



HOUSE OF COMMONS

Simon Thomas AM
Chair
Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

7 February 2018

Dear Chair,

Thank you for your letter of 8 December, requesting written evidence for your Committee's inquiry on the Remuneration Board of the National Assembly's determination underspend. As the Terms of Reference for the inquiry mostly focus on the workings of the Assembly Commission, this submission provides information related to the final bullet point "how other parliaments, within the UK and more widely, budget for expenditure related to Members' pay and allowances".

As you will be aware, the vast majority of Members pay and expenses are now dealt with by The Independent Parliamentary Standards Authority (IPSA). IPSA will provide written evidence themselves, to cover the Members pay and expenses that they deal with. Therefore, this submission only refers to the pay and expenses dealt with by the House of Commons.

The elements remaining within the House of Commons Estimates [REDACTED] are as follows:

Members Estimate

Deputy Speakers pay

Administration Estimate

Resource

Stationery and postage

Committee travel

Capital

IT equipment

These items are budgeted for in the same way we budget more widely. For example, The Deputy Speakers' pay is based on actual salary costs plus expected inflation. The stationery and postage budget is based on the number of members, the annual allowance and a forecast of how much of the allowance will be taken up, based on trends in previous years. In 2016-17 this budget was underspent by £338,000 (12.1%). The Committee travel budget contains separate sums for UK-travel (which is not cash limited) and overseas

travel (which is subject to a cap set by the House of Commons Commission), with in both cases the subsistence costs reimbursed to Members being based on HMRC-recognised guidelines. In 2016-17, this budget was underspent by £226,000 (27.5%). The budgets are based on trends in previous years. IT equipment is based on the allowance and a forecast of how many members will take up their allowance and when they will take up the allowance, based on trends in previous years.

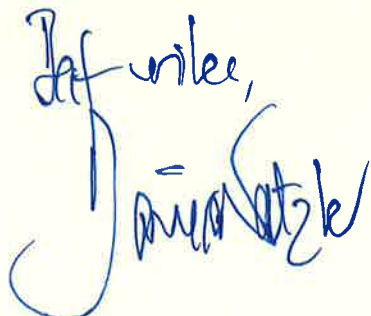
The budgeting process aims to minimise underspend. Underspends are used if necessary and permissible to fund agreed overspends elsewhere in the budget.

In 2016-17 the IT equipment budget of £200,000 was breached by £54,978, and an excess vote occurred. The Public Accounts Committee reported on this in its report, Excess Votes 2016-17. The report states:

No individual Member exceeded their individual allowance for equipment purchases. However, during 2016–17 the House failed to apply its normal level of budgetary control on this specific ICT expenditure, which sat outside the normal purchase order processes applicable to other areas of expenditure. The House failed to anticipate, in considering its Supplementary Estimate, the impact of the high level of new Members from by-elections since the 2015 General Election, resulting in additional capital expenditure of £32,000. Furthermore, capital expenditure of £63,000 which should have been recognised in 2015–16 (as it related to ICT equipment ordered and received in that year) was not identified until late in 2016–17. These factors contributed to inadequate forecasting and the overall capital overspend in 2016–17.

The House of Commons have taken a number of actions, some of which were already planned prior to the end of 2016-17, to mitigate against an overspend recurring. These comprise: changes to the procurement and accounting processes; changes to the handling of provisioning and recording of assets; and the Estimate process. From 2017-18, Members Loan equipment, support and broadband services have been transferred from the House of Commons Members Estimate to the House of Commons Administration Estimate. This will ensure purchase orders and commitments are recorded on the House Administration Information System (HAIS), goods receipting and monthly accruals can be recorded, standard reporting will be available and this budget and costs will be included in the regular re-forecasting exercise.

I hope this information is useful to the Committee's inquiry, and also sets out some of the issues that arise here at Westminster.

A handwritten signature in blue ink, appearing to read 'David Natzler', written in a cursive style.

David Natzler, Clerk of the House of Commons
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