

Supplementary Budget 2018-19: Explanatory Memorandum

December 2018



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1. Background

The Commission's **2018-19 Budget** was included in the Annual Budget Motion under Standing Order 20.26 and was approved in Plenary on 15 November 2017, following scrutiny by the Assembly's Finance Committee.

The budget motion provided the Commission with £56.088million of Resource Budget in relation to:

- £37.887million for Assembly services; and
- £16.201million for the Remuneration Board's Determination for Assembly Members.

A further £2.000million was provided for non-cash accounting adjustments in respect of the Assembly Members' Pension Scheme, through the Annually Managed Expenditure budget.

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

1.1. Explanatory memorandum

The effect of the Commission's supplementary budget will be to decrease Annually Managed Expenditure in line with projections and to decrease the Remuneration Board's Determination for Assembly Members in line with projections.

1.2. Annually Managed Expenditure (AME)

The Commission's AME budget is for the **non-cash** accounting adjustment in respect of the future financial liability of the Assembly Members' Pension Scheme. The purpose of this adjustment is to ensure a true and fair view of the Scheme liability is recorded in the balance sheet of the Commission; it does not reflect the monetary sums paid by the Commission into the Scheme. There is no associated cash requirement and making changes to it has no impact on the Commission Resource budget or service delivery.

The final value cannot be calculated until after 31 March, but estimates are requested from professional advisors during the year. Based on calculations reflecting known changes to the discount rate and other variables which impact

on the estimated liabilities of the scheme, the latest estimate is just under £1.500million.

The Commission is therefore proposing a supplementary AME budget of £1.500million in order that there is sufficient contingency to manage any variation from the estimate in the final year-end figures.

1.3. Remuneration Board's Determination for Assembly Members

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

The Determination provides funds to cover the expenses associated with being a Member and / or an office holder, for example:

- running an office and engaging with constituents;
- salaries and travel expenses of the support staff;
- residential accommodation in Cardiff for Members whose home is a significant distance away (eligibility criteria apply); and
- support for the Party Groups and policy research.

The final costs cannot be calculated accurately until after 31 March, with forecasts made during the year. Based on current expectations, mainly due to staff vacancies, not all of the funds budgeted for support staff salaries are likely to be called upon.

The Commission is therefore proposing a supplementary budget for the Remuneration Board's Determination for Assembly Members of £15.701million in order that there is sufficient contingency to manage any variation from the estimate in the final year-end figures.

1.4. Budget impact

The Supplementary Budget Motion proposes the following:

- a decrease to the AME budget of £0.500million to £1.500million. This does not impact on the cash requirement.
- a decrease to the Remuneration Board's Determination for Assembly Members budget of £0.500million to £15.701million. This reduces the cash requirement by £0.500 million.

2. Budget Ambit

This supplementary budget submission is laid in compliance with National Assembly 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 Assembly Commission for the year ending 31 March 2019.

The Supplementary Budget Motion authorises the net resources to be used for the services and purposes of Members and Assembly 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 2018-19 Budget for the Assembly Commission, addressing the revised requirements, is set out in Table 1 below.

Table 1	Revised £000
<p>Resources other than accruing resources for use by the National Assembly for Wales Commission ("the Commission") on resource and capital costs associated with the administration and operation of services to support the National Assembly for Wales ('the Assembly'); promotion of the Assembly including payments to the Electoral Commission and others; payments in respect of the Commissioner for Standards and Remuneration Board; any other payments relating to functions of the Assembly or the Commission.</p> <p>Resources other than accruing resources for use by the Commission in respect of decisions of the Remuneration Board and expenditure in respect of Assembly Members' Pension provision.</p>	55,088
<p>Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the Commission:</p> <ul style="list-style-type: none"> ▪ from the disposal of fixed assets and other capital income for use on the purchase or acquisition of fixed assets; or ▪ rental income; gifts; grants ; recharges and income from commercial sales and other services provided to the public or others for use on administrative costs of the Assembly. 	300
<p>Amount to be issued from the Welsh Consolidated Fund to meet the anticipated amounts falling due for payment in the year in respect of the above services and purposes less expected retainable receipts and recoverable VAT.</p>	51,538

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

Table 2: Cash requirement	£000
	2018-19 Revised
Members' Revenue Requirement	15,701
Commission Revenue Requirement	37,387
Capital Requirement	500
Assembly Members' Pension Provision (AME)	1,500
Subtotal	55,088
<i>Adjustments:</i>	
Depreciation (Non cash)	(2,400)
Movements in provisions	(1,500)
Movement in debtors and creditors	350
Subtotal	(3,550)
Net cash requirement for issue from the Welsh Consolidated Fund	51,538

