

Manon Antoniazzi

Prif Weithredwr a Chlerc y Senedd
Chief Executive and Clerk of the Senedd

Mark Isherwood MS
Chair of Public Accounts and Public Administration Committee
Senedd Cymru
Tŷ Hywel
Cardiff Bay
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13 June 2022

Dear Mark

Information on the Commission's underspends and reallocation of any underspend during 2021-22

Further to the letter dated 2 February 2022 responding to your [Committee's report on the Scrutiny of Accounts 2020-21](#), I am pleased to provide a final update in relation to Recommendation 1.

Recommendation 1. In the interests of greater transparency we recommend, that in advance of annual scrutiny of the accounts, the Commission provide the Committee with details summarising and collating underspends and setting out any decisions taken to reallocate underspends. It would be helpful for this to be in a similar format to the letter provided to the Finance Committee

Attached is an update, as at 31 March 2022, detailing the impact Covid-19 and other matters have had on the 2021-22 financial position, including any savings and extra costs. A similar annex has been provided to the Finance Committee by Commissioner Ken Skates MS. If there is any further information that would assist your Committee, please do not hesitate to let me know.

Yours sincerely



Siwan Davies

Clerc Dros Dro'r Senedd / Acting Clerk of the Senedd

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



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Annex 1

Recommendation 1. In the interests of greater transparency we recommend, that in advance of annual scrutiny of the accounts, the Commission provide the Committee with details summarising and collating underspends and setting out any decisions taken to reallocate underspends. It would be helpful for this to be in a similar format to the letter provided to the Finance Committee

The following note provides the Committee with a summary of the costs and savings related to the impact of COVID-19 and other matters. It covers the following:

1. Impact on the Annual Leave Provision and staff wellbeing
2. Impact on the level of vacancies, turnover and capacity constraints.
3. Impact on Service Area Budgets – general non-staff expenditure
4. Impact on the Project Fund
5. Impact on the funding provided to the Commission to fulfil the obligations of the Remuneration Board's Determination on Members Pay and Expenses.

1. Impact on the Annual Leave Provision and staff wellbeing

As highlighted in a previous letter, International Accounting Standard (IAS) 19 - Employee Benefits requires the Commission to accrue for the cost of any unused leave entitlement accrued by Commission staff at 31 March in each financial year.

The provision as at 31 March 2020 was around £800k (representing 6.9 days of annual leave and 2 days of flexible leave accrued by each member of Commission staff). By 31 March 2021 this provision was around £1.3 million (an extra provision of £0.5m), as a result of certain staff not being able to take leave and others who have not wanted to take leave during the pandemic in 2020-21.

This higher than normal level of untaken leave continued into 2021-22; however, where we could have expected this provision to reduce, this was not the case by mid-year (September 2021). An amount of £150k was therefore ringfenced within the budget (i.e. not used for other purposes) to mitigate against the risk of any further increase in the level of untaken leave.

The actual provision required at 31 March 2022 was however lower than at 31 March 2021, following an active encouragement for staff to take annual leave in the recess week leading up to Christmas 2021. The 2021-22 year-end calculation released £100k from the provision for accrued annual leave, resulting in £250k of unutilised budget within the staffing cost budget at 31 March 2022.



Table 1

	31-Mar-20	31-Mar-21	31-Mar-22
	£'000	£'000	£'000
Provision at year end	£800	£1,300	£1,200
Increase/(Decrease)		£500	(£100)

The provision for untaken annual leave remains higher than normal/pre-pandemic and this continues to be actively addressed to ensure the wellbeing of staff.

2. Impact of increased vacancies, turnover and capacity constraints.

As noted in a previous letter (2 February 2022) the uncertainty of the pandemic has resulted, during the past 18 months, in a reduced turnover of staff. Naturally as the pandemic has continued, the Commission is once again experiencing a return to more normal levels i.e. an increased turnover. This increase, combined with a number of other factors, led to an increased level of vacancies to be filled during the second half of 2021-22 and this has continued into 2022-23, adding to the increasing pressure on Commission staff. The increased level of vacancies resulted in around £700k of unutilised staffing budget.

Alongside an increased level of turnover, other factors contributing to the high level of vacancies, include:

- specific posts temporarily frozen during the past two years as a result of reduced services during Covid which have now been released for recruitment,
- posts temporarily frozen pending the election and resulting Commission strategy, being released for recruitment,
- new additional posts created to support the new capacity pressures arising from hybrid ways of working, increasing cyber and physical security threats, increasing information governance and health and safety demands and new Committee structures,
- a shortage of applicants in difficult to recruit posts, for example fixed term posts and sought-after specialisms such as business analysts and data analytics, and;
- Executive Board decision to reduce the pace of recruitment in some areas to ensure that new capacity requirements in 2022-23 are affordable.

Executive Board are working actively with recruiting managers to prioritise vacancies, flex existing internal resource where possible, and focus resourcing efforts in those areas which present particular market difficulties.



3. Impact on Service Area Budgets – general expenditure

The impact of the COVID-19 pandemic on the general day-to-day expenditure of the Commission has been varied during 2020-21 and 2021-22 and the table below provides information on areas where activity has not yet returned to pre-pandemic levels i.e. the table shows the variance between the original budget and actual expenditure (not the actual expenditure).

Table 2 – Reduced costs or savings against Service Budgets

Savings against Budget	2020-21 £	2021-22 £
Reduced Utility costs	130,000	125,000
Police and Security Costs	175,000	72,000
Staff travel Costs	150,000	121,000
MS related Commission expenditure*	168,000	168,000
External translation costs	47,000	76,000
Education and Events	78,000	202,000
Printing and Postage	117,000	222,000
Hospitality	31,000	22,000
Training and Recruitment	89,000	-
Total	985,000	1,008,000

*includes e.g. MS training, stationery and international engagement costs. All are funded from the Commission's operational budget.



The following table provides an overview of other items that have impacted the 2021-22 service budgets, resulting in a net reduction in service area expenditure of £792,000.

Table 3

	2021-22 £
Savings against budget as per Table 4	(1,008,000)
Depreciation	(150,000)
Expenditure greater than budget:	
• Cleaning	26,000
• Cloud services	118,000
• Consultancy and legal costs	49,000
• Archiving	29,000
• Broadband	55,000
• Recruitment	24,000
• Planned/reactive maintenance	37,000
Reduced income - net of costs	28,000
Total	792,000



4. Impact on the Project Fund

The 2021-22 Budget highlighted £0.96 million of expenditure to be funded from the Commission's Project Fund. The 2021-22 project fund budget was set at a lower level than in 2020-21 and 2022-23 (£1.515 and £1.5 million respectively) in order to contain the Commission operational budget increase to within 1%. The actual expenditure on the project fund during 2021-22 was £1.965m. This increase was funded from the net COVID-19 related savings noted in Table 3.

Table 4 – Covid Impact on Project Fund Budget

	Budget 2021-22	Actual 2021-22
Project Fund 2021-22	Amount £'000	Amount £'000
Legislative Workbench Software	£240	£240
Engagement and Outreach Activities	£200	£41
EFM Project Expenditure	£245	£423
Physical Security Enhancements	-	£101
Sustainability Enhancements (See Table 5)	-	£323
Fire door replacements	-	£111
ICT Project Expenditure	£275	£217
Finance System Upgrade	-	£144
Commission Laptop cyclical renewal – b/f from 2022-23	-	£365
Total	£960	£1,965
Increase		£1,005

Early identification of underutilisation of the:

- engagement and outreach project fund budget,
- the budget areas noted in table 3 above, and
- the staffing costs budget

during 2021-22, led the Commission to cautiously consider whether the available funds could be prioritised elsewhere.

Reallocation of these funds enabled the additional security, sustainability and finance system enhancements (shown in table 4) to proceed without the requirement for a supplementary budget and also enabled the Commission laptop replacement project to be accelerated from 2022-23 to pre-empt any inflationary price rises and/or delays and shortages.



The Commission also noted and responded promptly to the Finance Committee’s recommendation, included in its Report on the Scrutiny of the Senedd Commission Draft Budget 2022-2023:

Recommendation 8 (Finance Committee). *The Committee recommends that the Commission prioritises and implements changes associated with its Carbon Neutral Strategy 2021-2030 that are simple and cost-effective at the earliest opportunity.*

The Commission accelerated expenditure on sustainability related initiatives earmarked for 2022-23, during 2021-22. Items included:

Table 5

Description	2021-22
Additional Electric Vehicle Charging points	£15,000
UPS Battery Replacements	£18,000
Solar Photovoltaic Installation – Feasibility Study	£20,000
Ty Hywel LED's Phase 4	£105,000
Ty Hywel LED's Phase 5	£105,000
Ty Hywel Heating Improvements	£60,000
Total	£323,000

In summary, a net amount of £792k (Table 3) was released from the non-staff service area budgets; £950k was also released from the staffing budget, giving a total of £1.7 million.

This £1.7 million was used partly to supplement the lower level of project funding initially allocated in 2022-23 (£1 million, Table 4) and the remaining amount (£700k) remained unutilised at 31 March 2022. The Commission is unable to carry forward this funding and the corresponding cash requirement was not drawn from the Welsh Consolidated Fund.



5. Impact on the funding provided to the Commission to fulfil the obligations of the Remuneration Board's Determination on Members Pay and Expenses.

The impact of the COVID-19 pandemic on the funding provided to fulfil the obligations of the Remuneration Board's Determination has been varied as shown in Table 6 below. The 2021-22 figures were also impacted by the 2021 Senedd election.

The following table shows the actual expenditure in 2019-20, 2020-21 and 2021-22.

Table 6

Expenditure – £'000	Actual 2019-20	Actual 2020-21	Actual 2021-22
MS Salary Costs	6,246	6,236	6,165
MSSS Salary Costs	7,313	8,073	7,767
Travel Costs	280	47	146
Office and Other Costs	1,118	1,238	1,364
Total	14,956	15,595	15,442

Overall expenditure against the Determination budget was higher during 2020-21 than both 2019-20 and 2021-22, despite the freeze in MS pay and reduced expenditure on travel seen in 2020-21. This was due to lower than normal turnover of MS support staff, leading to lower than anticipated vacancies and a higher total salary cost.

MS Support staff costs were lower during 2021-22, due to an increased level of vacancies as a result of the 2021 election. Travel costs increased during 2021-22 but remained lower than 2019-20.

The total underspend against the 2021-22 budget provided to the Commission to fulfil the obligations of the Remuneration Board's Determination was £178k, this was not drawn from the Welsh Consolidated Fund during 2021-22.

(All figures are subject to audit).

