

Supplementary Budget 2021-22: Explanatory Memorandum

January 2022



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1. Background

The Commission's **2021-22 Commission Budget** was included in the Annual Budget Motion under Standing Order 20.26 and was approved in Plenary on 11 November 2020, following scrutiny by the Senedd's Finance Committee.

The budget motion provided the Commission with £62.914 million of Resource Budget in relation to:

- £41.695 million for Senedd services;
- £16.819 million for the Remuneration Board's Determination for Members of the Senedd; and
- £2.600 million for election related costs.

A further £1.800million was provided for non-cash accounting adjustments in respect of the Members of the Senedd 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 2021-22 supplementary budget, via a Supplementary Budget Motion.

Explanatory memorandum

The effect of the Commission's supplementary budget will be to decrease the Remuneration Board's Determination budget and to also decrease the budget for election related costs.

In the **2021-22 Commission Budget** document, there was a commitment to return surplus funds within the post-election costs budget to the Welsh Consolidated fund. This is also the approach taken with surplus funds remaining within the Remuneration Board's Determination budget.

There continues to be pressure on the Commission's operational budget, particularly to fund staffing costs, however, no additional funds have been requested within this Explanatory Memorandum to address this increasing demand for Commission services. We continue to respond to the additional challenges brought about by e.g. the increased security threat and the pandemic, including the increase in hybrid working, within the constraints of the 2021-22 operational budget.

Remuneration Board's Determination for Senedd 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 2022, with forecasts made during the year. Based on current expectations, mainly due to staff vacancies and Senedd Members not receiving a pay award for two years, not all of the funds budgeted for salaries and other allowances are likely to be called upon.

The Commission is therefore proposing a supplementary budget for the Remuneration Board's Determination for Senedd Members of £15.619 million, a reduction of £1.200 million. This does leave sufficient contingency to manage any variation from the estimate in the final year-end figures

Election related expenditure.

The election budget provides funds to cover the costs of terminating the office of those Members who are not returned after the election (by way of resettlement grant) and their support staff who will receive redundancy payments.

This budget is also used to provide ICT equipment (to new and returning members) and additional support to new incoming Members, meet the costs of the Official Opening and any accommodation changes that are required.

By including this as a distinct budget, the specific election related costs charged to the budget are transparent and easily identifiable. As noted in the **2021-22 Commission Budget** surplus funds, after all costs have been met will not be drawn from the Welsh Consolidated Fund. The Commission is therefore proposing a supplementary budget for the Election budget of £2.1 million, a reduction of £0.5 million.

Budget impact

The Supplementary Budget Motion proposes the following:

- A decrease in the Remuneration Board's Determination budget of £1.2 million, to £15.619 million.
- A decrease in the election related expenditure budget of £0.5 million, to £2.1 million.

2. 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 2022.

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 2021-22 Budget for the Senedd Commission, addressing the revised requirements, is set out in Table 1 below.

Table 1	Revised £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 Remuneration Board; any other payments relating to functions of the Senedd or the Commission. Resources other than accruing resources for use by the Commission in respect of decisions of the Remuneration Board and expenditure in respect of Members of the Senedd Pension provision.	61,214
Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the Commission: <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 Senedd. 	220
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.	57,463

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

Table 2: Cash requirement	£'000
	2021-22
	Revised
Members' net revenue requirement	15,619
Election related expenditure	2,100
Commission net revenue requirement	41,195
Net capital requirement	500
Annually Managed Expenditure	1,800
Subtotal	61,214
Adjustments	
Depreciation	(2,250)
Movements in provisions	(1,800)
Movement in debtors and creditors	299
Subtotal	(3,751)
Net cash requirement from the Welsh Consolidated Fund	57,463