

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

Dear Simon

I am writing further to my letter of 11 November 2017 about your Committee's Report on the Scrutiny of the Assembly Commission Draft Budget 2018–2019.

### **Recommendation 5**

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 (details in the annex attached).

We would always consider the option of returning underspends on the overall Commission budget (as was done with a rates rebate in February 2014), if we did not consider we had sufficient investment opportunities available to the Commission to make efficient, effective use of the available funds.

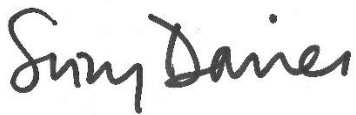
Due to high levels of demand and significant pressure on the Commission budget, that has not been the case during the 2017–18 financial year.



I'd also like to take this opportunity to update you on our progress in addressing two other recommendations made by your Committee. The Annex provides detail on progress on recommendations one and seven.

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

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 2018–2019

### 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.*

### Projected underspend and investment 2017–18

The projected underspend on the 2017–18 Remuneration Board budget is expected to be less than £1m. As highlighted in the 2018–19 budget document, projected determination and operational underspends are added to the opening investment and capital budgets to supplement the Commission’s investment fund.

Table 1 shows the anticipated investment fund for 2017–18 and 2018–19.

Table 1	£'000	£'000
	2017-18	2018-19
Opening Investment Fund	£850	-
Capital Budget	£500	£500
<b>Total Investment fund within the core Commission budget for priority/essential items</b>	<b>£1,350</b>	<b>£500</b>
Estimated funds becoming available from underspends within:		
Operational Budgets	£500	£800
Remuneration Board Determination Budget	£1,000	£600
<b>Total estimated funding released/available</b>	<b>£2,850</b>	<b>£1,900</b>



During the year, the entire budget, including anticipated underspends, is continuously monitored and forecasts are revised on a fortnightly basis. It became apparent early in the financial year that there would be an 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 2017–18, arising in particular from the:

- increase in the number of committees and extended business week;
- continuing challenges for security on the Assembly estate;
- Commission and Llywydd priorities including reform of the Assembly's size and electoral system, the establishment of a new youth parliament and a step up in our digital news and information services;
- other constitutional changes as a result of the Wales Act 2017 and Brexit; and
- pressures within our estate for both short and long term accommodation requirements.



During 2017–18 the combination of the Determination and operational underspends, the capital budget and the opening investment fund were used to fund the following prioritized items:

**Table 2**

Investment Fund expenditure		£'000
Impact of 2016-17 changes in staffing capacity		£1,000
Determination Expenditure		
Death in service AMSS*	£60	£177
Death in service AMSS*	£65	
Additional ministerial salaries*	£21	
AMSS redundancy payments*	£31	
Apprentice Levy		£110
EFM Priority Expenditure		
Phase 2 Electrical Distribution Boards	£29	£133
Senedd & Pierhead lift improvements	£34	
Ty Hywel water risk assessment remedials	£16	
Ty Hywel Lifts 1,2 & 3 rope replacements	£54	
Projects (Table 3)		£1,262
<b>Total investment expenditure</b>		<b>£2,682</b>
<b>Remaining Balance</b>		<b>£168</b>

\*The items marked were not foreseeable at the beginning of the financial year.



**Table 3**

2017-18 Project Expenditure:		£'000
Library Management System		£32
Finance System (phase 2)		£22
MySenedd, including:		£156
-Website and Content Management	£35	
-Information Management	£22	
-Record of Proceedings	£52	
-Table Office	£32	
Ground Floor works including ICT and broadcasting equipment		£513
CCTV		£362
Assembly Reform		£100
Future accommodation planning		£23
Weeping Window (Poppies)		£44
Youth Parliament		£10
<b>Total Project budgeted expenditure* (Table 2)</b>		<b>£1,262</b>

\*Year-to-date actual expenditure is £962k.

Our annual report and accounts document for 2017-18 will also provide full details of our expenditure during this financial year.



## Recommendation 1

*The budget requested for Assembly Commission Services for 2018–19 is 3.1 per cent, which is above both inflation and increases in the Welsh Block Grant. Given the continued and expected cuts across the public service in Wales and based on the indicative figures provided in the draft Budget documentation, the Committee recommends that in the remaining years of this Assembly, the Commission's budget should not be in excess of any changes to the Welsh Block Grant.*

The Welsh Government has provided the Commission with indicative figures for the increase in the Welsh Block Grant (DEL Revenue and capital net of repayable financial transaction capital funding). It is estimated to increase by 1.76% between 2018–19 and 2019–20.

The Welsh Government estimates that total DEL figures (less financial transaction funding) will be as follows: £15.803million in 2018–19 and £16.081million in 2019–20, an increase of 1.76%.

We have commenced work on our 2019–20 budget strategy and will be mindful of the Committee's recommendation that the Commission operational budget will not increase in excess of the increase to the Welsh Block Grant.

## Recommendation 7.

*The Committee remains concerned as to the transparency associated with budgeting for forecasted underspends, however, it is recognised that there is a new Chief Executive and Clerk to the Assembly and the 2018/19 budget will be her first as Accounting Officer, as such the Committee recommends that serious consideration is given to how the budget is determined.*

The Investment and Resourcing Board (IRB), at its 7 December meeting, considered a paper on the presentation of the 2019–20 Commission Budget. IRB recommended that the Commission consider alternative budget presentations for 2019–20, rather than continuing with the existing presentation.



Our aim in presenting a revised model would be to address the concerns around transparency raised by the Finance Committee, whilst maintaining flexibility and minimising risk to the Commission budget.

The Commission will review alternative budget presentations in the Spring of 2018. Two of the alternatives to be considered are as follows:

- a ring-fenced budget for the Remuneration Board's determination, set at 100%, with unused amounts being returned to the Welsh Consolidated Fund via a supplementary budget
- a reduced amount, e.g. a 98% budget, set for the funding of the Remuneration Board's determination, with a corresponding increase seen in the Commission's operational budget.

**Assembly Commission**

**December 2017**

