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Mr Peredur Owen Griffiths AS  
Chair of the Finance Committee  
Senedd Cymru

Via email

**Reference:** LF21006/AC288/caf

**Date issued:** 25 November 2021

Dear Peredur

## Travel and Subsistence Review

Thank you for your letter of 24<sup>th</sup> November 2021; as requested we set out below the detailed costs and savings of our proposals by financial year.

We have shown these in two parts. The first demonstrates the on-going savings arising from removal of the Travel Allowance from 2024-25. The second, illustrates the implications in the transition period up to April 2024 if a Supplementary Estimate is approved and we are able to offer an up-front buy out.

On-going savings will be unaffected by the take up of the buy-out as no travel allowance will be paid from April 2024 onwards under these proposals.

## Costs and savings post April 2024

We have committed to a two-year transition period before removal of the Travel Allowance in recognition of personal financial arrangements staff may have made. Staff will continue to receive the Allowance, therefore, until 2024-25. The following table compares the costs of the current scheme with the estimated costs of the proposals once the transition period ends in April 2024, demonstrating how the Board's commitment to annual savings of £200,000 (£1million over 5 years) will be met.

The savings will vary according to the actual amount of travel undertaken in the future. For this reason, we have shown a range of mileage based on our actual travel in 2018-19<sup>1</sup> – the last full pre-pandemic year. Whilst we continue to work

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<sup>1</sup> 731,000 miles

remotely, we are using the additional savings from reduced travel to fund a home working allowance.

	Mileage			
	100%	75%	50%	25%
	£'000	£'000	£'000	£'000
<u>Current Cost</u>				
Travel allowance including on-costs	835	835	835	835
Mileage @25p per mile	183	137	91	46
<b>Total</b>	<b>1,018</b>	<b>972</b>	<b>926</b>	<b>881</b>
<u>Proposal</u>				
£750 salary uplift incl on-costs	300	300	300	300
Mileage at 45p	329	247	164	82
Trainee pay benchmarking <sup>2</sup>	170	170	170	170
<b>Total</b>	<b>799</b>	<b>717</b>	<b>634</b>	<b>552</b>
Net saving	(219)	(255)	(292)	(329)

These savings will be reflected in our Estimate and Fee Scheme in 2024-25 and be reflected in a lower budget in years thereafter. Actual savings achieved will be monitored by our Board throughout the year and reported in our Annual Report and Accounts at year end.

### Transition costs and savings

The following table demonstrates how the costs of our current scheme continuing through the agreed two-year transition period compare to the proposal of an up-front payment and immediate removal of the allowance. Note that the numbers in the table assume 100% take up of the up-front payment. It is extremely unlikely that this will be the case and hence both the costs and resulting savings will be less than shown during the transition period.

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<sup>2</sup> We have agreed new Trainee and Apprentice salary scales to ensure that they remain comparable with Welsh Government and other public sector organisations after removal of the TA.

	2021-22 £'000	2022-23 £'000	2023-24 £'000	3-year total £'000
<u>Current Cost</u>				
Travel allowance including on-costs		835	835	1,670
Mileage <sup>3</sup> @25p per mile		91	91	182
<b>Total</b>		<b>926</b>	<b>926</b>	<b>1,852</b>
<u>Proposal</u>				
Up-front payment	1,480			
Mileage at 45p		164	164	328
<b>Total</b>		<b>164</b>	<b>164</b>	<b>328</b>
Net cost / savings	1,480	(762)	(762)	(44)

### Cash requirement 2021-22 and 2022-23

The proposed Supplementary Estimate for 2021-22 will be for resource cover only to allow us to make the necessary accounting provision for the up-front payment in our accounts.

As the Committee is aware, we have included an additional cash requirement in our Estimate for 2022-23 to allow payments to be made to staff in April 2022. This is less than the full value of the up-front payment as the Estimate already includes provision for one year's travel allowance for all staff.

### Changes to our Estimate 2022-23 and 2023-24

Subject to the approval of the Supplementary Estimate for 2021-22 and the extent to which staff opt for the up-front payment, we have three options to reflect this for 2022-23:

- We could return the funding to WCF as an underspend in our 2022-23 accounts (both unused cash and resource savings).
- We could lay a Supplementary Estimate to return the full saving to WCF in the year; or
- We could lay a Supplementary Estimate and a revised Fee Scheme to share the savings between WCF and fees.

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<sup>3</sup> At 50% of 2018-19 mileage

We will write to the Committee early in the new financial year to provide an update on the actual cost and savings to discuss which of these options is preferable.

For 2023-24 we will be able to reflect the new lower budget for travel allowance in our Estimate for that year.

Please do not hesitate to contact us if there is any further clarification we can helpfully provide.

Yours sincerely



**LINDSAY FOYSTER**  
Chair, Wales Audit Office



**ADRIAN CROMPTON**  
Auditor General for Wales