

Peredur Owen Griffiths AS
Chair of Finance Committee
Welsh Parliament
Tŷ Hywel, Cardiff Bay
CF99 1SN

11 November 2025

Dear Peredur

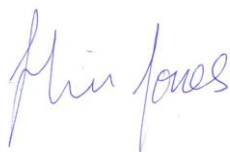
Thank you for your Committee's **Report on the Scrutiny of the Senedd Commission Draft Budget 2026-27**, published on 20 October 2025. The Commission's response to the Finance Committee's recommendations is detailed in **Annex A**.

I am pleased that the majority of the Committee supports the overall request for resources in 2026-27. As in previous years, the Commission intends to provide as much transparency as possible over budget-setting and management; as is the case in the current financial year, the Senedd Reform and Ways of Working Programme budgets will be managed as separately identifiable ringfenced areas of spend.

I welcome the opportunity to provide further information on some of the key areas within the Commission's Draft Budget, including our use of AI, how we are planning for and will manage the potential financial pressures in the Seventh Senedd and how we intend to evidence value for money and drive efficiencies.

I would like to thank the Committee for its scrutiny. I look forward to the debate on the Commission Budget motion on the 19 November. If there is any further information your Committee would like to have, please do not hesitate to let me know.

Yours sincerely



Elin Jones MS
cc Manon Antoniazzi, Ed Williams

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



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Annex A – Finance Committee Conclusion and Recommendations

Recommendation 1. The Committee notes the ‘Senedd Commission Draft Budget 2026-27’ and, by majority, recommends the Senedd supports this budget, subject to the comments and recommendations in this report.

Noted.

Recommendation 2. The Committee recommends that the Senedd Commission provides further detail on its efficiency planning processes and explains how this will demonstrate ongoing efficiency and value for money

Accepted.

The Commission welcomes the Committee’s recommendation and is pleased to provide further detail on its approach to efficiency planning. At each stage of our financial and operational planning cycles, we have embedded systematic measures to identify and realise efficiencies. This ensures that resources are directed towards areas where they will have the most significant impact, all while upholding the high standards of service expected by Members and stakeholders.

Our Medium Term Resourcing Framework serves as an early indicator of potential financial pressures and establishes the principle that funding for ‘manageable growth’ will not be assumed. In line with the Committee’s expectations, we are committed to managing emerging cost pressures within the existing funding envelope wherever possible. This approach reinforces an efficiency-driven culture and aligns with the Finance Committee’s emphasis on prudent financial management.

The Commission remains dedicated to a process of continuous improvement, encouraging staff to seek innovative ways of working and to make use of digital solutions where appropriate. Efficiency is viewed as an ongoing objective, underpinned by clear lines of accountability and regular reporting to monitor progress. These arrangements enable the Commission to demonstrate value for money and provide assurance to the Committee that robust mechanisms are in place to manage public funds responsibly during a period of heightened demand and financial constraint.

Recommendation 3. The Committee recommends that the Senedd Commission engages in discussions with the Business Committee to consider ways in which the costs of supporting additional parliamentary business in the Seventh Senedd, beyond that costed in the Draft Budget, is estimated before decisions are taken.

Accepted.

Commission officials routinely provide comprehensive advice to the Business Committee at the start of each Senedd term to inform decisions around the organisation of parliamentary business, such as the development of the business timetable and committee structures. This process is iterative, with further advice offered as the Business Committee’s preferred options are identified. However, to date the Business Committee is not routinely advised of the cost implications to the Commission budget of



undertaking additional work. The Commission is responsible for providing the resource required by the Senedd to operate.

The Commission will ensure that where possible, the resource implications of such decisions are made explicit, particularly in cases where the demand on resources may exceed the allocations set out in the 2026-27 Commission budget.

A similar approach will be followed in relation to ongoing work by the Business Committee and other relevant groups, including the Chairs' Forum. For example, the Business Committee's review of procedural matters may result in additional demands on Commission resources in the Seventh Senedd, and these will be clearly communicated as part of our ongoing engagement and advice.

Recommendation 4. The Committee recommends that the Senedd Commission develops robust contingency plans to ensure financial and organisational resilience for the Seventh Senedd should it receive a smaller percentage of funding in the event of its Final Budget not being agreed, either as a standalone budget under Standing Order 20.16 or as part of the Annual Budget Motion under Standing Order 20.26.

Accepted.

The Commission acknowledges the Committee's recommendation regarding the need for robust contingency planning in the event that the required budget is not secured through the motions under Standing Order 20.16 or Standing Order 20.26. Should either motion not be approved, the funding available to the Commission would be reduced accordingly.

In anticipation of such an outcome, the Commission has begun to assess the potential implications of not receiving the full requested funding. As discussed during the scrutiny session, if the Commission were required to operate on 75% and subsequently 95% of the 2025-26 budget total for 2026-27, this would present a significant financial challenge, particularly in delivering services to Members in the first year of the Seventh Senedd.

The anticipated increase in the number of Members is estimated to result in an additional cost of approximately £13 million in pay and allowances. This represents the principal factor behind a potential funding gap of around £22 million. Such a shortfall could not be managed by simply reallocating resources, as the majority of the Commission's budget is committed to staff costs and contractual payments. Any reduction in these areas would likely incur further costs, such as redundancy payments or early termination penalties, thus intensifying budgetary pressures and significantly limiting the resources available to support the Parliament at the outset of the new Senedd.

If the Senedd were in this position, the budget would run out after month 9. This would mean an inability to pay staff, contractors, Members and their Support Staff from this point.

There are areas of the budget which are non-contractual against which expenditure could be stopped from 1 April 2026, however, as well as having a significantly detrimental effect on the experience of



Members and the services the Commission is able to provide, such changes would also make little impact on the retrieving the shortfall.

The primary method of recourse would be to attempt to secure the funding via supplementary budget motions following the election to close or remove the gap.

Recommendation 5. The Committee recommends that the Senedd Commission provides an update on the Bay 32 project in early 2026, including any budgetary impacts and continues to attend public evidence sessions on the project, as requested.

Accepted.

Recommendation 6. The Committee recommends that the Senedd Commission:

- **clarifies the impact that changes in assumptions regarding the lease for Tŷ Hywel would have on its 2025-26 and 2026-27 budgets by budget line and in total in resource and cash terms;**
- **explains how changing the assumption would result in a capital receipt to the Welsh Consolidated Fund; and**
- **engages the Welsh Government about the impact of this potential change.**

IFRS16 requires most leases to be shown on the Balance Sheet. The Lease Liability is 'valued' using known future cash flows i.e. rent, discounted to today's value. The Right of Use asset is usually the same value as the liability representing the benefit the organisation will have.

When IFRS16 was first introduced in the Commission accounts, although the lease on Ty Hywel ends in 2032, due to the proximity requirement of the Commission in regard to the Senedd building, it was originally anticipated that the Ty Hywel lease would be rolled-over; it was therefore valued on a 30 year basis.

Since then, the Bay 32 project has, in the current financial year, delivered a competitive process to secure accommodation for the Commission post-2032. This process has demonstrated that simply rolling-over the existing lease would not necessarily satisfy the accommodation requirements of the Commission nor provide best value for money to the taxpayer; there are, it is now clear, alternative options that may provide better value.

As long as the Bay 32 procurement process successfully concludes with a new Development Agreement, the existing lease will come to an end in 2032. The Right of Use Asset and Lease Liability will therefore need to be re-valued to recognise this change. It is considered a capital gain because it's conceptually like changing the purchase price of the asset.

For 2026-27 the overall resource requirement would reduce to recognise the capital receipt, but the revenue requirement within that total would remain the same. There would need to be corresponding adjustments to the amounts included for Depreciation and Interest charges as well reflecting the updated lease term. The Commission has already set out its expectations in terms of capital expenditure for the year so would not anticipate utilising any of this receipt.



There are regular Joint Assurance Board meetings with officials from both the Commission and Welsh Government to discuss the progress of the project as well as the funding and financial implications. Welsh Government are aware of the potential capital adjustment for 2026-27 and will include it in their financial planning for the year such that the resource can be reallocated appropriately. Although in the short term, there will be a benefit to the public purse from this revaluation, the start of a new lease will create capital expenditure and a corresponding request for capital funding in the relevant financial year (likely to be 2032-2033 but subject to confirmation)

Recommendation 7. The Committee recommends that the Senedd Commission provides an update as soon as pay negotiations for 2026–27 are concluded, including details of how this will be funded and its budgetary impact on the organisation as a whole.

The pay offer outlined in the Explanatory Memorandum represents the final position from the Management Side. Accordingly, no further negotiations are anticipated, and the budget as presented has been prepared to fund the pay award as proposed.

Recommendation 8. The Committee recommends that the Senedd Commission continues to explore the use of emerging technologies, such as Artificial Intelligence, while ensuring strong governance, data security, and responsiveness to the evolving needs and expectations of Members in the next Senedd, and provides details of the progress being taken in these areas prior to dissolution.

Accepted.

The Commission is progressing a structured, risk-managed approach to its use of AI. Governance is led by an AI Governance Group and supported by a draft AI Policy, a Data Protection Impact Assessment (DPIA) for Copilot and Teams Premium, and alignment with the National Cyber Security Centre's Cyber Assessment Framework. Controls include retention limits, transparency measures for AI-assisted content, and regular risk reviews.

To meet Members' needs, we are piloting Microsoft Copilot and Teams Premium with Members and their support staff, issuing practical guidance, and gathering feedback against productivity, accessibility and wellbeing goals. Before dissolution, the Commission will provide an update covering the finalised AI Policy, pilot outcomes, data protection and security assurances, refreshed Member guidance, and next-step options for the Seventh Senedd.

Recommendation 9. The Committee supports continued investment in cybersecurity and recommends that the Senedd Commission provides further details to the Committee on contingency arrangements in this area

Accepted.



The Commission operates a layered resilience model to detect, respond and recover from cyber incidents. Key features include 24/7 monitoring and incident response; resilient infrastructure and recovery; risk-based controls aligned to recognised frameworks; user and supplier safeguards; and ongoing assurance through the Commissions Audit and Risk Assurance Committee (ARAC).

A dedicated Security Operations Centre operates 24/7 providing constant monitoring and a rapid response to threats. Resilience is further reinforced through a secondary data centre at Ty Hywel, ensuring critical services can fail over in the event of disruption.

All controls are risk-based and where possible aligned with the UK National Cyber Strategy and Cyber Essentials, supported by business continuity plans that include clear escalation routes, isolation protocols, and secure backup strategies.

User safeguards are strengthened through updated ICT security conditions and training, while procurement processes embed security requirements to help to protect the supply chain.

Assurance is maintained through quarterly reporting to ARAC, tracking blocked threats and recovery readiness, with recent data showing significant volumes of malicious activity successfully intercepted.

These measures collectively ensure that the Senedd remains resilient, responsive, and prepared to sustain core operations despite evolving cyber risks.

Recommendation 10. The Committee recommends that the Senedd Commission evaluates the outcomes of its social media monitoring pilot and consider options for mainstreaming support for Members, their staff and Commission officials, including relevant training, subject to the findings of the pilot and its effectiveness in addressing online harms, and provides an update to the Committee in early 2026.

Accepted.

A progress update can be provided to the Committee in early 2026, noting that the pilot will not have concluded at that point. The full evaluation is expected to take place in Spring / Summer 2026, once the pilot has concluded. The Commission will consider the outcomes of that evaluation at that time, and agree next steps, including in relation to engagement with all relevant stakeholders as is deemed necessary.

The primary aim of the social media monitoring pilot is to enhance the safety and wellbeing of Members, their staff, and Senedd Commission officials by proactively identifying and addressing incidents of online harm. By leveraging advanced monitoring tools, the pilot seeks to provide timely alerts and intelligence on emerging threats, abusive content, or coordinated disinformation campaigns that could impact the parliamentary community. This approach is grounded in supporting the Commission's commitment to safeguarding its people, ensuring they are equipped to respond appropriately to digital risks, and maintaining a secure environment for public service.



Recommendation 11. The Committee recommends that the Senedd Commission provides further information on any assessments it has conducted in relation to the benefits or otherwise of insourcing services before in early 2026.

Accepted.

The Commission gave detailed consideration, earlier this year, to a Stage 1 Scoping report relating to issues arising (cost, risk, governance, benefits etc.) from a scenario under which the Commission's catering, cleaning, broadcast/AV and facilities management services, currently provided through external contracts, are brought in-house.

The Commission noted both the current capacity pressures arising from the delivery of two major change programmes (Senedd Reform and Ways of Working) and the significant complexity of the insourcing work, and gave in-principle approval to the outline insourcing strategy. The procurement timeline for these existing contracts has been adjusted to ensure that the Commission will be able, if it so chooses, to progress this work, as quickly as practicable, from the start of the 7th Senedd.

Recommendation 12. The Committee recommends that the Senedd Commission notifies the Committee as soon as plans regarding the Pierhead building are published

Accepted.

The Commission will liaise proactively with the Committee further once it has considered and agreed a plan for the longer-term future use of the Pierhead building. A market engagement exercise will be undertaken in the interim period, to assess the opportunities for commercial interest (within the framework of the Senedd's requirements for the use of the building), to help shape the development of that longer-term plan.

