



# Assembly Commission Supplementary Budget 2017-18 **Explanatory Memorandum**

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December 2017



**National Assembly for Wales**  
Assembly Commission



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## 01. Background

The Commission's **2017-18 Budget** was included in the Annual Budget Motion under Standing Order 20.26 and was approved in Plenary on 16 November 2016, following scrutiny by the Assembly's Finance Committee.

The budget motion provided the Commission with £53.745 million of Resource Budget in relation to:

- £36.613 million for Assembly services; and
- £15.532 million for the Remuneration Board's Determination for Assembly Members.

A further £1.2 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 Annually Managed Expenditure in line with projections.

### 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 Commission's Statement of Financial Position; 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 £1.8million.

This increase is as a result of a decrease in the discount rate. The discount rate net of CPI as at 31 March 2017, which is used to calculate the 2017-18 current service cost was 0.3%. This has reduced significantly from the equivalent rate at 31 March 2016, which was 1.3%. A decrease in the net discount rate leads to an increase in the current service cost, a main component of the pension finance cost.

The Commission is therefore proposing a supplementary AME budget of £1.9 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 AME budget of £0.7 million to £1.9 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 2018.

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 2017-18 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 resource 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. Resources other than accruing resources for use by the National Assembly for Wales Commission in respect of decisions of the Remuneration Board and expenditure in respect of Assembly Members' Pension provision.	54,445
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  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.	300
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.	50,245



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>£000</b>
	<b>2017-18 Revised</b>
<b>Members' Revenue Requirement</b>	15,532
<b>Commission Revenue Requirement</b>	36,513
<b>Capital Requirement</b>	500
<b>Assembly Members' Pension Provision (AME)</b>	1,900
<b>Adjustments:</b>	
<b>Depreciation (Non cash)</b>	(2,600)
<b>Movements in provisions</b>	(1,900)
<b>Movement in debtors and creditors</b>	300
<b>Net cash requirement for issue from the Welsh Consolidated Fund</b>	50,245