

# Assembly Commission Annual Report and Accounts 2018-19: Report of the Public Accounts Committee

December 2019

## Introduction

1. The National Assembly for Wales Commission (the Assembly Commission) is one of the two bodies whose annual report and accounts are subject to annual scrutiny by the Public Accounts Committee (the Committee). This was the sixth year that the Assembly Commission's accounts have been scrutinised by the Committee.
2. The Annual Report and Accounts, 2018-19 were subject to audit by the Assistant Auditor General for Wales, Anthony Barrett, and the unqualified audit opinion was signed on 16 July 2019. The Committee scrutinised the accounts on 30 September 2019.<sup>1</sup>
3. Last year, the Committee made nine recommendations specifically to the Assembly Commission in its Scrutiny of Accounts 2017-18 report.

## 1. Financial and operational performance

4. The Assembly Commission has an annual net budget of around £55 million. It has a set of key performance indicators (KPIs), in place until 1 April 2019, which include a 0.5% target for resource outturn. The Committee recommended in its 2017-18 Scrutiny of Accounts report that the Assembly Commission revise this KPI to reflect that financial targets should demonstrate the actions taken to ensure

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<sup>1</sup> Record of Proceedings (RoP), 30 September 2019



rigour in the management of finances, and not just relate to minimising underspend.

**5.** The Assembly Commission explained that it has set new KPIs for 2019-20 as it had been achieving the majority of the existing targets. Suzy Davies AM, the Commissioner for Budget and Governance, explained that certain elements of the work of the Assembly Commission “perhaps needed a little bit more stretch” and that the Assembly Commission:

“...should be looking not just at quantitative responses to the KPIs that we were setting, but some qualitative ones as well. So, for example, it's not just a case of how many visitors we might get in a given year, but the impact of those visitors—how much they might have learned about the work of the Assembly, its role in the constitution and so forth.”<sup>2</sup>

**6.** The Assembly Commission provided the Committee with a copy of its new KPIs and stretch targets<sup>3</sup> following the Committee meeting. Having reviewed these, the Committee believe some of these targets could be more ambitious – for example we would expect to see the target for all Parliamentary Business has taken place as scheduled to be set at 100%. While we understand this may not always be achievable, it seems illogical to be aiming for less.

**7.** The Committee previously noted the need for the Assembly Commission to revisit its targets around its financial management. The Auditor General for Wales is not required to satisfy himself that the Assembly Commission has proper arrangements for securing economy, efficiency and effectiveness in its use of resources, commonly referred to as the “Value for Money conclusion”. Given this, the Committee does not see the value of a KPI for which the target is that the Auditor General for Wales gives an unqualified opinion on the Assembly Commission’s annual accounts. Indeed we consider it an expectation that accounts should be unqualified.

**8.** The Committee noted that there was still an outturn target contained in the KPIs but that this has a range of values of between 0% to 1.5%. The Committee has concerns that there is now a larger range than existed previously, and that the upper value is 1% higher than the previous target. Our previous recommendations in this area were aimed at moving away from an indicator which may inadvertently incentivise spending all available funds.

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<sup>2</sup> RoP, 30 September 2019, paragraph 12

<sup>3</sup> Written Evidence, PAC(5)-27-19 PTN2, 4 November 2019

**9.** The Committee were pleased to note that 2018-19 is the first year where the Assembly Commission has returned underspend from the Remuneration Board determination budget to the Welsh Consolidated Fund and that all such underspends will be returned in future years, in line with previous recommendations from both the Public Accounts and Finance Committees.

**Recommendation 1.** The Committee recommends that the Assembly Commission introduce a KPI focusing on financial management as opposed to an outturn target.

## 2. Staffing

**10.** The Assembly Commission ran a voluntary Exit Scheme (VES) during 2018-19. 24 staff left under this scheme. The accounts show a cost of £1.016 million for the VES. The Committee questioned the Assembly Commission about the benefit and value for money of the VES. Suzy Davies AM, explained that the main purpose of the scheme was not necessarily to save jobs or money, but was more about refreshing the skills in the workforce. The Committee noted that the VES is usually used as a tool when staffing is being refreshed and headcount reduced. We would not want to see the Assembly Commission using a VES periodically in the future without these aims in mind.

**11.** The Committee noted the information in the diversity and inclusion report which sets out various workforce profiles including gender and race. The Committee noted that while the Assembly Commission had a balanced workforce in terms of gender, Black, Asian, and minority ethnic (BAME) staff, were under represented at middle and senior management levels, which the annual report identified:

“...warrants further examination as we [the Commission] have identified similar differentials in previous reporting years for race/ethnicity.”<sup>4</sup>

**12.** The Committee was pleased that the Assembly Commission had responded to their previous recommendation to publish the ethnicity pay gap and questioned them about the BAME differential. The Committee noted the work being undertaken with Business in the Community Wales, in particular positive actions around ensuring recruitment information is inclusive and training and expect to see evidence of progress in future years.

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<sup>4</sup> Assembly Commission, [Annual Report and Accounts 2018-19](#) (July 2019)

**13.** The Assembly Commission has set a stretch target that the individual scores for BAME applications for externally advertised jobs; number of successes at sift; and the number of offers of employment increase year on year for the next 3 years.

**14.** The Committee notes this target, but remains concerned about the differential between BAME and non-BAME staff, and we believe that there would be a benefit to tracking improvements on a year on year basis to allow comparisons over a greater time period.

**Recommendation 2.** The Committee recommends that the Assembly Commission includes the last three years figures of BAME pay gap within the diversity and inclusion report to allow for better comparisons of the progress made in this area.

**15.** The Committee explored with the Assembly Commission whether any assessment had been undertaken around Welsh Language requirements and difficulties in recruiting certain groups such those from BAME communities and those from lower socio-economic backgrounds, particularly since recruitment requirements were changed in summer 2018. Manon Antoniazzi, the Chief Executive and Clerk to the Assembly, explained that the Assembly Commission had worked to refine its approach to Welsh Language needs by introducing different levels of skill requirements, and providing Welsh Language training to any staff wanting to learn or develop these skills.

**16.** The Committee notes the actions taken by the Assembly Commission to make the Welsh Language requirements more nuanced. However, we remain concerned about the perceptions of people outside of the organisation about the need to speak Welsh to work for the Assembly Commission and are concerned that the Assembly Commission are not currently able to draw conclusions regarding the impact of the changes of these requirements.

**17.** The Committee notes that figures for external recruitment in the Diversity and Inclusion annual reports show that the total number of applicants per externally advertised vacancy was lower in 2018-19 than any other year in the 2014-15 to 2018-2019 period and also that applicants identifying as BAME are half as likely as those identifying as non-BAME to progress to a job offer.

**Recommendation 3.** The Committee recommends that the Assembly Commission provide evidence to reassure the Committee that recruitment policies are not restricting the overall number of applicants and in particular

those from BAME and people from lower socio-economic groups, to feed into the Committee's scrutiny of the Annual Report and Accounts next autumn.

## Staff and Assembly Member Surveys

**18.** The Assembly Commission staff survey was run in December 2018 to January 2019. The response rate for the survey fell significantly from 82% to 62%. The Assembly Commission annual report states that future surveys will be undertaken in September. The Assembly Commission recognised that the response rate indicated that the timing had not worked on this occasion.

**19.** The Committee notes that the Assembly Commission does not publish its results of the survey into the public domain, unlike the [Welsh Government people survey](#) and other public service organisations such as the NHS. This is something the Assembly Commission should do in future to maximise transparency.

**20.** The Committee noted that in the engagement index of the annual staff survey is consistently in excess of the Civil Service score. Given that this is consistently over reached, the Committee is not clear whether setting the overall engagement index score for the annual staff survey to be at or above the Civil Service average score as a KPI target is sufficiently ambitious.

**Recommendation 4.** The Committee recommends that the Assembly Commission gives consideration to setting a more specific percentage figure target for the engagement index in light of its consistently exceeding the target currently set.

**21.** The overall satisfaction score for AM/AMSS is listed as a KPI. We believe for this to be an effective KPI it needs to be consistently calculated over time, for example through a single overall satisfaction question.

**Recommendation 5.** The Committee recommends that the Assembly Commission makes public the overall results for each individual question in the staff survey. This should include comparative data over a three year period.

## Sickness Absence Rates

**22.** The Committee noted that the sickness rate was 3.66%, which was down slightly from the 2017-18 level (3.77%). The Assembly Commission also disclosed absence figures due to mental health and well-being in the annual report. The Committee asked how the figures for the current year, 2019-20, compared to the previous year. The Assembly Commission explained that:

“In 2018-19 the total rolling absence for reasons of mental ill-health was 33% and it increased slightly in 2019-20 to 36.8%. Our statistics are in line with increasing mental-health related absences across the public sector. We know from analysis, and our active mental health workplace equality network, that our rates have increased, in part, as a result of our active campaign to break the stigma around Mental Health and to encourage employees to come forward. We have identified a direct correlation between this increase and a corresponding decrease in colds and muscular skeletal reporting. The statistics capture a number of illnesses including anxiety, depression, and bereavement-related mental ill-health.”<sup>5</sup>

**23.** The Committee is pleased that the Assembly Commission is actively reporting mental health and well-being related absences in its annual report. This is an important part of breaking down the stigma around mental health.

### 3. Citizen Engagement

**24.** The Assembly Commission reported on a number of KPIs relating to engaging with the people of Wales and championing the work of the Assembly. The Committee noted that while many of these targets are met, the main significant year-on-year increases are in social media interactions.

**25.** Assembly Member and Support Staff satisfaction with the Assembly Commission “**engaging with the people of Wales**” and “**championing the work of the Assembly**” has been consistently below target, at 6.9 and 6.8 out of 10 respectively in 2017-18. While 3 different indicators are reported for 2019 under the heading “engage with all the people of Wales and champion the Assembly”, satisfaction rates for these indicators are still below the target: scoring between 7.4 and 7.9 out of 10.

**26.** The Assembly Commission has updated its indicators relating to public engagement and the Committee has reservations about the deliverability of these.

**27.** The Committee is concerned that the revised indicator for Citizen Engagement requires a commitment to survey participants at all face to face engagement activity, which could be resource intensive. Also, it is unclear what

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<sup>5</sup> Written Evidence, PAC(5)-27-19 PTN2, 4 November 2019

level of increased participant interest, understanding and confidence would be expected after such interactions.

**28.** The Committee also believe that the indicators around the number of followers of Assembly corporate media channels increasing may also need more consideration or be more flexible, as different channels become popular over time. It is noted that website, visitors, visits, page views and Facebook average reach, which have risen year on year and been highlighted as a success, but fell in 2018-19, which was explained by a change in where online traffic is. In general this indicator and other indicators need to show more than figures for two years, as for example, there are spikes in visits when events or exhibitions take place.

**29.** Furthermore, the Committee would like consideration to be given to who the Assembly Commission is trying to reach. While collecting information about reach on social media is important, there are a significant proportion of the population who are not online and it is important to ensure we cover as much of the population as possible.

**30.** It is not really clear what the campaign reach target is aiming to achieve. Some of the events listed, such as 20<sup>th</sup> anniversary celebrations are quite specific, which raise concerns for measurement of a KPI over years.

**Recommendation 6.** The Committee recommends the Assembly Commission revisits the targets for citizen engagement to ensure they are deliverable, recordable, aimed at reaching as wider a cross section of the population as possible and will add value.

## 4. Savings and Efficiencies

**31.** The Assembly Commission is developing a strategy for increasing contract opportunities for Welsh suppliers. Progress against this will be monitored regularly through a new corporate KPI in respect of which a target has been set for 43% of supplier spend to be with Welsh based companies by the end of this Assembly. The level reported for 2018-19 was 38%.

**32.** The Committee questioned the Assembly Commission on how it intended to achieve the balance between efficiency savings and value for money with increasing Welsh suppliers. Manon Antoniazzi explained that this had been a large part of the Assembly Commission discussions with new businesses and that they had been working with the South Wales Chamber of Commerce to identify the challenges suppliers face locally to win Welsh public sector contracts.

**33.** The Committee expressed concerns about the large contracts, such as catering and cleaning, which relied on subcontracting, making it more difficult to track whether Welsh suppliers are being used further down supply chains. Manon Antoniazzi confirmed that these would be considerations in the tendering of the cleaning contract next year.

**34.** The Committee considers procurement to be an important element in enhancing the foundational economy and it is critical that frameworks are tailored to allow smaller businesses to compete for contracts while balancing value for money. We welcome the inclusion of a target to increase the proportion of procurement from within Wales. However, we are concerned that, as the only KPI, it may not in itself drive an increase in expenditure with local businesses that may be too small to tender for the Assembly Commission's contracts, and those involved in suppliers' supply chains.

**35.** The Committee is interested to note developments in procurement practices, such as the Preston model<sup>6</sup>, which is based around building local wealth and extending the social value created by organisations. The Committee would welcome the Assembly Commission's views on how the principles of such approaches could be incorporated into its procurement practices.

**Recommendation 7.** The Committee recommends that the Assembly Commission revisits its target for procurement to ensure that, while balancing value for money considerations, it drives an increase in the proportion of expenditure with small businesses in Wales, including those involved in the supply chain.

## 5. Sustainability

**36.** The Committee questioned the witnesses about the approach of the Assembly Commission to achieving environmental targets. The Committee noted from the annual report that the use of electric on the Assembly Estate had increased this year, and wanted to know what future plans for the Assembly Commission to promote and improve sustainability. The Assembly Commission highlighted the replacement of windows across Ty Hywel as a forthcoming investment which will improve the energy efficiency of the building.

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<sup>6</sup> Preston City Council, The "Preston Model" is a term applied to how the council, its anchor institutions and other partners are implementing the principles of Community Wealth Building within Preston and the wider Lancashire area (May 2019)

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**37.** The Committee explored the availability of sustainable forms of transport within the Assembly estate. The Committee noted that the Assembly Commission has four electric charging points, an electric pool car and pool bicycles. However, we believe that more could be done to promote the facilities available. The Assembly Commission should seek to be an exemplar in this area.

**38.** The Committee questioned the Assembly Commission on the amount of single use plastic on the estate, and welcomed the undertaking that it:

“...will continue this work with our supply chain to improve the provision of more ecologically-sound options where it is possible to do so. We will also carry out an audit of the single-use plastic remaining in the catering service by the end of the year to see what else can be phased-out, with Charlton House’s (our catering provider) involvement.”<sup>7</sup>

**39.** The Committee welcomes this undertaking to carry out an audit of single use plastic by the end of 2019 to maintain progress in this area.

**40.** The Assembly Commission has taken a number of good steps with its partners towards minimising its environmental impact. However the Committee believes that the Assembly Commission could be even bolder and more ambitious in the area of sustainability, particularly in reducing electricity use.

**41.** We noted the publication of the Assembly Commission’s **Sustainability: Annual Report 2018-19** (July 2019) that includes a variety of information and trend data. However, there is only one indicator based around sustainability in the revised KPIs, which relates to “business related car travel”, that can be linked to reducing carbon impact. With many of the targets in the Sustainability report coming to an end in 2020-21 and a new set of KPIs being introduced, there is a good opportunity to set stretching targets aimed at continuing to reduce the Assembly Commission’s emissions and its general environmental impact. This should include the impact of the estate both in Cardiff Bay and other buildings.

**Recommendation 8.** The Committee recommends that the Assembly Commission set a range of indicators to achieve the ambitious aims needed to continually improve sustainability and reduce the Assembly Commission’s impact on the environment.

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<sup>7</sup> Written Evidence, PAC(5)-27-19 PTN2, 4 November 2019