

Llyr Gruffydd AM
Chair of Finance Committee
National Assembly for Wales
Tŷ Hywel
Cardiff Bay
CF99 1NA

18 December 2018

Dear Llyr

I am writing to bring to the Committee's attention the Commission's proposed change to its approved 2018–19 budget through the Supplementary budget process. The Commission is proposing to

- decrease the Annually Managed Expenditure (AME) budget by £0.500million
- decrease the Remuneration Board's Determination for Assembly Members budget by £0.500million.

The AME Budget

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 and is an accounting adjustment rather than a cash requirement.

The actual value of AME cannot be calculated until after 31 March 2019. The Commission therefore seeks a professional estimate of the year end value during the financial year. Actuarial advice received indicates that the liability could be £1.439million which is below the budget. Therefore, the Commission proposes to decrease the AME Budget by £0.500million. This will not impact on service delivery as this budget is managed independently of the Resource Budget.



The Remuneration Board's Determination for Assembly Members Budget

The Remuneration Board's Determination budget for 2018–19 is set at £16.201million. The November 2018 forecast for this budget line is £14.798million, an underspend of £1.403million.

The 2018–19 budget document, approved by the Assembly, stated that £600k of this underspend would be required to fund priority projects. The majority of this amount has been allocated to priority projects. This leaves a remaining underspend of £803k. Budget meetings with Members' Business Services (MBS) have indicated that there is a high likelihood of £500k of this remaining budget remaining unutilised.

It would not be considered prudent to reduce this budget line by £803k due to the changes being introduced by the Remuneration Board during 2018–19 and the likelihood of unexpected items impacting on this budget e.g. death in service payments and late claims.

Nevertheless, while it would certainly be possible to bring forward priority projects in to this financial year in order to utilise £500k, we are mindful of our commitment regarding any underspend against the Remuneration Board Determination in future years. Accordingly, we are adopting the same principle for the unutilised sum identified this year; we will not draw down the £500k and present this supplementary budget to amend the original laid budget.

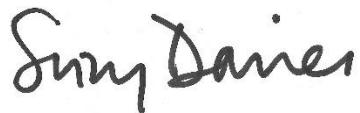
The effect on the overall Commission budget for 2018–19 will be as shown in the table below:

	Approved Budget £m	Proposed Supplementary Budget £m	Proposed revised Budget £m
Resource Budget	£37.887		£37.887
Members' budget	£16.201	-£0.500	£15.701
AME Budget	£2.000	-£0.500	£1.500
Total	£56.088	-£1.000	£55.088

In accordance with Standing Order 20.32 the Commission will be laying an explanatory memorandum with this request. A copy of this document is attached for your convenience. If you need further information, please let me know.



Yours sincerely



Suzy Davies

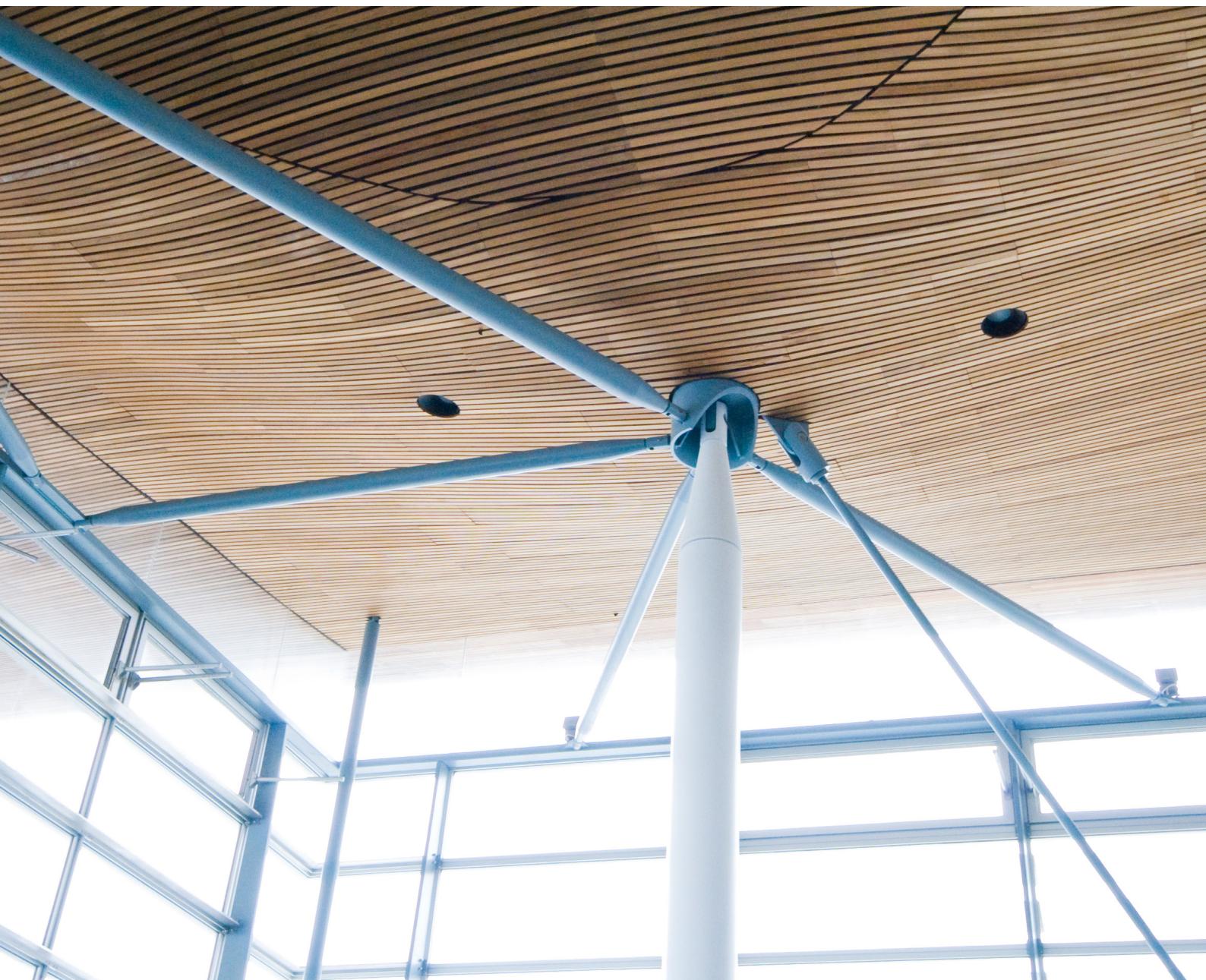
cc Manon Antoniazzi, Nia Morgan

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



Supplementary Budget 2018-19: Explanatory Memorandum

December 2018



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Supplementary Budget 2018-19: Explanatory Memorandum

December 2018





Contents

1.	Background	6
1.1.	Explanatory memorandum.....	6
1.2.	Annually Managed Expenditure (AME)	6
1.3.	Remuneration Board's Determination for Assembly Members	7
1.4.	Budget impact.....	7
2.	Budget Ambit.....	8

1. Background

The Commission's **2018-19 Budget** was included in the Annual Budget Motion under Standing Order 20.26 and was approved in Plenary on 15 November 2017, following scrutiny by the Assembly's Finance Committee.

The budget motion provided the Commission with £56.088million of Resource Budget in relation to:

- £37.887million for Assembly services; and
- £16.201million for the Remuneration Board's Determination for Assembly Members.

A further £2.000million 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.

1.1. Explanatory memorandum

The effect of the Commission's supplementary budget will be to decrease Annually Managed Expenditure in line with projections and to decrease the Remuneration Board's Determination for Assembly Members in line with projections.

1.2. 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 £1.500million.

The Commission is therefore proposing a supplementary AME budget of £1.500million in order that there is sufficient contingency to manage any variation from the estimate in the final year-end figures.

1.3. Remuneration Board's Determination for Assembly Members

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

The Determination provides funds to cover the expenses associated with being a Member and / or an office holder, for example:

- running an office and engaging with constituents;
- salaries and travel expenses of the support staff;
- residential accommodation in Cardiff for Members whose home is a significant distance away (eligibility criteria apply); and
- support for the Party Groups and policy research.

The final costs cannot be calculated accurately until after 31 March, with forecasts made during the year. Based on current expectations, mainly due to staff vacancies, not all of the funds budgeted for support staff salaries are likely to be called upon.

The Commission is therefore proposing a supplementary budget for the Remuneration Board's Determination for Assembly Members of £15.701million in order that there is sufficient contingency to manage any variation from the estimate in the final year-end figures.

1.4. Budget impact

The Supplementary Budget Motion proposes the following:

- a decrease to the AME budget of £0.500million to £1.500million. This does not impact on the cash requirement.
- a decrease to the Remuneration Board's Determination for Assembly Members budget of £0.500million to £15.701million. This reduces the cash requirement by £0.500 million.

2. 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 2019.

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 2018-19 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 ("the Commission") on resource and capital costs associated with the administration and operation of 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 the Commission.	55,088
Resources other than accruing resources for use by the Commission in respect of decisions of the Remuneration Board and expenditure in respect of Assembly Members' Pension provision.	300
Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the Commission: <ul style="list-style-type: none"> ▪ from the disposal of fixed assets and other capital income for use on the purchase or acquisition of fixed assets; or ▪ 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 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.	51,538

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

Table 2: Cash requirement	£000
	2018-19 Revised
Members' Revenue Requirement	15,701
Commission Revenue Requirement	37,387
Capital Requirement	500
Assembly Members' Pension Provision (AME)	1,500
Subtotal	55,088
<i>Adjustments:</i>	
Depreciation (Non cash)	(2,400)
Movements in provisions	(1,500)
Movement in debtors and creditors	350
Subtotal	(3,550)
Net cash requirement for issue from the Welsh Consolidated Fund	51,538

