

# Y Bwrdd Rheoli Management Board

MB (03-10) Paper 5 (Part 1)  
Financial Management Report

Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



Date: 25 March 2010

Time: 9:30-11:00

Venue: Conference Room 4B

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## Financial Management Report: Year to Date Period Ended 28 February 2010

*This paper has been prepared for consideration by the Management Board and is not suitable for publication on the internet until after 25 March 2010*

### OVERVIEW OF FINANCIAL PERFORMANCE FOR THE PERIOD

1. The net spend to the end of February was £39.946 million. There is a variance of 4% against a forecast of £41.546 million for February.
2. The latest forecasts from budget managers, including the £274,000 call on contingency detailed in Note 5, estimates the year end outturn to be £0.894million under spent. This reflects a 1.8% under-spend against the budget of £49.701million. It also requires the services to spend 18% of the annual outturn in the last month of the year.

### KEY MESSAGE TO THE BOARD

3. The current level of projected under-spend at £0.894million (1.8% of £49.701m) is close to the maximum 2% the Assembly judges itself against. The ideal year end position is an under-spend of £250,000 or less.
4. The largest risk to the year end position arises from ICT work. There are several ICT projects, including UNO, where we are relying on our contractor to deliver agreed work packages before the 31 March 2010. These ICT work packages, together with achieving Service forecasts in the last month and the risk of the Members' Pension Fund requiring plus or minus £100,000 non-cash budget are the main risks to achieving an under-spend within 2% of the budget.

5. This is a substantial change to the 31 January position. This includes the latest UNO costs and the decision not to proceed with the fourth floor furniture purchase.

	2009-10 Outturn position	£	
	31 January 2010 position per report	144,000	
	Furniture 4a refurbishment	120,000	
	UNO project costs saved	167,000	
	Risks with high probability of occurring		
	UNO circuit work April delivery	340,000	
	UNO Hardware April delivery	300,000	
	Update provided at 25 Feb meeting	<b>1,071,000</b>	2.2%
	UNO costs - change to above	- 387,000	
	ABMS project	- 20,000	
	Security	- 18,000	
	Finance & roundings	- 2,000	
	HR	32,000	
	Corporate Unit	61,000	
	Estates	94,000	
	Members' Pay and Allowances	63,000	
	28 February 2010 position per report	<b>894,000</b>	<b>1.8%</b>

**RISK ASSESSMENT ON THE APPROVED BUDGET FOR THE YEAR (£49.701million)**

6. Key risk areas within the budget, rated using Green for on target, Amber for potential risk and Red as off target, are:

**R** UNO project – the project remains at red rating reflecting the need to satisfactorily resolve the project’s increased funding requirement and the impact on the 2010-11 Budget plans. ICT and Finance colleagues are monitoring the situation closely to ensure expenditure is correctly attributed to the 2009-10 v 2010-11 financial years. N.B the last UNO Project Board identified the project status as an Amber risk.

The increased costs brings the total project cost to £4.4million with £1.8million forecast for 2010-11. This will bring pressure on the 2010-11 project plans as the Change Board currently has £1.5million to fund AM ICT kit, ICT in the Senedd & Medialon, Broadcasting changes, Assembly Business Management System and the Legislation Software. These will need to be prioritised with UNO’s funding requirement. There is every likelihood that the Commission

will need to seek a supplementary budget if it wishes to proceed with the current projects in addition to UNO.

**R**

Managing the year end outturn to an acceptable level - Note 1 sets out the forecast under spend of £0.894million for 2009-10. The recent level of change in Service forecasts could mean we exceed the £1million under-spend. In addition, Service Budgets are forecast to spend 18% of the annual costs over the remaining weeks of the financial year.

**A**

The movement in pension provision remains uncertain and will only be available after the year end. Finance will contact the Members' Pension Scheme actuary at the end of February to assess whether changes in investment markets are likely to have any adverse impact.

#### **Other matters to note**

- 7. Draft allocations for 2010-11 operational budgets were issued in the week commencing 22 February 2010. Budget Managers have been asked to respond by 19<sup>th</sup> March and to identify areas that could provide savings/efficiencies bearing in mind the financial pressures & challenges surrounding 2010-11.**
- 8. Planning for Budget 2011-2012 has commenced with a timetable in place. Finance expects to issue details to services in early April with subsequent workshops being arranged in April and May.**
- 9. Budget managers are keeping Finance apprised of changes to their year end forecast and we currently know there is a further under-spend of £100k, pushing under-spend yet closer to £1million.**

#### **ACTIONS RECOMMENDED TO THE BOARD**

**10. It is recommended that Board members:**

- a. Review the level of forecast expenditure for March 2010 and continue to update Finance colleagues of changes at the earliest opportunity; AND**
- b. Review paragraphs 3, 4 and 6, considering UNO and the 2010-11 project prioritisation.**

## **Annex to the Finance Management Report for the period April 2009 to February 2010**

- Note 1**        **presents performance by service area and projects.**
- Note 2**        **provides variance explanations.**
- Note 3**        **Not provided this month**
- Note 4**        **No change to January – not provided this month**
- Note 5**        **lists the potential further calls on the Contingency.**
- Note 6**        **No change to January – not provided this month**
- Note 7**        **provides details of the forecast year-end outturn.**
- Note 8**        **presents performance by service area for February 2010.**
- Note 9**        **presents forecasts by services for the remainder of the financial year. This is an additional analysis showing how the service areas are forecasting expenditure for the financial year’s last three months.**
- Note 10**      **presents the change in year end forecasts over the past five months by Service.**

**To help provide a focused suite of reports, notes 3, 4 and 6 have not been provided this month. Please contact Finance if you would like to receive these.**

## 1. Budget Performance for the period April – February 2009-10

Service	Forecast to date (£'000)	Actuals to date (£'000)	Variance for the period (£'000)	Variance %	2009-10 Forecast Outturn (£'000)	2009-10 Revised Annual Budget (£'000)
Corporate Unit	1,613	1,610	3	0	1,793	1,855
Legal Services	539	539	0	0	610	614
Change Board - Bilingual Service Review	-	-	-	-	12	12
	2,152	2,149	3	0	2,415	2,481
<b>OPERATIONS DIRECTORATE</b>						
Human Resources	1,321	1,310	11	1	1,430	1,476
Estate & Facilities Management	6,460	6,220	240	4	7,427	7,534
Financial Services	728	731	-3	-1	801	749
ICT	3,631	3,385	246	7	4,639	4,808
UNO Project	1,320	475	845	64	2,607	2,650
Members Casework project	179	132	47	26	350	200
External Communications	2,006	1,977	29	1	2,357	2,424
The Pierhead	1,183	978	205	17	1,182	1,120
Security	2,050	2,014	36	2	2,314	2,291
Procurement and Sustainability	126	124	2	2	140	132
	19,004	17,346	1,658	9	23,248	23,384
<b>ASSEMBLY BUSINESS DIRECTORATE</b>						
Members' Research Service	1,665	1,656	9	1	1,834	1,921
Legislation & Chamber Services	964	960	4	0	1,061	1,071
Legislation Software project	-	-	-	-	15	50
Translation & Reporting Service	1,611	1,611	0	0	1,768	1,853
Committee Service	951	950	1	0	1,053	1,145
ABMS project	-	-	-	-	70	75
Co-ordination Unit	82	82	0	0	90	95
	5,273	5,259	14	0	5,890	6,210
<b>Commission Services Total</b>	<b>26,429</b>	<b>24,754</b>	<b>1,675</b>	<b>6</b>	<b>31,553</b>	<b>32,075</b>
Members Pay and Allowances	11,267	11,199	68	1	12,374	12,759
Potential demands on Contingency					274	167
<b>Total - Cash Items</b>	<b>37,696</b>	<b>35,953</b>	<b>1,743</b>	<b>5</b>	<b>44,201</b>	<b>45,001</b>
Depreciation & Notion Interest	3,850	3,993	-143	-4	4,356	4,200
Members Pension Provision					250	500
<b>Total</b>	<b>41,546</b>	<b>39,946</b>	<b>1,600</b>	<b>4</b>	<b>48,807</b>	<b>49,701</b>
Forecast Under spend					894	
<b>Total Budget Available</b>					<b>49,701</b>	

**2. Explanation of Variances outside 2% Tolerance for period to February 2010**

<b>Service/Variance % / £'000</b>	<b>Reason for Variance</b>	<b>Action Being Taken to Rectify</b>
<b>Estates and Facilities Management: 4% under budget</b>	<b>£230,000 not paid as expected, either due to late receipt invoices or on-going work</b>	<b>All invoices are expected to be received and paid during March.  There is no risk to the year end forecast</b>
<b>ICT: 7% Under Budget</b>	<b>Late reception of Merlin bill for approximately £230,000</b>	<b>Invoice received and paid in March.  No risk to year end forecast.</b>
<b>UNO: 12% under budget</b>	<b>Orders placed for hardware in February, but goods not received.</b>	<b>The project manager is working closely with Siemens to ensure that all forecast costs can be met this year, with the possibility of even bringing forward costs from 2010-11  Despite this, there still remains a significant risk to potential spend in 2009-10</b>
<b>Casework: 26% Under budget</b>	<b>Timing difference for one invoice (£65,000)</b>	<b>The invoice was received and paid during March.  No risk to the year end forecast position.</b>
<b>Pierhead: 17% under budget</b>	<b>Timing differences for invoices</b>	<b>All invoices are expected to be received and paid before year end.  There is no risk to the year end position.</b>

**3. Forecast V Actuals to date - Grouped by Expense Type - not included this month**

**4. Virements - not included this month**

5. *Summary of potential demands as at 28 February 2010*

Service	Potential Demands	Estimated value (£'000) of potential demands at 31 January 2010	Update as at 31 January 2010	Change in Estimated values (£'000)	New Demands in February 2010 (£'000)	Allocated from Contingency to Service Budget in February 2010 (£'000)	Estimated Potential call at 28 February 2010
ICT	IT Licence costs arising from the UNO project	274	To be met from forecast under spend	-	-	-	274
EFM	Fourth floor refurbishment, furniture for A Block	120	The decision has been taken not to proceed with this project in 2009-10	-120	-	-	-
	<b>TOTAL</b>	<b>394</b>		<b>-120</b>	<b>-</b>	<b>-</b>	<b>274</b>

6. *Funds released from Service Budgets including In-Year Efficiencies, Savings and budget reductions - not included this month*

## 7. Projected Final Outturn (Over)/Under-spend

	£'000	£'000
Original Contingency Budget		1,000
<i>Less</i> Required Efficiency Savings (in approved budget)		(250)
<i>Add</i> Savings identified prior to 1 April 2009		233
<i>Add</i> Funds released from Service Budgets including In-Year Efficiencies, Savings and budget reductions		1,676
<i>Less</i> additional funds already allocated to service budgets		(2,492)
<b>Current Balance (Note 4)</b>		<b>167</b>
<i>Add</i>		
Expected under spend on members' allowances	385	
Projected Services underspend	522	
Released Pension Provision	250	1,157
<i>Less</i>		
Increase in depreciation & notional interest charges	(156)	(156)
<b>Current Forecast Under-spend (before additional pressures)</b>		<b>1,168</b>
<b>Additional Financial Pressures: (Note 5)</b>		
• Uno Licence costs	(274)	(274)
<b>Projected (overspend)/under-spend balance</b>		<b>894</b>



## 8. Budget Performance for the period February 2010

Service	Month Forecast (£'000)	Month Actuals (£'000)	Variance for the month (£'000)	Variance %
Corporate Unit	155	152	3	2
Legal Services	49	49	0	0
Change Board - Bilingual Service Review	-	-	-	-
	204	201	3	1
<b>OPERATIONS DIRECTORATE</b>				
Human Resources	114	103	11	10
Estate & Facilities Management	580	340	240	41
Financial Services	109	113	-4	-4
ICT	568	267	301	53
UNO Project	904	114	790	87
Members Casework project	-	132	-132	-
External Communications	217	188	29	13
The Pierhead	230	25	205	89
Security	286	250	36	13
Procurement and Sustainability	14	11	3	19
	3,022	1,543	1,479	49
<b>ASSEMBLY BUSINESS DIRECTORATE</b>				
Members' Research Service	143	133	10	7
Legislation & Chamber Services	97	94	3	4
Legislation Software project	-	-	-	-
Translation & Reporting Service	156	156	0	0
Committee Service	99	98	1	1
ABMS project	-	-	-	-
Co-ordination Unit	8	7	1	8
	503	488	15	20
<b>Commission Services Total</b>	<b>3,729</b>	<b>2,232</b>	<b>1,497</b>	<b>40</b>
Members Pay and Allowances	1,052	1,116	-64	-6
<b>Total - Cash Items</b>	<b>4,781</b>	<b>3,348</b>	<b>1,433</b>	<b>30</b>
Depreciation & Notion Interest	350	363	-13	-4
Members Pension Provision				

<u>Total</u>	<u>5,131</u>	<u>3,579</u>	<u>1,552</u>	<u>30</u>
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**9. Service areas' monthly forecast expenditure for the last month 2009-10**

<b>Service</b>	<b>Actuals to date (£'000)</b>	<b>March* Forecast (£,000)</b>	<b>Year End Forecast (£'000)</b>
Corporate Unit	1,610	183	1,793
Legal Services	539	71	610
Change Board - Bilingual Service Review	-	12	12
	2,149	266	2,415
<b>OPERATIONS DIRECTORATE</b>			
Human Resources	1,310	120	1,430
Estate & Facilities Management	6,220	1206	7426
Financial Services	731	70	801
ICT	3,385	1,254	4,436
UNO Project	475	2,132	2,607
Members Casework project	132	171	350
External Communications	1,977	380	2,357
The Pierhead	978	205	1,183
Security	2,014	300	2,314
Procurement and Sustainability	124	16	140
	17,346	5,902	23,248
<b>ASSEMBLY BUSINESS DIRECTORATE</b>			
Members' Research Service	1,656	178	1,834
Legislation & Chamber Services	960	101	1,061
Legislation Software project	-	15	15
Translation & Reporting Service	1,611	156	1,767
Committee Service	950	103	1,053
ABMS project	-	70	70
Co-ordination Unit	82	8	90
	5,259	631	5,890
<b>Commission Services Total</b>	<b>24,754</b>	<b>6,799</b>	<b>31,553</b>
Members Pay and Allowances	11,199	1,175	12,374
Potential Demands on Contingency		274	274
<b>Total - Cash Items</b>	<b>35,953</b>	<b>8,248</b>	<b>44,201</b>
Depreciation & Notion Interest	3,993	363	4,356
Members Pension Provision		250	250

<u>Total</u>	<u>39,946</u>	<u>8,861</u>	<u>48,807</u>
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## 10. Service Areas' Year End Forecasts for 2009-10

Service	Forecast Sept (report) (£'000)	Forecast Oct (report) (£'000)	Forecast Nov (report) (£'000)	Forecast Dec (report) (£'000)	Forecast Jan (report) (£'000)	Forecast Feb (report) (£'000)
Corporate Unit	1,769	1,779	1,797	1,838	1,854	1,793
Legal Services	577	583	600	610	610	610
Change Board - Bilingual Service Review	-	-	-	12	12	12
	2,346	2,362	2,397	2,460	2,476	2,415
<b>OPERATIONS DIRECTORATE</b>						
Human Resources	1,497	1,497	1,754	1,461	1,462	1,430
Estate & Facilities Management	7,675	7,513	7,538	7,537	7,521	7,427
Financial Services	790	794	795	794	797	801
ICT	4,932	4,744	4,875	4,818	4,639	4,639
UNO Project	-	2,650	2,086	2,086	3,028	2,607
Members Casework project	-	-	-	320	350	350
External Communications	3,335	2,217	2,233	2,275	2,357	2,357
The Pierhead	-	1,107	1,109	1,217	1,183	1,183
Security	2,231	2,321	2,304	2,292	2,296	2,314
Procurement and Sustainability	-	144	142	143	140	140
	20,461	22,987	22,836	22,943	23,773	23,248
<b>ASSEMBLY BUSINESS OPERATIONS</b>						
Members' Research Service	1,828	1,846	1,823	1,832	1,835	1,834
Legislation & Chamber Services	1,054	1,051	1,049	1,068	1,061	1,061
Legislation Software project	50	50	50	50	15	15
Translation & Reporting Service	1,751	1,765	1,768	1,787	1,767	1,767
Committee Service	1,044	1,035	1,031	1,051	1,053	1,053
ABMS project	75	75	75	75	50	70
Co-ordination Unit	88	88	88	91	90	90
	5,889	5,911	5,884	5,954	5,871	5,890
<b>Commission Services Total</b>	<b>28,695</b>	<b>31,260</b>	<b>31,117</b>	<b>31,357</b>	<b>32,120</b>	<b>31,553</b>
<b>Members Pay and Allowances</b>	<b>12,546</b>	<b>12,386</b>	<b>12,400</b>	<b>12,489</b>	<b>12,437</b>	<b>12,374</b>
<b>Total - Cash Items</b>	<b>41,241</b>	<b>43,646</b>	<b>43,517</b>	<b>43,846</b>	<b>44,557</b>	<b>43,927</b>
Depreciation & Notion Interest	4,356	4,356	4,356	4,356	4,356	4,356
Members Pension Provision	500	500	500	250	250	250
Supplementary Budget	1,950	-	-	-	-	-
<b>Total</b>	<b>48,047</b>	<b>48,502</b>	<b>48,373</b>	<b>48,452</b>	<b>49,163</b>	<b>48,533</b>
Potential demands on Contingency	1,173	374	149	474	394	274
<b>Total</b>	<b>49,220</b>	<b>48,876</b>	<b>48,522</b>	<b>48,926</b>	<b>49,557</b>	<b>48,807</b>