

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

19 December 2018

Dear Llyr

I am writing in response to the Committee's Report on the Scrutiny of the Assembly Commission Draft Budget 2018–2019. This report was published in October 2017. The report included the following recommendation

Recommendation 5: *The Committee recommends that the Commission provides an in-year update (before the end of each calendar year) on likely Remuneration Board underspend along with any significant changes to planned projects to be funded using these underspends.*

As requested, we are now providing you with information on the projected underspend in relation to money drawn down to fund the Remuneration Board Determination and to show how this underspend is being utilised by the Assembly Commission during 2018–19.

We will always consider returning any underspend on the overall Commission budget (as was done with a rates rebate in February 2014), if we conclude that we are not able to make efficient, effective use of the available funds to deliver Commission priorities within the financial year.



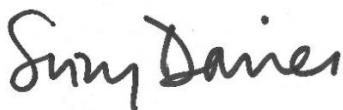
During 2018–19 we have had to address new and significant demands on the Commission’s resources, brought about by Brexit and Assembly Reform. However, we have also experienced a greater than expected underspend on the operational budget resulting from higher levels of staff churn. This has meant that we have been able to deliver our investment priorities and meet new resource demands (within the establishment cap) from the operational budget.

As a result, a supplementary budget has been sent to the Finance Committee for approval, reducing the size of the Remuneration Board’s Determination budget by £0.5m.

I’d also like to take this opportunity to update you on a delay to the introduction of International Financial Reporting Standard (IFRS) 16 – Leases, referred to in the 2019–20 Commission Budget, the Annex provides further detail.

As ever, if there is any further information your Committee would like, please let me know.

Yours sincerely



Suzy Davies

cc Assembly Commissioners, Manon Antoniazzi, Nia Morgan



Annex: International Financial Reporting Standard (IFRS) 16 – Leases

The 2019–20 Commission Budget highlighted a possibility for a potential in-year supplementary budget arising from forthcoming changes as a result of IFRS 16 – Leases. The following note was circulated by HM Treasury on 28 November:

IFRS 16 Update

As you know, last Thursday 22 November FRAB (Financial Reporting Advisory Board) held a meeting to discuss, among other things, IFRS 16.

At that meeting FRAB confirmed HM Treasury’s recommendation to defer IFRS 16 to 1 April 2020, and to allow early adoption under limited circumstances (using the criteria recommended by HM Treasury).

FRAB also confirmed most of the staff’s recommendations regarding the interpretations, adaptations, and application guidance for IFRS 16. HM Treasury will publish this guidance in December 2018. There are two areas where FRAB still needs to confirm decisions: the subsequent measurement of the right-of-use asset, and whether to include guidance for arrangements with nil consideration. The FRAB plan to reach decisions on these areas at their March meeting and HM Treasury will communicate these decisions as soon as they are reached.

In their meeting, FRAB emphasised that this deferral would be strictly limited to one year and that they expect entities to continue their implementation efforts throughout 2019. Budgeting guidance will be published in March 2019. They also emphasised the importance of alignment of IFRS 16 implementation across government. To this end, CIPFA/LASAAC have also agreed to defer the effective date of IFRS 16 for one year to 1 April 2020. Moreover, HM Treasury and CIPFA/LASAAC staff will work together to arrive at an answer regarding subsequent measurement of the right-of-use asset.

This change will now take effect from the start of the 2020–21 financial year. We will not therefore be submitting an in-year supplementary budget during 2019–20 relating to IFRS 16 – Leases.

Assembly Commission

December 2018

