

Agenda – Finance Committee

Meeting Venue: Hybrid – Committee room 4 Ty Hywel and video conference via Zoom	For further information contact: Owain Roberts Committee Clerk 0300 200 6388 SeneddFinance@senedd.wales
Meeting date: 16 May 2024	
Meeting time: 09.30	

Registration

(09.00)

Private Pre-meeting

(09.15–09.30)

1 Introductions, apologies, substitutions and declarations of interest

(09.30)

2 Fiscal Intergovernmental Relations: Evidence session 5

(09.30–10.15)

(Pages 1 – 19)

Shona Robison MSP, Cabinet Secretary for Finance and Local Government,
Scottish Government

David Stevenson, Head of Fiscal Coordination Unit, Scottish Government

Ben Kerfoot, Fiscal Coordination Unit, Scottish Government

Supporting documents:

FIN(6)–12–24 P1 – Background paper from the Scottish Government

Senedd Research Brief

3 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting and the start of the meeting on 22 May

(10.15)



4 Fiscal Intergovernmental Relations: Consideration of evidence
(10.15–10.30)

5 First Supplementary Budget 2024–25: Directly Funded Bodies
(10.30–11.00) (Pages 20 – 37)

Supporting documents:

FIN(6)–12–24 P2 – Cover paper

FIN(6)–12–24 P3 – Letter from the Senedd Commission – 10 May 2024

FIN(6)–12–24 P4 – Senedd Commission First Supplementary Estimate 2024–25

FIN(6)–12–24 P5 – Public Services Ombudsman for Wales First Supplementary Estimate 2024–25

6 Inquiry into Financial Transactions Capital: Scoping Paper
(11.00–11.30) (Pages 38 – 44)

Supporting documents:

FIN(6)–12–24 P6 – Scoping paper

7 The Senedd Cymru (Electoral Candidate Lists) Bill: Consideration of draft letter
(11.30–11.45) (Pages 45 – 46)

Supporting documents:

FIN(6)–12–24 P7 – Draft letter

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Agenda Item 5

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Supplementary Budget 2024-25: Explanatory Memorandum

May 2024



The Welsh Parliament is the democratically elected body that represents the interests of Wales and its people. Commonly known as the Senedd, it makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

Supplementary Budget 2024-25: Explanatory Memorandum

May 2024

An electronic copy of this document can be found on the Senedd website:

www.senedd.wales

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Background

The 2024-25 Commission Budget was included in the Annual Budget Motion under Standing Order 20.26 and was approved in Plenary on 15 November 2023, following scrutiny by the Senedd's Finance Committee.

The budget motion provided the Commission with £72.195 million of Resource Budget in relation to:

- Expenditure under the Commission's direct control for operations;
- Project Fund (including Capital);
- Two ring-fenced budgets for specific project work;
 - Expenditure relating to preparatory work for Senedd Reform;
 - Ways of Working programme of works;
- Depreciation (a non-cash expense);
- Interest expense on lease liabilities as required by International Financial Reporting Standard (IFRS) 16 (a non-cash expense);
- The budget identified for the Independent Remuneration Board's Determination on Members' Pay and Allowances.

A further £1.800 million was provided for non-cash accounting adjustments in respect of the Members of the Senedd Pension Scheme, through the Annually Managed Expenditure budget, £0.101 million was provided for costs associated with the office of the Standards Commissioner and £0.627 million for the Remuneration Board Support.

This Explanatory Memorandum is laid in compliance with Standing Order 20.32, in support of changes to be proposed to the Commission's approved 2024-25 budget, via a Supplementary Budget Motion.

Explanatory memorandum

The effect of the Commission's supplementary budget will be to increase the overall Commission budget by £0.635 million with a corresponding increase in the net cash requirement. The following changes are proposed:

- **An increase to the Commission's operational budget of £0.275 million to reflect the change to the employer's contribution to the civil service pension scheme;**
- **A reduction in the budget for Members' salaries and related costs of £0.096 million to reflect a reduction in the employer's pension contributions;**
- **An increase in the Commission's operational budget of £0.456 million to fund an adjustment to the lowest three Commission pay scales in recognition of recent inflationary pressures;**

Budget Amendments

Pension Valuation Adjustments – Commission Staff

The 2024-25 budget was laid on the 29th September 2023 and debated in Plenary on 15th November 2023. It included a statement of intent to request funding via supplementary budget process for any additional employer charges to be borne by the Commission as a result of the triennial pension revaluation of the Civil Service Pension Scheme. Additional funding was being made available by HM Treasury to directly funded bodies for this purpose. The Commission Draft Budget was laid before the revaluation was provided and therefore not included in the laid budget.

The pension revaluation means that from 2024-25 the levels of contribution payable by the Commission to the pension scheme are as follows (with previous contribution rates included for comparison):

	Current (1/4/19 – 31/3/24)	Revised (1/4/24 – 31/3/27)
Band 1 (£23,000 and under)	26.60%	28.97%
Band 2 (£23,001 to £45,500)	27.10%	28.97%
Band 3 (£45,501 to £77,000)	27.90%	28.97%
Band 4 (£77,001+)	30.30%	28.97%

The impact on the budget required by the Commission is an increase of £0.275 million

Pension Valuation Adjustments – Members

The Members' Pension was also revalued by the UK Government Actuarial Department (GAD) during financial year 2023-24 with a recommendation that the employer contribution rate be reduced from 19.9% to 18% from 1 April 2024. This has a corresponding reduction in the amount required for the budget of £0.095million. Again, this revaluation was completed too late to be included in the laid budget.

Budget impact

The impact of the two pension valuations will be:

- **An increase in the Commission's budget of £0.275 million**
- **A decrease to the budget for the Remuneration Board's Determination of £0.096 million**
- **An increase in the net cash requirement of £0.180 million.**
- **Both pension cost changes will be consolidated to the baseline for future years.**

Payscale adjustments

The Commission has a pay deal in place until March 2025 which was the basis for its budget request. As part of on-going discussions with TUS about the new pay deal from April 2025, a particular issue was raised by the TUS which is preventing negotiations from proceeding for the next pay deal for 2025-26 and following years, is that the lower pay scales within the Commission a) are failing to keep track with inflation and b) are not comparable to the equivalent pay scales in Welsh Government.

The Commission accepts this view, recognising the impact of the cost of living crisis had been felt more by the lower paid staff and the need to keep pace with market rates in order to recruit to the organisation. The Commission, in line with budgetary requirements, only budgeted for the current pay deal for 2024-25. An adjustment to pay scales has been proposed with a cost of £0.456million. The Commission would be unable to fund the changes to the pay scales from existing budgets due to the scale of programme delivery in 2024-25 for Senedd Reform and Ways of Working and the need to maintain sufficient staffing resources to do so.

The proposals would see the lowest 3 pay scales change as follows:

Pay scale	Pay point	Current	Proposed
TS	1	£23,781	£24,500
TS	2	£24,922	£26,250

Pay scale	Pay point	Current	Proposed
TS	3	£26,062	£28,000
EO	1	£27,365	£29,400
EO	2	£28,294	£30,870
EO	3	£29,540	£32,414
EO	4	£32,840	£34,034
HEO	1	£35,158	£35,736
HEO	2	£37,015	£37,523
HEO	3	£38,847	£39,399
HEO	4	£42,635	£42,635

Grades above HEO are unaffected and will receive the current budgeted rate of increase. Key requirement in resolving the pay scale issue has also been the need to maintain the 5% band differential which has resulted in all pay bands to HEO band 3 requiring adjustment as can be seen in the table above.

Budget impact

The impact would be:

- **An increase in the Commission’s budget of £0.456 million**
- **An increase in the net cash requirement of £0.456 million**
- **This cost will be consolidated into the baseline for future years.**

Budget Ambit

This supplementary budget submission is laid in compliance with Senedd Standing Order 20 to assist in the compilation of the Budget Motion required by Section 126 of the Government of Wales Act 2006. This submission seeks to amend the resource and annually managed expenditure requirements of the Senedd Commission for the year ending 31 March 2025.

The Supplementary Budget Motion authorises the net resources to be used for the services and purposes of Members and Senedd Services. The motion includes the maximum income (or accruing resources) that may be retained for use on those services and purposes instead of being paid into the Welsh Consolidated Fund, and the cash amount that will need to be issued from the Welsh Consolidated Fund to meet the anticipated net amounts falling due for payment by the Commission.

The amended 2024-25 Budget for the Senedd Commission, addressing the revised requirements, is set out in Table 1 below.

Resources other than accruing resources for use by the Senedd Commission (“the Commission”) on resource and capital costs associated with the administration and operation of services to support the Senedd; promotion of the Senedd including payments to the Electoral Commission and others; payments in respect of the Commissioner for Standards and Remuneration Board; any other payments relating to functions of the Senedd or the Commission.	72,830
Resources other than accruing resources for use by the Commission in respect of decisions of the Remuneration Board and expenditure in respect of Members of the Senedd Pension provision.	
Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the Commission:	£100
<ul style="list-style-type: none"> ▪ from the disposal of fixed assets and other capital income for use on the purchase or acquisition of fixed assets; or ▪ rental income; gifts; grants; recharges and income from commercial sales and other services provided to the public or others for use on administrative costs of the Senedd. 	
Amount to be issued from the Welsh Consolidated Fund to meet the anticipated amounts falling due for payment in the year in respect of the above services and purposes less expected retainable receipts and recoverable VAT	68,000

Table 2 below reconciles the net resource requirement to the cash drawing requirement from the Welsh Consolidated Fund.

Table 2: Cash requirement	£'000 2024-25 Laid	£'000 2024-25 Revised
Members' net revenue requirement	19,180	19,084
Office of the Standards Commissioner	101	102
Independent Remuneration Board Costs	627	634
Senedd Reform	666	671
Ways of Working	281	281
Commission net revenue requirement	46,391	47,109
Net capital requirement	3,149	3,149
Annually Managed Expenditure	1,800	1,800
Subtotal	72,195	72,830
Adjustments		
Depreciation	(4,750)	(4,750)
Interest charges/Capital adjustments	(610)	(610)
Rental payments	2,330	2,330
Movements in provisions	(1,800)	(1,800)
Movement in debtors and creditors	0	0
Subtotal	(4,830)	(4,830)
Net cash requirement from the Welsh Consolidated Fund	67,365	68,000
Increase in cash requirement		635

Public Services Ombudsman for Wales

1st Supplementary Budget – 2024/25

Explanatory Memorandum to the Chair of the Finance Committee

This Supplementary Budget submission has been prepared in accordance with Welsh Parliament Standing Orders 18A.2 and 20.36 (dated September 2023).

Summary

The following variation to the annual budget motion is proposed:

- The inclusion of additional income and corresponding expenditure (£45k) to reflect a secondment of a member of PSOW staff to the Senedd Commission, from January 2024. The expenditure is to meet the cost of backfilling the post.

Staff secondments

We have a member of staff who has been seconded to the Senedd Commission for 12 months from January 2024. This will lead to additional income of £45k for 2024/25. This Supplementary Budget includes an increase to our income to reflect this change. However, we will also incur additional staff costs of £45k to backfill the vacant post this creates. The net effect of the secondment is therefore nil.

Update on office accommodation

In the Ombudsman's response to the Committee's recommendations, in its report on the Annual Scrutiny of the Public Services Ombudsman for Wales, we provided an update on progress towards reducing the amount of office accommodation we use. At that point, in January, we had vacated the first and second floors of our accommodation and were actively seeking new tenants to take these areas on. Under the existing lease, rent on these areas is due until August 2025, and we have also been seeking to surrender these surplus areas to the landlord on acceptable terms. We are working to minimise surrender payments and dilapidations payments. Whilst no agreement has been concluded, good progress is being made and we will continue to update the Committee on progress. Any savings that are achieved, from the reduction in office space, will be invested to help us meet the demand for our services and in service improvement, particularly investment in information technology.

All figures in £000s	Estimate	Changes	Revised Estimate
Staff salaries and related costs	4,960	45	5,005
Investment in service improvement - staff	120		120
Premises and facilities	216		216
Professional fees	263		263
IT costs	327		327
Investment in IT & Digital Strategy	50		50
Office costs	102		102
Travel, training and recruitment	42		42
Communications	68		68
Total Revenue Expenditure	6,148	45	6,193
Total Income	(27)	(45)	(72)
Net Revenue Expenditure	6,121	-	6,121
Capital Expenditure – DEL	5		5
Total Resources Required	6,126	-	6,126
Depreciation and amortisation	70		70
Depreciation – leased assets	155		155
Interest charge – leased assets	7		7
Capital AME – dilapidations	-		-
Total Resource Expenditure	6,358	-	6,358
Depreciation and amortisation	(70)		(70)
Depreciation – leased assets	(155)		(155)
Interest charge – leased assets	(7)		(7)
Capital AME – dilapidations	-		-
Change in working capital	198		198
Other non-cash movements	20		20
Cash Requirement from WCF	6,344	-	6,344

Agenda Item 6

By virtue of paragraph(s) ix of Standing Order 17.42

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