

Caroline Gardner  
Auditor General

8 December 2017

Dear Auditor General

**National Assembly for Wales's Remuneration Board's Determination Underspend**

The **Finance Committee** of the National Assembly for Wales has agreed to undertake an inquiry to establish how other parliaments, within the UK and more widely, budget for expenditure related to Members' pay and allowances.

As way of background, the Remuneration Board of the National Assembly is the independent body responsible for setting the pay, pensions and allowances of Assembly Members and their staff. The Budget for Members' salaries and related costs is calculated in line with the independent Remuneration Board determination.

The Assembly Commission (the corporate body responsible for the provision of property, staff and services to support the Assembly Members) prepares a draft Budget annually which is scrutinised by the Finance Committee. Currently the Assembly Commission chooses to budget for the maximum funding allowance for each Member/Party to meet the maximum required by the determination, with any underspend utilised by the Assembly Commission to fund investment priorities.

For some time, the way the Assembly Commission utilises the Remuneration Board's determinations underspend has been a concern of the Finance Committee. We initially sought views from the Auditor General for Wales on this matter. His office responded and informed us that discussions had been held with colleagues in the Northern Ireland Audit Office and Audit Scotland which highlighted some interesting differences in budget setting arrangements for Members' costs. I have attached a copy of the letter which I hope will provide further context.



At the Finance Committee on 7 December 2017, we agreed the terms of reference for our inquiry:

To consider:

- how the Assembly Commission forecasts its budget for Remuneration Board determinations;
- whether the way in which the Assembly Commission provides information on the underspend is clear and transparent;
- how the Assembly Commission decides to utilise the underspend after meeting the Remuneration Board's determinations; and
- how other parliaments, within the UK and more widely, budget for expenditure related to Members' pay and allowances.

The Committee would like to invite you to provide written evidence addressing the terms of reference above, in particular seeking your views on how the Scottish Parliament Corporate Body budgets for expenditure related to Members' pay and allowances and any issues that may have arisen with this process.

I would be grateful to receive your response by **Friday 9 February 2018**. Based on your written evidence the Committee may wish to invite you to provide oral evidence to the Committee.

Should you require any clarification or further information, please contact: Leanne Hatcher, Committee Clerk, 0300 200 6343, [SeneddFinance@assembly.wales](mailto:SeneddFinance@assembly.wales)

Yours sincerely



Simon Thomas AC

Chair

*Croesewir gohebiaeth yn Gymraeg neu'n Saesneg.*

*We welcome correspondence in Welsh or English.*

