

Commission Budget Strategy – Annex A

Assembly Services Budget

1.0 Assumptions

- 1.1 Table 1 provides a high level analysis of the key budget expenditure headings. It shows the year on year increase in funding for the Commission. The figures in Table 1 are based on the following assumptions.
- 1.2 The Commission will not exceed the indicative budget figure of £35.750m for 2013–14. Primarily this will mean the balance of funds, once all salaries and running costs (depreciation, fixed and discretionary costs) are allocated will form the Assembly Service projects and future investments budget.
- a. This will require prioritising the investment programme and ensuring there is sufficient flexibility in the timing of projects to manage with the resources available.
 - b. One key issue concerns the cost implications of any change to the ICT service provider and the developing ICT strategy. Work is in hand, and will take some time, to develop a costed strategy and business case. This will feed into budget considerations at the appropriate time.
- 1.3 In calculating the 2013–14 salary expenditure there is no specific provision for any general pay award. The budget does include incremental salary adjustments for 2013–14 (and subsequent years) at an annual cost of 1.5%.
- 1.4 The Chancellor's Autumn 2011 statement¹ sets out the expectation that public sector pay awards will average one per cent increase for each of the two years following the pay freeze. As no budget provision for a pay award was made in 2012–13 and 2013–14:
- a. 1% has been added in 2014–15 and 2015–16 for a general pay award. This is just an estimate, it does not represent an agreed settlement.
 - b. Both years also include the incremental salary adjustments.

¹ *Autumn Statement 2011*, HM Treasury, November 2011.

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1.5 In calculating the fixed and discretionary costs for 2014–15 and 2015–16, the key assumptions are as follows:

- a. In 2014–15 it has been assumed that only fixed costs will be adjusted by inflation. This assumes that any other increases in discretionary costs will be managed by the services from their existing budget. This mimics the approach adopted in 2012–13 and 2013–14.
- b. In 2015–16 the 2.5% inflation adjustment has been applied to all costs.

1.6 Depreciation has been estimated on the basis of existing assets plus a minimum £1.5m capital expenditure per year with an average life of 4 years. (A variation of £400k in any one year incurs £100k depreciation.)

2.0 Potential risks

2.1 There are a number of known unknowns to be aware of in planning for future budgets. Whilst this is part of the reason for holding a separate contingency fund, there are a few issues that could have a significant impact on the Commission's budget if they materialise.

2.2 One such issue is an expected accounting standard change that will see leased assets (such as Tŷ Hywel) reflected in the accounts as an asset with an associated depreciation charge to the budget. The earliest we expect this change to be implemented is the 2013–14 financial year. In the past, such accounting changes have been accompanied by an agreed H M Treasury budget amendment to ensure organisations neither benefit nor are penalised.

2.3 No change has been included in the Commission's costs of employing staff. The 2012–13 National Insurance and Pension rates are assumed to apply through 2013–14 – 2015–16.

2.4 The Commission continues to link its budget to the Welsh block figures using 0.3%. Changes to future Treasury settlements such as those from pension reform or budget ring fencing can have a material impact on future Welsh block figures and therefore the Commission's funding.

Assembly Members' Budget

3.0 Assumptions

3.1 The figures in Table 1 are based on the July 2011 Determination and the Remuneration Board discussions on amendments to the Determination for 2012–13 financial year. The increase shown for Support Staff costs reflects incremental salary adjustments only. For the 2013–14 Determination, the Remuneration Board will be reviewing Support Staff pay. There could also be amendments to the allowances. The financial impact of these outcomes will be assessed and presented for Commissioners' review at the May or June meetings.

4.0 Potential risks

4.1 Any risk that Remuneration Board decisions exceed the indicative budget is mitigated through holding a contingency. The contingency level will need to reflect any potential outcome of the Remuneration Board's deliberations. There is also the option of seeking a supplementary budget in a financial year.

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Table 1 Assembly Commission Budget summary	2012-13	2013-14	2014- 15	2015-16
	£000s	£000s	£000s	£000s
	Draft Allocation	<i>Indicative</i>	Indicative	Indicative
<i>Assembly Services:</i>				
Salaries	15,565	16,100	16,300	16,700
Fixed and Discretionary Costs	12,990	13,250	13,400	13,750
Efficiency target	(470)	(250)	(250)	(250)
Contingency	500	500	500	500
Depreciation	3,900	4,000	4,400	4,500
Investment Programme	992	2,150	2,350	2,350
Sub- Total	33,477	35,750	36,700	37,550
<u>Change from previous year</u>	<u>5.7%</u>	<u>6.8%</u>	<u>2.7%</u>	<u>2.3%</u>
<i>Remuneration Board:</i>				
Assembly Members - salary & Office costs	6,900	6,900	6,900	7,100
Support Staff	6,600	6,800	7,000	7,200
Sub- Total	13,500	13,700	13,900	14,300
Total Funding required	46,977	49,450	50,600	51,850
Funding per 2012-13 approved budget	46,977	49,450	50,598	51,863
Change from previous year	5.1%	5.3%	2.3%	2.5%

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2013-14 Budget Preparation - Summary Timetable

Annex B

Description	Due Date
Recess 13 February 2012 - 17 February 2012	
Meetings with Budget Managers & Investment Team	06 -27-Feb-2012
Receipt of Service baseline costs and details of additional resources	27-Feb-2012
Compile 2013-14 Budget - numbers	02-Mar-2012
Commission meeting - approve 2013-14 Budget Strategy	08-Mar-2012
Key budget issues - Financial Summary to Management Board	14-Mar-2012
Revise draft Budget Paper to reflect Management Board decisions	28-Mar-2012
Recess 2 April 2012 - 20 April 2012	
Management Board meeting - budget discussion	23-Apr-2012
Draft Budget Paper cleared for distribution to Commission	30-Apr-2012
Arrange one to one meetings with Commissioners	1-9 May 2012
Commission meeting - budget discussion	10-May-2012
Draft Budget Proposals in line with Commissioners' decisions	31-May-2012
Recess 4 June 2012 - 8 June 2012	
Commission meeting	28-Jun-2012
Review Draft Budget if required in light of Commissioners' decisions	05-Jul-2012
Commission meeting to finalise 2013-14 Budget document	12-Jul-2012
Recess 23 July 2012 - 21 September 2012	
Amend Draft Budget if required	27-Jul-2012
Pause and Review to take account of any developments over summer months	07-Sep-2012
Circulate Draft Budget Document to Commissioners prior to meeting for comments	14-Sep-2012
Arrange one to one meetings with Commissioners	14 - 26-Sep-2012
Commission meeting	27-Sep-2012
Lay Draft Budget Proposals - (SO 20.13 no later than 1 Oct)	28-Sep-2012