



Comisiwn y Cynulliad Assembly Commission

Paper 1 – Annex

Date: 6 March 2008


Time: 15.00-17.00

Venue: Conference Room 4B

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Financial Management Report: Period Ended 31 December 2007

Purpose and summary of issues

- 1.1 To provide a summary of financial performance for the year-to-date period, ending 31 December 2007, and a forward projection to the year-end.
- 1.2 To consider Red Flag Risks .

Recommendations

- 2.1 That the Board considers the flagged risks and financial performance for the period, and projection to the year-end.
- 2.2 That the Board approves the virement from Unallocated Reserves, listed under paragraph 3.9.



Discussion

KEY MESSAGES

3.1 Underlying budgetary performance to date still shows an underspend of 2% against the profiled budget - it has been at this level for five months now. Whilst the underspend is actually reported at 6% in the Annex, it reduces to 2% after adjustments to reflect a delay in paying some large bills (rent, rates and ICT, of circa £1m) due to the Christmas break.

3.2 Projected out-turns have been received from all Services and are currently being discussed with Service Heads. We may be in a position to reduce the overall budget (via a negative supplementary) in view of the reduced anticipated costs of the backdated increase in Assembly Members' pay. I will update the Board on this when I have a clearer timetable for the supplementary motion from WAG, and have reviewed assumptions in the projected outturns.

3.3 An update on last month's **Red Flag Risks** is as follows:

⊗ The Office and Facilities Management staff budget has been increased by £100,000 to account for unanticipated overtime costs, but an overspend of a further £150,000 is expected – this has been factored in to the projected outturns.

⊗ Financial uncertainty remains with the potential costs of backdated increases of AMs' pay, but it is now anticipated that actual costs will be significantly less than the £400,000 provision, and in fact may be covered by the baseline budget rather than the supplementary. This would allow the Commission to return excess funds for use elsewhere on public services.

✓ The underspend on External Communications salary costs, through carrying vacant posts, is now removed as a Red Flag Risk, as its impact has been assessed and reflected in our projected out-turn for the year.



3.4 A new **Red Flag Risk** is identified this month:

- ⊗ If proposals earmarked for funding from Unallocated Reserves (Annex, point 6) are not completed by the end of March, not only will this increase the underspend for 2007-08, but it may also have a consequential impact on 2008-09, requiring additional funding in that year.

3.5 There are no other significant issues to report in relation to variances against Service budgets for the period.

3.6 The Board will wish to consider:

- ✓ The projected underspend on the Commission's 2007-08 budget is currently in the order of £300,000, with a further £600,000 held in Unallocated Reserves. Of the total, circa £300,000 is notionally earmarked for specific proposals (see Annex, point 6); circa £400,000 could potentially be returned to WAG; leaving circa £200,000 'contingency' for the remaining two months of the year. This is indicative at present, and the Board will be further updated in due course.
- ✓ Work on allocation of budgets for 2008-09 has begun, so draft budgets can be issued in February.
- ✓ Cash balances are sufficient for the remainder of the financial year.

FINANCIALS

3.7 Supporting financial summaries are annexed to this paper.

3.8 At the end of December the Unallocated Reserves balance stood at £903,000. Virements approved since then (under the Virements Policy) have reduced the balance to £613,000. The Annex identifies notional allocations from this balance, but it's important for the proposals to be progressed if a full spend is to be achieved.



VIREMENTS

3.9 The Board is asked to approve the following virement request:

a. *Office & Facilities Management:*

£68,000 for the cost of the refurbishment of 3A (Legal Team area).

Governance Matters

Financial implications

4.1 The supplementary budget was approved in Plenary in November, increasing the Commission's net resource budget to £41.761m and cash budget to £36.417m. The proposals in this paper do not alter this, though a recommendation may be made shortly to return excess funds to WAG.

Risk Assessment

5.1 The main risks are flagged as:

- Security overtime costs continue to impact on the overspend against Office & Facilities Management staffing budgets, though this is affordable within the overall budget;
- Firm proposals for taking forward some of the indicative calls on Unallocated Reserves are awaited – but time is short as we approach the year-end.
- There remains uncertainty of costs relating to the review of AMs' pay, though it is likely to be well within original estimates.

Compliance

6.1 Resource and cash budgets are managed in compliance with Part 5 and Schedule 2 of the Government of Wales Act 2006, and Standing Order 27 – Finance Procedures.

Internal & External Communication

7.1 This internal paper contains advice to the Executive Board on its budget for the current year and is not intended for publication, though is unlikely to be exempt from such under the FOI Act. It will be shared with William Graham, as Commissioner for Assembly Resources, and be included as a paper 'to note' at the next meeting of the Assembly Commission.

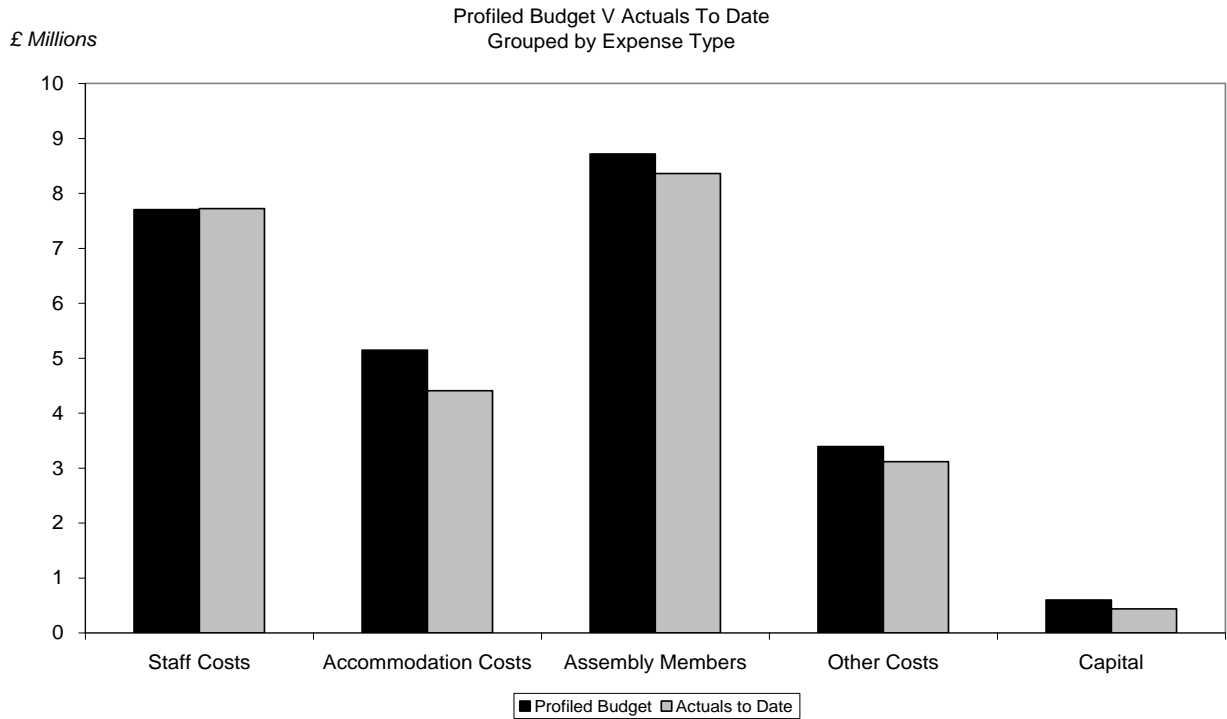
FINANCIALS

1. Summary of budgetary performance on a functional basis.

Budget Performance for the period April - December 2007-08

Department	Budget to date (£thousands)	Actuals to date (£thousands)	Budget remaining for the period (£thousands)	Variance (%)
Corporate Unit	885	950	-65	-7
Legal Services	156	127	30	19
Operations Directorate				
Human Resources	755	770	-16	2
Office & Facilities Management	7,296	6,596	700	10
Financial Services	634	651	-17	-3
Members Pay & Allowances	8,692	8,349	343	4
ICT	2,182	2,033	150	7
External Communications	1,515	1,284	231	15
	21,074	19,684	1,390	7
Assembly Business Directorate				
Research and Library	1,148	1,091	57	5
Chamber & Legislation	485	460	25	5
Record & Translation	1,067	1,017	50	5
Committee Service	646	618	28	4
Co-ordination Unit	92	94	-2	-2
	3,438	3,281	158	5
Totals	25,553	24,041	1,512	6

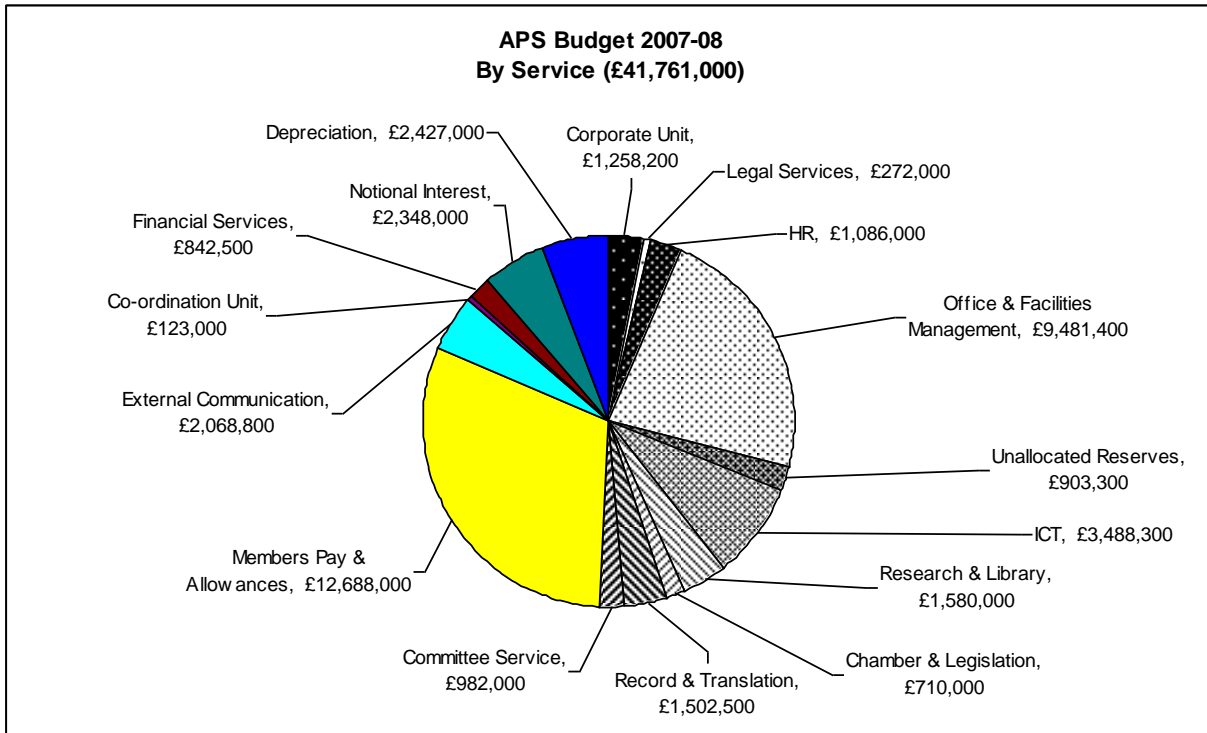
2. Profiled Budget vs Actuals to Date - Grouped by Expense Type.



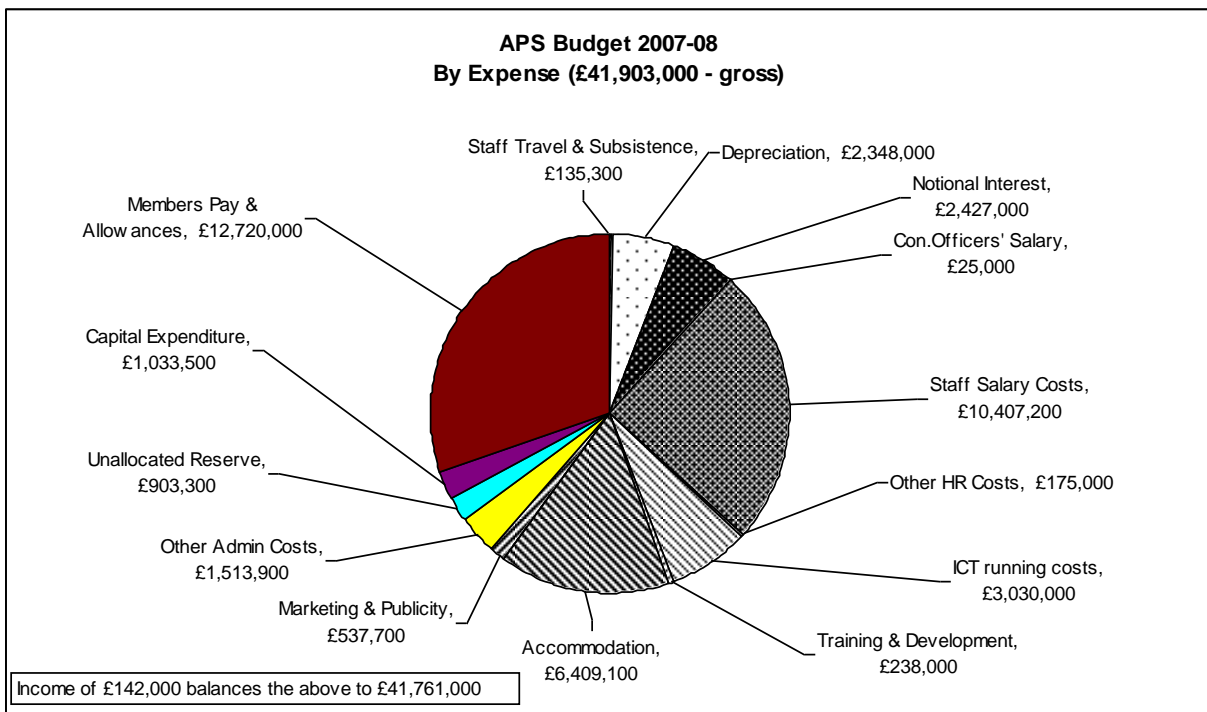
3. Profiled Budget vs Actuals to Date - Grouped by Directorate.

Department	Budget to date (£thousands)	Actuals to date (£thousands)	Budget remaining for the period (£thousands)	Variance (%)
Corporate Unit	885	950	-65	-7
Legal Services	156	127	30	19
Operations Directorate	21,074	19,684	1,390	7
Assembly Business Directorate	3,438	3,281	158	5
Totals	25,553	24,041	1,512	6

4. Full budget split by Service.



5. Full budget split by type of expense.



Financial Management Report Annex

6. Estimated potential calls on Unallocated Reserves.

Estimated potential demands on Unallocated Reserves:	(estimate) (£thousands)
<i>Opening working balance</i>	613
Virements awaiting Executive Board Approval	68
Equipping Pierhead for catering purposes	27
External Communications – public opinion survey etc.	150
Refurbishment – Legislation/Chamber area	100
ICT Projects	100
Potential underspend in Assembly Business – awaiting confirmation	-150
Replacement of the PO vehicle	TBC
BME Report	TBC
	£318
Plus, projected underspend on the Commission Budget	£293
Total funds available	£611 (1.5%)