Assembly Commission includes a breakdown of staff absence data in its internal monitoring reports, as well as its annual accounts, to differentiate absences due to mental health issues from other illnesses/reasons.**

A breakdown of staff absence data is monitored by the HR Business Partner team for discussion with Heads of Service at monthly meetings, and is reported at Leadership Team quarterly. On an annual basis, a leadership team meeting is dedicated to discussing absence, causes, patterns, benchmarking and remedial actions to support increased wellbeing.

We don't currently report a breakdown of staff absence data in our annual accounts by reason but will review this in producing the 2018-19 Annual report.



**Recommendation 6. The Committee recommends that the Assembly Commission provides the Committee with information on how staff turnover rates have changed over the last four years from 2015-16 to 2018-19.**

The following table shows the rate of staff turnover between 2015-16 and 2018-19:

Year	Average Headcount	Leavers	Turnover
2015-16	415.95	34	8.17%
2016-17	428.96	38	8.86%
2017-18	451.21	34	7.54%
2018-19	442.55	43	9.72%

Our annual rate of staff turnover has been fairly consistent over this period. We recognise that some turnover is healthy for organisational diversity and refreshed career development opportunities. Annual turnover has provided us with opportunities to change the skills-mix in services and reallocate some posts to higher organisational priorities, particularly Brexit. For comparison purposes, the Public Sector average turnover is 15.7%<sup>1</sup>.

**Recommendation 7. The Committee recommends that the Assembly Commission provides to the Committee details of the changes it has made to its performance management system, together with an assessment of their effectiveness in strengthening arrangements.**

In 2016 we introduced a competency-based approach to our objective setting and monitoring in order to assess performance based on 'what' had been achieved and also 'how'. This improved both the PMDR completion rate and the quality of objectives set.

In September 2018 we amended the process in order to provide a simplified approach to recording discussions, allowing line managers and staff to better focus on the content. This change also received positive feedback, with 80% of staff reporting that they have clear work objectives and receive regular feedback on their performance, and that their performance is evaluated fairly.

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<sup>1</sup> Labour turnover rates survey 2018



We undertook an internal audit of the performance management process in December 2018 and we have just concluded an externally facilitated future-needs review which has provided recommendations for further enhancing our performance management and development processes.

**Recommendation 8. The Committee recommends that the Assembly Commission builds on the work to engage with Black, Asian and Minority Ethnic Communities and leads the way across the Public Sector by including, in its annual report and accounts, disclosure of the ethnicity pay gap.**

We are committed to improving our engagement with Black, Asian and Minority Ethnic Communities, through our outreach work and by continuing to identify all opportunities to increase representation within the Commission's workforce. We have recently engaged Business in the Community to work with us and the Commission has agreed a new stretch indicator for BAME representation in the workforce.

As part of our Annual Diversity and Inclusion Report we publish details of staff pay by race / ethnicity. However, we do not currently publish an assessment of any ethnicity pay gap, as we are awaiting the outcome of the UK Government's recent consultation on what its approach to Ethnicity pay gap reporting will be. The consultation closed in January 2019 and the timescales for reporting its findings are currently unknown. Once the outcome of this consultation is available we will consider its suitability for reporting within our annual report.

**Recommendation 9. The Committee recommends that the Assembly Commission ensures there is sufficient investment in other sustainability measures, including charging points, to promote the use of electric vehicles and increase its environmental credentials.**

We currently have capacity for up to four electric vehicles to be charged at any one time. There are two additional electric charging points adjacent to the pool car parking space for charging this vehicle and to provide additional capacity.

We charge staff for the electricity used in charging their vehicle but do so at cost price to ensure the financial benefits of using electric cars remains as attractive as possible.

The use of all the parking spaces is monitored daily, and we are in frequent contact with the electric vehicle users to ensure the charging point spaces are working efficiently. We also actively seek views on parking provision, and ownership of electric vehicles by staff as part of our travel survey.



Should demand for charging points increase sufficiently over time, the Assembly will be able to increase provision of this facility in order to support those who've made the switch to an electric vehicle.

**Recommendation 10. The Committee recommends that the Assembly Commission works with the Welsh Government to share more widely any relevant learning from its own efforts to increase its Welsh supplier base.**

This is in progress and the Head of Procurement has had discussions with staff from Welsh Government and further talks are planned. We are working with Atamis (Atamis produces annual performance reporting on procurement across the WPS) to see whether we can help to refine their reporting capabilities around expenditure with Wales-based suppliers. Finally, we are in contact with the South Wales Chamber of Commerce to understand what more if anything we can do to support Welsh suppliers to win business from us.

