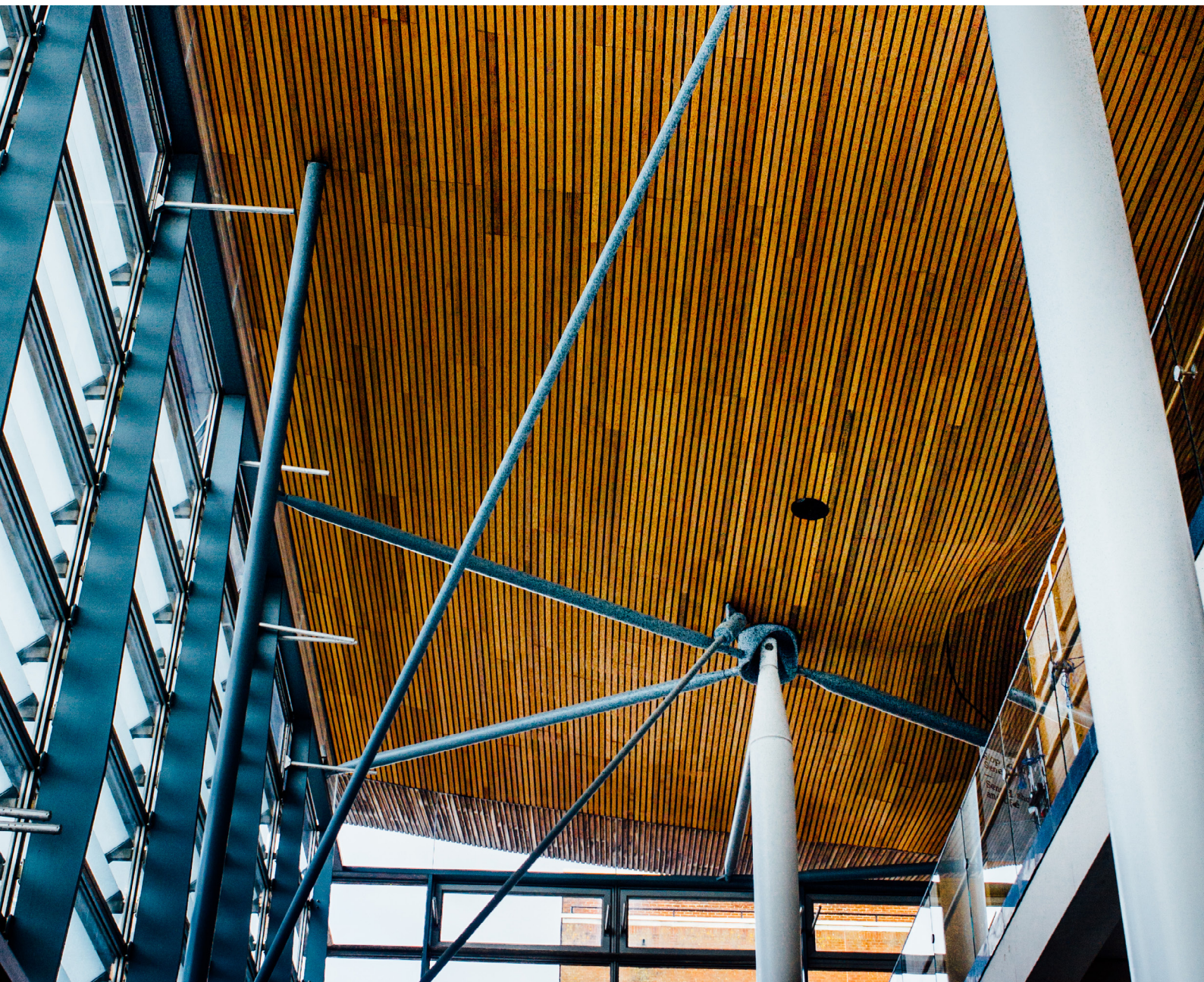


Second Supplementary Budget 2025-26

Explanatory Memorandum

February 2026



The Welsh Parliament is the democratically elected body that represents the interests of Wales and its people. Commonly known as the Senedd, it makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

An electronic copy of this document can be found on the Senedd website:
www.senedd.wales

Copies of this document can also be obtained in accessible formats including Braille, large print, audio or hard copy from:

Welsh Parliament
Cardiff Bay
CF99 1NS

Tel: **0300 200 6565**

© Senedd Commission Copyright 2026

The text of this document may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading or derogatory context. The material must be acknowledged as copyright of the Senedd Commission and the title of the document specified.

Second Supplementary Budget 2025-26

Explanatory Memorandum

February 2026





Contents

Background	7
Explanatory memorandum	9
Budget Amendments.....	10
A return of funds in relation to employer National Insurance contributions	10
Budget for the Independent Remuneration Board’s Determination	11
Annually Managed Expenditure	11
Reallocation of revenue to capital expenditure	12
A decrease in both resource and cash requirements resulting from a refund in relation to the payment of ‘Rates’	12
Budget Ambit	13



Croeso
i'r Senedd
—
Welcome
to the
Senedd

Background

The 2025-26 Commission Budget was included in the Annual Budget Motion under Standing Order 20.26 and was approved in Plenary on 20 November 2024, following scrutiny by the Senedd's Finance Committee.

The budget motion provided the Commission with £83.845 million of Resource Budget in relation to:

- Expenditure under the Commission's direct control, including a Project Fund (the operational budget);
- Three ring-fenced budgets for specific programme work;
- Expenditure relating to preparatory work for Senedd Reform;
- Ways of Working programme of works; and
- Pre-Election preparatory work.
- Depreciation (a non-cash expense);
- The budget identified for the Independent Remuneration Board's Determination on Members' Pay and Allowances;
- The budget for the clerking, administrative and other costs to provide support to the Independent Remuneration Board;
- The budget for the Office of the Standards Commissioner; and
- The accounting provision for the Members of the Senedd Pension Scheme under HM Treasury's Annually Managed Expenditure ("AME") heading (Pension Finance Cost).

In line with Standing Order 20.32, an Explanatory Memorandum was laid on 17 June 2025, supporting a variation to the Commission's 2025-26 budget within the Supplementary Budget Motion (standing Order 20.30). The Supplementary

Budget Motion was approved in Plenary on 8 July 2025 following consideration by the Senedd's Finance Committee.

This increased the Commission's budget to £84.618million to adjust for the increase in employer national insurance contributions from 13.8% to 15% and a reduction in the level at which employers start paying contributions from £9,100 to £5,000.

This second Explanatory Memorandum is laid in compliance with Standing Order 20.32, in support of changes to be proposed to the Commission's approved 2025-26 budget, via a second Supplementary Budget Motion.

Explanatory memorandum

The effect of the Commission's supplementary budget will be to decrease the overall Commission budget by £4.001 million and decrease the net cash requirement by £3.501million. The following changes are proposed:

- **A decrease to the Commission's total budget of £0.082 million to return funding for National Insurance;**
- **A decrease in the budget for Members' salaries and related costs of £0.460 million to reflect anticipated underspend (in addition to the National Insurance funding adjustment);**
- **A decrease in the budget for Annually Managed Expenditure of £0.500million to reflect the updated forecast costs (non-cash):**
- **A re-allocation of revenue funding to capital of £4.182million**
- **A decrease in both resource and cash requirements resulting from a refund in relation to the payment of 'Rates' of £2.959million.**

Budget Amendments

A return of funds in relation to employer National Insurance contributions

The Commission sought funding in the first Supplementary Budget to cover the cost of an increase in Employer National Insurance contributions from 13.8% to 15% and a lowering of the level at which contributions become payable from £9,100 to £5,000, which was effective from 1 April 2025.

The expectation at the time of laying was that full funding would be made available by HM Treasury; however, the eventual settlement was 85%, including an element of funding from Welsh Government reserves.

In consideration of the Commission's First Supplementary Budget for 2025-26, the Finance Committee recommended that the Commission:

“...provide a breakdown of how the additional funding provided through the First Supplementary Budget 2025-26 covers costs relating to the increase in employer National Insurance Contributions within their organisations, including whether this covers staff employed by third parties as well as permanent staff costs, once details of the UK Government's main supply estimates are known”

And;

“confirm that any surplus funding allocated for this purpose is returned to the Welsh Consolidated Fund”

Given the complexity in working out the precise cost of the changes, the Commission instead propose returning £0.082million of the funding initially requested. This will equalise the position compared to the rest of the public sector bodies across Wales.

Budget Impact

The return of funds is split between Commission and ring-fenced budgets as follows:

- **A decrease in the Commission's operational staffing budgets (including the Senedd Reform ring-fence) of £0.041million**
- **A decrease in the budget for the Remuneration Board's Determination of £0.040million**
- **A decrease in the budget to support the Independent Remuneration Board of £0.001million**

Budget for the Independent Remuneration Board's Determination

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

The budget for the Determination provides full funding for the permitted salaries, expenses and allowances associated with being a Member or Office Holder.

The final costs will not be calculated until after 31 March 2026; however, based on latest estimates, not all the available funding will be required.

It is recommended that the budget is reduced by £0.460 million (in addition to the amount being returned in relation to National Insurance), taking the budget from £20.823million to £20.323million which returns the majority of unutilised funding whilst retaining sufficient contingency for any variation between the latest estimate and the final year end out-turn position.

Annually Managed Expenditure

The budget for Annually Managed Expenditure is to cover the movement in actuarial valuation of the Members' Pension Scheme. The final cost will not be known until after the year-end but estimates indicate that the current budget of £1.000 million is in excess of the requirement for the year.

It is recommended that the budget is reduced from £1.000million to £0.500million.

Reallocation of revenue to capital expenditure

In order to properly recognise the costs of the Siambwr works, as well as a consequential increase in capital expenditure associated with having an increased project fund for the 2025-26 financial year, and progress in the Bay 32 project to secure Commission accommodation post 2032, an adjustment in the spending profile of £4.182million from revenue to capital is requested.

This does not impact on either the total resource requirement (against which the Commission is audited), nor the cash requirement for the year.

A decrease in both resource and cash requirements resulting from a refund in relation to the payment of 'Rates'

The Senedd Commission received confirmation during the year that an appeal, undertaken on behalf of the Commission by its external property advisers was successful. As a result, a refund of £3,512,353.55 became payable for financial years 2017-2025, with a further in-year reduction of £90,880 for 2025-26. The total refund due is £3,603,233.55.

The Commission agreed a proposal in December to retain £0.644million in order to undertake required, priority estates works on the Senedd building and return the balance of the refund (£2,959,233.55) to the Welsh Consolidated Fund.

These estates works will address accessibility and compliance issues and were planned for the 2026-27 financial year. Bringing them forward reduces the significant pressure on the Project Fund, which has projects with indicative costs of £4.4million and an available fund of £2million.

The balance of the funding has been returned to the Welsh Consolidated Fund in year via a reduction in both the resource and cash requirement for the year.

Budget Ambit

This Supplementary Budget submission is laid in compliance with Senedd 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 Senedd Commission for the year ending 31 March 2026.

The Supplementary Budget Motion authorises the net resources to be used for the services and purposes of Members and Senedd 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 2025-26 Budget for the Senedd Commission, addressing the revised requirements, is set out in Table 1 below.

Table 1: 2025-26 Budget for the Senedd Commission against requirements

Senedd Requirements	2025-26 £'000
Resources other than accruing resources for use by the Senedd Commission ('the Commission') on resource and capital costs associated with the administration and operation of services to support the Senedd; promotion of the Senedd including payments to the Electoral Commission and others; payments in respect of the Commissioner for Standards and the Independent Remuneration Board; any other payments relating to the functions of the Senedd or functions of the Commission. Resources other than accruing resources for use by the Commission in respect of the decisions of the Independent Remuneration Board and expenditure in respect of Members of the Senedd Pension provision	£80,616
Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the Commission from the disposal of fixed assets and other capital income for use on the purchase or acquisition of fixed assets, rental income, gifts, grants, cheques, recharges and income from commercial sales and other services provided to the public or others for use on administrative costs of the Senedd.	£61
Amount to be issued from the Welsh Consolidated Fund to meet the anticipated amounts falling due for payment in the year and in respect of the above services and purposes less expected receipts and recoverable VAT	£76,846

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

Table 2: Cash requirement	£'000 2025-26 1st Supplementary	£'000 2025-26 Revised Budget
Members' net revenue requirement	20,823	20,323
Office of the Standards Commissioner	106	106
Independent Remuneration Board Costs	609	608
Senedd Reform	4,686	4,683
Ways of Working	2,135	2,135
Commission net revenue requirement	52,951	45,772
Net capital requirement	2,308	6,490
Annually Managed Expenditure	1,000	500
Subtotal	84,618	80,616
Adjustments		
Depreciation	(5,000)	(5,000)
Interest charges/Capital adjustments	(600)	(600)
Rental payments	2,330	2,330
Movements in provisions	(1,000)	(500)
Net cash requirement from the Welsh Consolidated Fund	80,348	76,846
Decrease in cash requirement		(£3,501)





Senedd Cymru
Welsh Parliament

www.senedd.cymru | www.senedd.wales