

Simon Thomas AM
Chair of Finance Committee
National Assembly for Wales
Tŷ Hywel
Cardiff Bay
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28 March 2017

Dear Simon

I am writing further to my letter of 4 November about your Committee's Report on the Scrutiny of the Assembly Commission Draft Budget 2017–2018. As requested in Recommendation 3, 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 (details in the annex attached).

As the annex explains, all underspends are identified centrally and combined for the Investment and Resourcing Board (IRB) to make decisions about priorities for investment. I recently attended an IRB meeting in order to observe this decision-making in action; it is certainly a thorough process, with appropriately robust discussion and challenge.

It is probably worth reiterating that we would always consider the option of returning underspends on the overall Commission budget if we did not consider we had sufficient investment opportunities available to the Commission to make efficient, effective use of the available funds. Due to unprecedented high levels of demand and pressure on the Commission budget, that has not been the case during the 2016–17 financial year.



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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Suzy', with a long, sweeping horizontal stroke extending to the right.

Suzy Davies AM

Comisiynydd y Cynulliad / Assembly Commissioner

cc Assembly Commissioners, Claire Clancy, Nia Morgan

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



Annex

Finance Committee Report on the Scrutiny of the Assembly Commission Draft Budget 2017–2018

Assembly Commission response to Recommendation 3: *The Committee recommends the Assembly Commission provide an update shortly before the end of the financial year, detailing the projected underspend in relation to money drawn down to fund the Remuneration Board determination and justify how this underspend is being utilised by the Assembly Commission.*

Though there is no direct application of one area of underspend to a particular new spending requirement, priority is given to Assembly Member-related expenditure. During 2016–17, for example, the Investment and Resourcing Board (IRB), made up of the Chief Executive and her most senior staff, has approved the use of underspends for investment in refurbishment work to create new Committee rooms, to enhance constituency office and home security for Members, and, most recently, to install a system to protect the power supply to the Senedd. Full details are provided in this paper.

Remuneration Board Determination

The Remuneration Board of the National Assembly for Wales is the independent body responsible for setting the pay, pensions and allowances of Assembly Members and their staff. The Assembly Commission is required under legislation to make available sufficient funds to cover the cost of the Determinations made by the Board. The budget is set annually at 100% of the maximum funds required by the Determination. As this is a demand-led budget, which must be funded, setting it at 100% eliminates the risk that calls on the Determination line could impact adversely on other areas of the Commission budget. Funds allocated for the Remuneration Board Determination remain the Commission's money and any underspend is Commission resource.

Budget Management

All underspends are identified centrally and combined for the Investment and Resourcing Board (IRB) to make decisions about priorities for investment. Crucially, this is the means by which we fund necessary investment, working within the funds that become available. If we did not take this approach,



anticipating the availability of underspends, a separate budget line would be required for investment purposes, increasing the call on the Welsh Block and increasing the probability of unused funds within the total Commission budget.

In the autumn, we begin to assess the state of our budget and what our plans are for the remainder of the year and that assessment intensifies as the year goes forward. If, at any point in the year, we did not have credible, appropriate, value-for-money plans for investment, we would seek a supplementary budget to hand any excess money back to the Welsh Consolidated Fund.

Our objective is to ensure the Commission delivers high quality service at best value to the public purse. We ensure this with expert, thorough, transparent budget planning that is subject to scrutiny by your own Committee, the Public Accounts Committee (PAC), the Commission's Audit and Risk Assurance Committee (ACARAC) and by the Commission itself. We have detailed plans that allow us to take a long term view of spending requirements (e.g. a schedule of 10 year estate refurbishment). As we are unable to carry over funds, our organised approach – identifying work that can be brought forward – removes the need to hand back funds and request more in future years. The alternative would mean deferring expenditure, an approach likely to result in the inclusion of sizeable contingency budgets.

Staff are frequently reminded that expenditure on items that are not needed or do not help to deliver strategic goals are not tolerated and that all expenditure should represent value for money. The grip on the use of funds provided by the IRB and the Commission's exemplar corporate governance practice, ensures that funds are used only in pursuit of the Commission's strategic goals.

Projected underspend and investment 2016–17

During the year the entire budget is constantly monitored and forecasts are revised on a fortnightly basis. The anticipated underspend for 2016–17 on the amount allocated to meet the requirements of the Remuneration Board's Determination is £1.9m.

Although it was apparent fairly early in the financial year that there would be a large underspend on the amount allocated to meet the requirements of the Determination, it was also clear that there were significant, pressing demands on



the resources allocated to the Commission in the 2016–17, arising in particular from the:

- increase in the number of committees and extended business week;
- growing challenges for security on the Assembly estate;
- need for enhanced personal and office security measures for Members in the light of the murder of Jo Cox MP;
- new Commission and LLYwydd’s priorities including the establishment of a new youth parliament and a step up in our digital news and information services;
- constitutional changes as a result of the Wales Act 2017 and Brexit;
- pressures within our Estate for both short and long term accommodation requirements; and
- the MySenedd programme which aims to make us a truly world class, open, digital parliament by improving the way we manage and use information, deliver services to Members and interact with all our users through the use of technology.

Our capacity planning exercise in October 2016 reviewed these increasing demands in detail and planned the staffing resource needed to meet the demands. During 2016–17, IRB has approved the use of underspends for the major areas of investment shown in the table below.

| Description | Amount |
|---------------------------------------------------------|----------------|
| Ground Floor Refurbishment (additional Committee Rooms) | £1.185m |
| Committee Room ICT | £0.202m |
| Table Office Project | £0.048m |
| Record of Proceedings Project | £0.078m |
| Improved Security at Members’ Constituency Offices | £0.040m |
| Completion of the Siambwr Refit | £0.261m |
| Enhanced power resilience | £0.140m |
| Total | £1.954m |

Our annual report and accounts document for 2016–17 will also provide full details of our expenditure during this financial year.

Assembly Commission
March 2017

