

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

20 January 2025

Dear Peredur

I am writing to bring to the Committee's attention the Commission's proposed change to its approved 2024-25 budget through the Supplementary Budget process.

In summary, the Commission is proposing a decrease to its resource budget of £2.300million, the majority of which relates to the Annually Managed Expenditure (AME) budget earmarked for the increased actuarial valuation of the Members Pension Scheme. There will be a corresponding decrease to its net cash requirement of £0.900million.

The Commission is proposing the following changes:

- reduce the budget for the **Independent Remuneration Board's Determination on Members Pay and Allowances** by £0.400m;
- reduce the budget for the Annually Managed Expenditure (AME) budget for **Members' Pensions** by £1.400m;
- reduce the ring-fenced budget for **Ways of Working** by £0.500million.



The Commission believes these changes reflect our commitment to transparency in the use of the budget and that the return of the monies is of benefit to the public purse.

The Commission is therefore proposing a Supplementary budget for a total Budget of £70.530million, a decrease of £2.300million. The net cash requirement will be £67.100million, a decrease of £0.900million as set out in table 2 of the Explanatory Memorandum.



The effect on the overall Commission budget for 2024-25 is shown in the table below:



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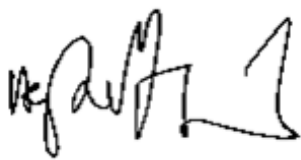
## Senedd Restricted | Cyfyngedig i'r Senedd

|  | Approved<br>1st Supplementary<br>2024-25 | Proposed<br>Determination | Proposed AME | Proposed<br>WoW | Proposed<br>2nd Supplementary<br>2024-25 |
|--|--|---------------------------|--------------|-----------------|--|
| <b>Operational Budget</b>                  | 41,297                                   |                           |              |                 | 41,297                                   |
| <b>Ring-fenced budgets</b>                 | 4,101                                    |                           |              | -500            | 3,601                                    |
| <b>Depreciation and interest</b>           | 5,360                                    |                           |              |                 | 5,360                                    |
| <b>Member related expenditure</b>          | 19,820                                   | -400                      |              |                 | 19,420                                   |
| <b>Members' Pension finance cost (AME)</b> | 1,800                                    |                           | -1,400       |                 | 400                                      |
| <b>Total Commission Budget</b>             | 72,378                                   | -400                      | -1,400       | -500            | 70,078                                   |

In accordance with Standing Order 20.32, following your Committee's consideration of this request, the Commission will be laying an explanatory memorandum noting this Second Supplementary Budget request.

A copy of this explanatory memorandum is attached for your convenience and includes greater detail on these proposed changes. If you need further information, please let me know.

Yours sincerely



Hefin David MS

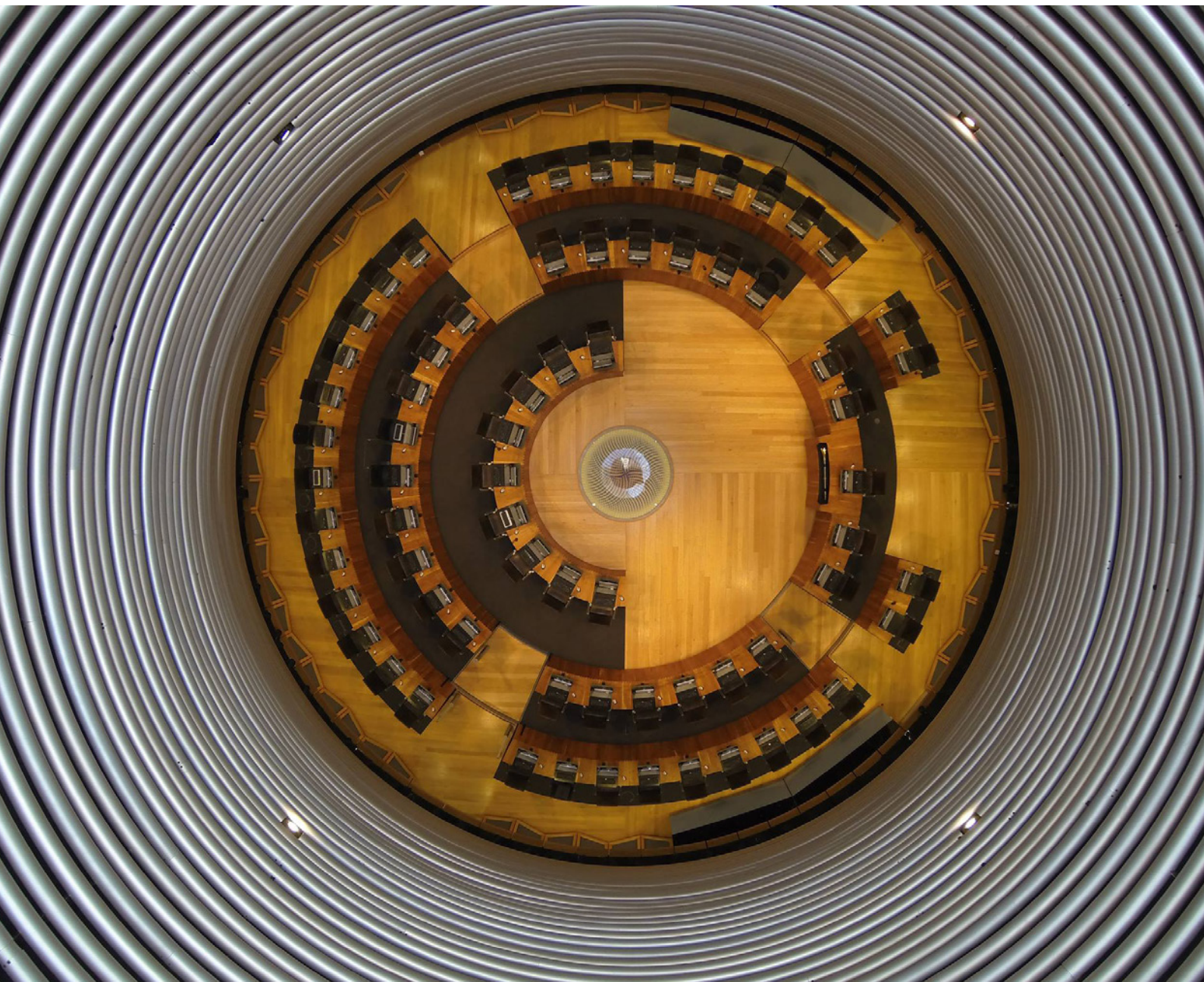
cc Manon Antoniazzi, Lisa Bowkett

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

# **Second Supplementary Budget 2024-25**

## Explanatory Memorandum

February 2025



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# **Second Supplementary Budget 2024-25**

## Explanatory Memorandum

February 2025





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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.

In line with Standing Order 20.32 an Explanatory Memorandum was laid on 1 October 2024, supporting a variation to the Commission's 2024-25 budget within the Supplementary Budget Motion (standing Order 20.30). The Supplementary

Budget Motion was approved in Plenary on 22 October 2024 following scrutiny by the Senedd's Finance Committee.

This increased the Commission's budget to £72.830million, primarily to fund an adjustment to the lowest three Commission pay scales in recognition of recent inflationary pressures.

This second 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 second Supplementary Budget Motion.

## Explanatory memorandum

The effect of the Commission's second supplementary budget will be to decrease the overall Commission budget by £2.300 million with a corresponding decrease in the net cash requirement. The following changes are proposed:

- **A decrease in the budget for the Independent Remuneration Board's Determination of £0.400 million;**
- **A decrease in the budget for Annually Managed Expenditure of £1.400 million; and**
- **A decrease in the ring-fenced budget for Ways of Working of £0.500 million.**

## Budget Amendments

### **Budget for the Independent Remuneration Board's Determination**

The Independent Remuneration Board determines the pay and remuneration of Members and their staff and provides the system of financial support needed for Members to fulfil their responsibilities as elected representatives.

The budget for the Determination provides full funding for the permitted salaries, expenses and allowances associated with being a Member or Office Holder.

The final costs will not be calculated until after 31 March 2025, however, based on latest estimates, not all of the available funding will be required.

It is recommended that the budget is reduced by £0.400 million, from £19.084 million to £18.684 million which returns the majority of unutilised funding whilst retaining sufficient contingency for any variation between the latest estimate and the final year end out-turn position.

### **Annually Managed Expenditure**

The budget for Annually Managed Expenditure is to cover the movement in actuarial valuation of the Members Pension Scheme. The final cost will not be known until after the year end, but estimates indicate that the current budget of £1.800 million is in excess of the requirement for the year.

It is recommended that the budget is reduced by £1.400million to £0.400million.

### **Ways of Working**

The budget for Ways of Working mainly funds the 'Bay 32' project, which plans future accommodation for the Commission after the Ty Hywel lease ends in 2032.

The budget was set with the expectation that design work would be undertaken and part paid for by the Commission during the 2024-25 financial year. It was approved on the basis that the Commission return any funds that were not required back to the Welsh Consolidated Fund.

The procurement strategy has evolved since the budget was approved and the expenditure profile for the project has changed. This has resulted in an in year forecast underspend position.

Therefore, the recommendation is that the budget is reduced by £0.500 million.

### **Budget impact**

The overall impact of the changes will be:

- **A decrease in the Commission's budget of £2.300 million**
- **A decrease in the net cash requirement of £0.900 million**

## 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.

| <b>Senedd Requirements</b>   | <b>2024-25<br/>£000</b> |
|--|-------------------------|
| <b>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.</b> <ul style="list-style-type: none"> <li>▪ 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.</li> </ul> | <b>70,530</b>           |
| <b>Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the Commission:</b> <ul style="list-style-type: none"> <li>▪ from the disposal of fixed assets and other capital income for use on the purchase or acquisition of fixed assets; or</li> <li>▪ 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.</li> </ul>   | <b>100</b>              |
| 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.  | <b>67,100</b>           |

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

| <b>Table 2: Cash requirement</b>                             | <b>2024-25<br/>1<sup>st</sup><br/>Supplementary<br/>£000</b> | <b>£2024-25<br/>Revised<br/>£000</b> |
|--|--|--------------------------------------|
| Members' net revenue requirement                             | 19,084   | 18,684                               |
| Office of the Standards Commissioner                         | 102  | 102                                  |
| Independent Remuneration Board Costs                         | 634  | 634                                  |
| Senedd Reform  | 671  | 671                                  |
| Ways of Working  | 281  | 281                                  |
| Commission net revenue requirement                           | 47,109   | 47,109                               |
| Net capital requirement                                      | 3,149  | 2,649                                |
| Annually Managed Expenditure                                 | 1,800  | 400                                  |
| <b>Subtotal</b>  | <b>72,830</b>  | <b>70,530</b>                        |
| Adjustments  |  |                                      |
| Depreciation   | (4,750)  | (4,750)                              |
| Interest charges/Capital adjustments                         | (610)  | (610)                                |
| Rental payments  | 2,330  | 2,330                                |
| Movements in provisions                                      | (1,800)  | (400)                                |
| Movement in debtors and creditors                            | 0  | 0                                    |
| <b>Net cash requirement from the Welsh Consolidated Fund</b> | <b>68,000</b>  | <b>67,100</b>                        |
| <b>Decrease in cash requirement</b>                          |  | <b>(900)</b>                         |







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