

Ann Jones MS
Chair, Llywydd's Committee
Senedd
Cardiff Bay
Cardiff

06 Tachwedd 2020

Dear Chair,

I am writing, as requested, to clarify our evidence at today's hearing of the Llywydd's Committee, in relation to the inclusion of depreciation in the Commission's estimate. May I begin by apologising for the bandwidth difficulties that interfered with that evidence.

As members of the Committee noted, funding from the Welsh Consolidated Fund is provided in cash. Because depreciation has, typically, had no immediate relationship to cash outflows such funding typically covers current expenditure excluding depreciation, plus capital expenditure. In early discussions with Welsh Government and Senedd officials, we had all been working on the assumption that funding would be in line with that practice.

However in discussions it became clear that another important consideration was that the funding basis for the Commission should match the basis on which funding would be provided to the Welsh devolved funding block.

The Committee will be aware that, where functions transfer from Westminster to the Senedd or Welsh Government it is normal for HM Treasury to transfer the related funding from the UK department concerned to the Welsh devolved funding block. To achieve the equivalent effect in this case, HM Treasury will transfer the share of the Commission's funding attributable to the Senedd to the Welsh devolved funding block. The funding from Speaker's Committee will then be reduced in proportion.

HM Treasury officials were approached by both the Electoral Commission and Welsh Government officials for their technical advice on how best to ensure the transfer to the devolved funding block and the funding due to the Commission remain aligned. Their strong advice was that this could best be achieved by calculating both on the basis of current expenditure including depreciation. The Commission is content to be funded on

this basis as it best meets the financial requirements Welsh Government and Senedd officials have identified, and is consistent with the advice of HM Treasury.

I trust this explains the approach we have, after consultation, taken. If you require any further information we would, of course, be happy to help.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'KR', written in a cursive style.

Kieran Rix
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