

National Assembly for Wales
Assembly Commission

Supplementary Budget 2014-15 Explanatory Memorandum

February 2015

Cynulliad
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Cymru

National
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Wales



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Contents

01. Background	2
Explanatory memorandum.....	2
Resource Budget	2
Annually Managed Expenditure (AME).....	3
Budget impact	3
02. Budget Ambit.....	4

01. Background

The Commission's **2014-15 Budget** was included in the Annual Budget Motion under Standing Order 20.26 and was approved in Plenary on 20 November 2013, following scrutiny by the Assembly's Finance Committee.

The budget motion provided the Commission with £50.600 million of Resource Budget in relation to:

- £36.500 million for Assembly services; and
- £14.100 million for the Remuneration Board's Determination for Assembly Members.

A further £0.750 million was provided for non-cash accounting adjustments in respect of the Assembly Members' Pension Scheme, through the Annually Managed Expenditure budget.

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

Explanatory memorandum

The effect of the Commission's supplementary budget will be to increase the total Income that the Commission is permitted to accrue, and to increase Annually Managed Expenditure in line with projections.

Resource Budget

Over the past few years, there has been an increase in the levels of income received by the Commission with no amendment made to the limit within the Budget Ambit. The consequence of this is that the Commission is at risk of being unable to re-invest the income into services and instead having to return the excess to the Welsh Consolidated Fund.

The primary reasons for the increase are:

- Increased support for staff development via external secondment opportunities which generates income in respect of salary cost recovery;
- An increase in car park usage and therefore an increase in car park charge income;
- Sale of equipment which has exceeded its useful life in terms of Commission requirements but still has a value in the wider market.

The Commission needs to maximise the use of income to support investment in services and manage both income and expenditure appropriately as a resource.

Annually Managed Expenditure (AME)

The Commission's AME budget is for the non-cash accounting adjustment in respect of the future financial liability of the Assembly Members' Pension Scheme. The purpose of this adjustment is to ensure a true and fair view of the Scheme liability is recorded in the balance sheet of the Commission; it does not reflect the monetary sums paid by the Commission into the Scheme. There is no associated cash requirement and making changes to it has no impact on the Commission Resource budget or service delivery.

The final value cannot be calculated until after 31 March, but estimates are requested from professional advisors during the year. Based on calculations reflecting known changes to the discount rate and other variables which impact on the estimated liabilities of the scheme, the latest estimate is just under £1.0million.

The Commission is therefore proposing a supplementary AME budget of £1.200 million in order that there is sufficient contingency to manage any variation from the estimate in the final year-end figures.

Budget impact

The Supplementary Budget Motion proposes the following:

- an increase to the limit on accruing resources of £0.150 million to £0.400 million
- an increase to the AME budget of £0.450 million to £1.200 million.

02.Budget Ambit

This supplementary budget submission is laid in compliance with National Assembly 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 Assembly Commission for the year ending 31 March 2015.

The Supplementary Budget Motion authorises the net resources to be used for the services and purposes of Members and Assembly 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 2014-15 Budget for the Assembly Commission, addressing the revised requirements, is set out in Table 1 below.

Table 1

**Revised
£000**

Resources other than accruing resources for use by the National Assembly for Wales Commission on revenue and capital costs associated with the administration and operation of Assembly Services to support the National Assembly for Wales ("the Assembly"); promotion of the Assembly 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 Assembly or functions of the National Assembly for Wales Commission.	36,500
Resources other than accruing resources for use by the National Assembly for Wales Commission in respect of decisions of the Remuneration Board.	<u>14,100</u>
<i>Total resources, other than accruing resources</i>	<i>50,600</i>
Annually Managed Expenditure for use by the National Assembly for Wales Commission in respect of Assembly Members' Pension provision.	1,200
Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the National Assembly for Wales Commission:	
from the disposal of fixed assets and other capital income for use on the purchase or acquisition of fixed assets; or	400
rental income; gifts; grant support; recharges and income from commercial sales and other services provided to the public or others for use on administrative costs of the Assembly.	
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.	46,448

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

Table 2 Cash requirement

£000s

**2014-15
Revised**

Members Revenue Requirement	14,100
Commission Revenue Requirement	36,000
Capital Requirement	500
Assembly Members' Pension Provision (AME)	1,200
<i>Adjustments:</i>	
Depreciation (Non cash)	(4,000)
Movements in provisions	(1,200)
Movement in debtors and creditors	(252)
Use of provisions	100
Net cash requirement for issue from the Welsh Consolidated Fund	46,448

