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Clerk of Finance Committee
Senedd Cymru
Tŷ Hywel
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Dear Clerk

Financial implications of the COVID-19 pandemic – update as at 31 March 2021.

I am writing to update you on the costs and savings identified as a result of Covid-19 during 2020-21. The Finance Committee of the Fifth Senedd made the following recommendation in its report on the Commission's 2021-22 Draft Budget:

The Committee recommends that additional information is provided on the costs and savings identified as a result of Covid-19, for the period up until the end of September. Additionally, the Committee would welcome a final update on the position at the end of this financial year.

We previously provided the Finance Committee of the Fifth Senedd with two letters, dated 7 July 2020 and 4 November 2020, which responded to its letter dated 4 June 2020 and its consideration of the impact COVID-19 has had on the bodies directly funded from the Welsh Consolidated Fund.

This letter provides an update, as at 31 March 2021, detailing the impact Covid-19 has had on the 2020-21 financial position, including any savings and extra costs.

I have provided this information in the attached annex.

Yours sincerely

**Manon Antoniazzi****Prif Weithredwr a Chlerc y Senedd / Chief Executive and Clerk of the Senedd**

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English.

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Annex 1

Impact on the Project Fund

The 2020-21 Budget highlighted £1.515m of expenditure to be funded from the Commission's Project Fund. The project fund was impacted, as shown in the following table, by COVID-19:

Table 1 – Covid Impact on Project Fund Budget

	Budget 2020-21	Actual 2020-21
Project Fund 2020-21	Amount £'000	Amount £'000
Legislative Workbench Software*	£600	£489
Senedd and Elections (Wales) Bill – Name Change*	£45	£45
Archiving*	£65	-
Plenary system*	£50	£11
Website*	£80	£80
Engagement and Outreach Activities	£250	-
Window replacement – feasibility review*	£50	£45
Fire door replacements*	£80	£80
Physical Security – delay project - Senedd	£225	£233
Physical Security – delay project - Tŷ Hywel	£70	£253
Fire Door installation		£92
Pierhead Ventilation Works		£30
COVID-19 Related Estates Expenditure		£142
COVID-19 Related ICT Expenditure		£191
Total	£1,515	£1,691

* items included in the original project fund budget not impacted by COVID-19

The demand on the project fund increased from £1.515m to £1.691m, an increase of £176k. This was funded from the COVID-19 related savings noted in Table 3.

In summary, the main project areas impacted by COVID-19 were:

- Engagement and Outreach activities – reduction of £250k
- Physical security (delay project) – increase of £191k, with expenditure brought forward from 2021-22
- Delay to (prior year) 2019-20 activity (fire door installation/ventilation) – increase of £122k in 2021-22
- Additional ICT COVID-19 expenditure – increase of £191k (including solutions to implement hybrid plenary, additional cyber security measures, additional docking stations for home



- working and technology for smart rooms/video conferencing)
- Additional EFM COVID-19 expenditure – increase of £142k (adaptations to accommodate hybrid working and smart rooms/video conferencing).

Early identification of an underspend on the project fund in 2020-21, relating to engagement activity, led the Commission to cautiously consider whether the available funds could be prioritised elsewhere.

The Commission agreed that the work to complete the physical security remodelling of Tŷ Hywel (intended for completion in 2021-22) should be brought forward into the 2020-21 financial year. This would not only significantly improve physical security from attack, but the associated screening would help to reduce the spread of the virus, thus protecting those working in, and passing through, the reception area.

The ICT projects identified were also agreed upon as they were a direct response to the pandemic situation – providing equipment for, and enabling MS, MS Staff and Commission staff, to work remotely (and in a hybrid way) and to increase resilience and cyber security at a time when virtual working was critical to Senedd business.

Impact on the Annual Leave Provision and staff wellbeing

As highlighted in our previous letter, International Accounting Standard (IAS) 19 - Employee Benefits requires the Commission to accrue for the cost of any unused leave entitlement accrued by Commission staff at 31 March in each financial year. The provision as at 31 March 2020 was £777k (representing 6.9 days of annual leave and 2 days of flexible leave accrued by each member of Commission staff).

The provision was calculated as at 30 September 2020 and was five days higher than usual at this point in the year. If the trend continued, this would have resulted in excess of £1 million additional provision being required at 31 March 2021. A concerted effort was made by the Commission to encourage staff to utilise their accumulated leave during December 2020, which resulted in a reduced provision being required, a supplementary budget was requested and approved for £650k.

This highlights that COVID-19 has meant that certain staff have had to adjust their working patterns significantly to respond to the demands on the Commission and this has resulted in certain staff not being able to take leave and others have not wanted to take leave, this continues to be actively addressed to ensure the wellbeing of staff.



Impact on Service Area Budgets – general expenditure

The impact of the COVID-19 pandemic on the general day-to-day expenditure of the Commission has been varied during 2020-21 and the information provided below is an indication where additional expenditure was required and where savings emerged.

Table 2 – Additional Commission expenditure

Expenditure	Actual 2020-21 £
Estates and Facilities – Screens, Signs, Sanitizer, door openers etc.	39,000
ICT – Zoom licences, Laptops, screens, keyboards etc.	88,000
Security - PPE	4,000
Additional desks, chairs etc. following home DSE assessments	19,000
Reduction in Shop income	10,000
Total	160,000

In addition, £16k was also spent during the prior financial year (2019-20) on additional ICT equipment.



Table 3 – Reduced costs or savings against Service Budgets

Savings against Budget	2020-21 £
Reduced Utility costs	130,000
Police and Security Costs	175,000
Staff travel Costs	150,000
MS related Commission expenditure*	168,000
External translation costs	47,000
Education and Events	78,000
Printing and Postage	117,000
Hospitality	31,000
Training and Recruitment	89,000
Total	985,000

*includes MS training, stationery and international engagement costs. All are funded from the Commission's operational budget.

Tables 2 and 3 indicate an overall net saving of £825k (£985k less £160k).

Of this amount, £408k remained unutilised at the end of 2020 (figures are subject to audit). The remaining £417k was used to fund the increase demand on the project fund (Table 1), for priority maintenance and sustainability work on the estate, including lift maintenance, fire alarm replacement and LED lighting, a new recruitment system and and a new MS office access control system.



Impact on the funding provided to the Commission to fulfil the obligations of the Remuneration Board's Determination on Members Pay and Expenses.

The impact of the COVID-19 pandemic on the Remuneration Board's Determination Budget has been varied and the information provided below is an indication of the impact.

Tables i) and ii) show actual vs budgeted expenditure in 2020-21 and 2019-20 respectively and table iii) shows actual expenditure in 2019-20 vs actual expenditure during the pandemic during 2020-21.

i) Expenditure - During Covid-19 £'000	Actual 2020-21	Budget 2020-21	Variance
MS Salary Costs	6,236	6,544	308
MSSS Salary Costs	8,073	7,797	(276)
Travel Costs	47	310	263
Office and Other Costs	1,238	1,521	283
Total	15,595	16,172	577

ii) Expenditure - Pre Covid-19 £'000	Actual 2019-20	Budget 2019-20	Variance
MS Salary Costs	6,246	6,320	74
MSSS Salary Costs	7,313	7,568	255
Travel Costs	280	308	28
Office and Other Costs	1,118	1,501	383
Total	14,956	15,697	741

iii) Expenditure – 2019-20 v 2020-21 £'000	Actual 2019-20	Actual 2020-21	Variance
MS Salary Costs	6,246	6,236	(10)
MSSS Salary Costs	7,313	8,073	761
Travel Costs	280	47	(233)
Office and Other Costs	1,118	1,238	121
Total	14,956	15,595	639

Overall expenditure against the Determination budget was higher during 2020-21 than 2019-20 (£639k – table iii), despite the freeze in MS pay and reduced expenditure on travel. This was as a result of lower than anticipated turnover in MS support staff leading to lower than anticipated vacancies (£276k – table i). The resulting underspend against the 2020-21 budget (£577k) was not drawn from the Welsh Consolidated Fund during 2020-21. (Figures are subject to audit).

