

Y Pwyllgor Cyllid

Ymchwiliad i'r tanwariant sy'n deillio o Benderfyniadau'r Bwrdd Taliadau

Ymatebion i'r Ymgynghoriad Chwefror 2018

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Finance Committee

Inquiry on the Remuneration Board's Determination Underspend

Consultation Responses February 2018

*Ar gael yn Gymraeg /Available in Welsh

| | | |
|---------|--------------------------------------|---|
| RBU 01 | Awdurdod Taliadau Seland Newydd | New Zealand Remuneration Authority |
| RBU 02 | Assemblée Nationale | Assemblée Nationale |
| RBU 03* | Bwrdd Taliadau | Remuneration Board |
| RBU 04 | Bwrdd Taliadau Riksdag | Riksdag Remunerations Board |
| RBU 05 | Audit Scotland | Audit Scotland |
| RBU 06* | Comisiwn y Cynulliad | Assembly Commission |
| RBU 07 | Gweinyddiaeth Riksdag Sweden | Swedish Riksdag Administration |
| RBU 08 | Tŷ'r Cyffredin | House of Commons |
| RBU 09* | Archwilydd Cyffredinol Cymru | Auditor General for Wales |
| RBU 10 | Senedd Seland Newydd | New Zealand Parliament |
| RBU 11* | Ysgrifennydd y Cabinet dros Gyllid | Cabinet Secretary for Finance |
| RBU 12 | Senedd yr Alban | The Scottish Parliament |
| RBU 13 | Cynulliad Gogledd Iwerddon | Northern Ireland Assembly |
| RBU 14 | Awdurdod Safonau Seneddol Annibynnol | Independent Parliamentary Standards Authority |
| RBU 15 | Swyddfa Archwilio Gogledd Iwerddon | Northern Ireland Audit Office |
| RBU 16 | Y Swyddfa Archwilio Genedlaethol | National Audit Office |



[BY EMAIL]

12 December 2017

Mr Simon Thomas
Chair
Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA
WALES

Dear Mr Thomas

National Assembly for Wales's Remuneration Board's Determination Underspend

The Remuneration Authority (the Authority) has asked me to reply to your letter of 8 December 2017 regarding the Finance Committee of the National Assembly of Wales inquiry to establish how other parliaments' budget for expenditure related to members' pay and allowances.

New Zealand members of Parliament salaries, superannuation, allowances, and accommodation services are determined by the Authority, which is an independent statutory board established under the Remuneration Act 1977.

The Authority is also responsible for determining the remuneration (sometimes including fees, allowances, superannuation and annuities) for a wide range of senior public office holders within New Zealand including the Governor-General, judicial officers, elected members of local authorities and a variety of statutory officers. Please see our website for further information on our work: <http://remauthority.govt.nz/>.

Two government departments are responsible for the administration of the Authority determinations which cover members of Parliament, Ministers and other members of the Executive. These departments are responsible for the appropriations, budgets and expenditure related to members' pay and allowance, as follows:

- **Department of Internal Affairs** is responsible for the payment of salaries and allowances covering the Executive Council and members of the Executive (all Ministers of the Crown and Parliamentary Under-Secretaries).
- **Parliamentary Service** is responsible for the payment of salaries and allowances for members of Parliament who are neither Ministers nor Parliamentary Under-Secretaries.

Accordingly, the above two departments are best placed to address the issues you have raised in your letter. Here are their contact details:

Department of Internal Affairs

Mr Colin MacDonald
Chief Executive
Department of Internal Affairs
PO Box 805
Wellington 6140
email: colin.macdonald@dia.govt.nz

Parliamentary Service

Mr David Stevenson
General Manager
Parliamentary Service
Parliament Buildings
Private Bag 18041
WELLINGTON 6160
email: david.stevenson@parliament.govt.nz

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Mike Kunz', with a long horizontal line extending to the right.

Mike Kunz
Director – Office of the Remuneration Authority



SERVICE DES AFFAIRES EUROPÉENNES

DIVISION DES ÉTUDES EUROPÉENNES ET DU DROIT COMPARÉ

Paris, le 7 février 2018

Remuneration Board

1 – How your Assembly commission forecasts its budget for Remuneration Board determinations?

At the French Assemblée nationale there is no existing remuneration board which deals with the parliamentary allowance. This allowance is indexed to the salary of the highest ranking state civil servants. It is equal to the mean of the lowest and highest salary of civil servants in the category “hors échelle” (highest level).

2 – Which way the assembly commission provides clear and transparent information?

The accounts of the French Assemblée nationale are certified every year by the Court of auditors (Cour des comptes).

Those accounts are published and can be consulted on our website.

<http://www2.assemblee-nationale.fr/decouvrir-l-assemblee/les-comptes-de-l-assemblee-nationale>

BWRDD TALIADAU REMUNERATION BOARD

Simon Thomas AC,
Cadeirydd y Pwyllgor Cyllid

22 Ionawr 2018

Annwyl Simon

Ymchwiliad i'r tanwariant sy'n deillio o Benderfyniadau'r Bwrdd Taliadau

Diolch ichi am eich llythyr dyddiedig 8 Rhagfyr 2017, ac am dynnu sylw'r Bwrdd Taliadau at yr ymchwiliad byr y mae'r Pwyllgor Cyllid yn ei gynnal ar hyn o bryd i ddarganfod sut y mae seneddau eraill, yn y DU ac yn ehangach, yn cyllidebu ar gyfer gwariant sy'n ymwneud â chyflog a lwfansau'r Aelodau.

Bydd y Pwyllgor Cyllid yn gwybod mai swyddogaethau'r Bwrdd Taliadau, fel y'u nodir yn adran 3 o [Fesur Cynulliad Cenedlaethol Cymru \(Taliadau\) 2010](#), yw penderfynu ar lefel y gydnabyddiaeth a'r system ar gyfer rhoi cefnogaeth ariannol i Aelodau'r Cynulliad i'w galluogi i gyflawni eu rolau. Rôl Comisiwn y Cynulliad yw sicrhau bod y gyllideb ar gyfer y Bwrdd Taliadau yn ddigonol i fodloni'r holl rwymedigaethau fel y'u nodir yn y Penderfyniad.

Mewn rhai amgylchiadau, defnyddir y tanwariant ar gyfer amgylchiadau annisgwyl. Enghreifftiau o'r amgylchiadau hyn fyddai'r costau i ddarparu mesurau diogelwch ychwanegol i'r Aelodau yn dilyn llofruddiaeth drasig Jo Cox AS, a phenderfyniadau a wnaed ynghylch amgylchiadau Aelodau unigol sy'n ei gwneud yn ofynnol i'r Bwrdd ddefnyddio ei bwerau eithriadol. Gall y Bwrdd wneud y penderfyniadau hyn, pan fo angen, heb droi at Gomisiwn y Cynulliad yn gofyn am arian ychwanegol. Mae hyn yn gwarchod annibyniaeth y Bwrdd a chyfrinachedd yr Aelodau.

Cynulliad Cenedlaethol Cymru

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BWRDD **TALIADAU** **REMUNERATION** BOARD

Pe na bai'r gyllideb yn cael ei defnyddio'n llawn gan yr Aelodau, rôl y Comisiwn yw penderfynu sut i ddyrannu unrhyw danwariant cysylltiedig. Felly, byddai'n amhriodol i'r Bwrdd roi sylwadau ar sut mae'r Comisiwn yn dyrannu'r tanwariant posibl.

Edrychwn ymlaen at dderbyn canlyniad yr ymchwiliad maes o law.

Cofion gorau,



Y Fonesig Dawn Primarolo

Cadeirydd y Bwrdd Taliadau

Croesewir gohebiaeth yn Gymraeg neu yn Saesneg.

We welcome correspondence in Welsh or English.

**RIKSDAG
REMUNERATIONS
BOARD**

2018-01-26

Dnr 45/2017

Finance Committee
National assembly of Wales

The Riksdag Remunerations Board is an independent body. The role of the Board is to reach decisions on matters concerning benefits for members of the Riksdag. The Board is not responsible for budgetary issues. Accordingly the Board does not make any figures on the costs following the Boards decisions.

One of the main tasks for the Riksdag Remunerations Board is – inter alia – to decide the size of the monthly pay for members of the Riksdag. Decisions are reached every year. There are no specific rules to be followed by the Board when the amount is decided. However the annual decisions are based mainly on the general development of salaries in Sweden. The amount is the same for every member. Chairmen and vice chairmen of standing committees receive an additional amount according to regulations laid down in law.

The Board also decides the size and time of the economic benefits that every member of the Riksdag is entitled to when leaving the assignment. Such decisions are reached when a member is leaving the assignment. This mainly occurs after elections and – to some extent – between elections if a member is granted leave. These decisions follow quite detailed provisions laid down in law.

Further information on how the budget for expenditure related to members pay and pensions may be given by the Riksdag Administration.

Sven Johannisson
Reporting clerk

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AUDITOR GENERAL 

Mr Simon Thomas AM
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

30 January 2018

Dear Simon

National Assembly for Wales's Remuneration Board's Determination Underspend.

Thank you for your letter of 8 December 2017 requesting information on how the Scottish Parliament Corporate Body (SPCB) budgets for expenditure related to members' pay and allowances. In line with the Code of Audit Practice and the wider audit dimensions, we review the financial management of audited bodies and referred to this in our Annual Audit Report on the 2016/17 audit of the Scottish Parliamentary Corporate Body (2016/17 annual audit report.)

Annual budget process

The SPCB must comply with the Public Finance and Accountability (Scotland) Act 2000 which provides that expenditure by the Scottish Administration and other bodies funded directly by the Scottish Consolidated Fund must be authorised on an annual basis by the Budget Act.

The SPCB's budget "top slices" the Scottish Consolidated Fund and therefore reduces the total amount of budget available to Scottish Ministers. The SPCB prepares an annual budget submission for approval by the Finance and Constitution Committee of the Scottish Parliament. Following Parliamentary approval, the SPCB budget is then published within the Budget Act. The SPCB cannot exceed the level of income and expenditure approved by the Budget Act.

Budget forecasts

There is a set basis for the calculation of MSPs' annual pay budget. This is calculated on the basis that MSP pay will be uprated annually on 1 April by a mechanism which links MSP salaries to levels of public sector pay rises in Scotland (the Annual Survey of Hours and Earnings).

The annual budget for members' expenses and support costs such as office costs, staffing and accommodation reflect the limits set by the Reimbursement of Members' Expenses Scheme set up by the Resolution of the Parliament dated 12 June 2008 (last revised on 15 March 2016). It is assumed that not all Members will claim the full entitlement every year, with estimates based on the experience of the scheme to date and trends from previous years.

Reporting budget underspends

Performance against budgets is monitored throughout the year. The Corporate Body receives Finance Reports which report actual spend against year to date budgets for members' costs analysed across the headings of MSP and Officeholders Pay, MSP Expenses and Pay Assistance. These reports are public documents and are available to access from the Parliament's website.

In addition basic information on budget underspends is provided in the SPCB's annual report and accounts. In 2016/17, the SPCB included an explanation for the total budget underspend in the notes to the accounts, including an outline of the reason for the budget underspend against Members expenses.

There is more detailed information included on individual MSPs' expenses on the Scottish Parliament's website. This information can be broken down by monthly periods, allowance and expenditure types. However, it does not contain an assessment against the budget on either an individual or total basis.

Our Annual Audit Report on the 2016/17 Audit of the SPCB included a recommendation to include more details of the main categories of expenditure on Members costs in the annual report and accounts. We will follow up the action taken by management on this issue as part of our 2017/18 audit.

Utilising budget underspends

The SPCB can apply budget underspends to fund other SPCB projects without the formal approval of the Scottish Parliament's Finance and Constitution Committee. The reallocation of budgets across expenditure lines is approved by the SPCB's Strategic Resources Board, made up from members of the senior management team. This approach also applies to budget underspends against member costs. Any budget underspends remaining at the year end cannot be carried forward

I trust that you will find this information helpful to your inquiry.

If you require any further information please contact Elaine Barrowman, Senior Audit Manager on 0131 625 1922 or ebarrowman@audit-scotland.gov.uk.

Yours sincerely



Caroline Gardner
Auditor General for Scotland

Cynulliad Cenedlaethol Cymru
Comisiwn y Cynulliad

National Assembly for Wales
Assembly Commission

Simon Thomas AC
Cadeirydd y Pwyllgor Cyllid
Cynulliad Cenedlaethol Cymru
Tŷ Hywel
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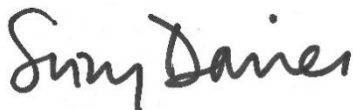
5 Chwefror 2018

Annwyl Simon

Ysgrifennaf atoch yn dilyn eich llythyr dyddiedig 8 Rhagfyr 2017 ynghylch Ymchwiliad eich Pwyllgor i danwariant Penderfyniad y Bwrdd Taliadau. Rydym yn nodi cylch gorchwyl y Pwyllgor ar gyfer yr ymchwiliad hwn ac mewn ymateb, rydym yn cyflwyno papur i chi (ynghlwm), y gobeithiwn iddo fynd i'r afael â'r meysydd o'r ymchwiliad sy'n berthnasol i'r Comisiwn.

Diolch ichi hefyd am y gwahoddiad i gyfarfod y Pwyllgor ym mis Mawrth – byddwn yn hapus i fod yn bresennol i drafod y materion sydd wedi'u cynnwys yn y cylch gorchwyl ac yn ein hymateb. Rhowch wybod os hoffai eich Pwyllgor gael unrhyw wybodaeth bellach.

Yn gywir



Suzy Davies

copi at Gomisiynwyr y Cynulliad, Manon Antoniazzi, Nia Morgan



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Ymchwiliad y Pwyllgor Cyllid i Danwariant Penderfyniad y Bwrdd Taliadau

Sut y mae Comisiwn y Cynulliad yn amcangyfrif ei gyllideb ar gyfer penderfyniadau'r Bwrdd Taliadau

Mae'r Bwrdd Taliadau yn annibynnol ar y Cynulliad a Chomisiwn y Cynulliad. Mae Mesur Cynulliad Cenedlaethol Cymru (Taliadau) 2010 yn atal y Cynulliad a Chomisiwn y Cynulliad rhag rheoli'r Bwrdd yn y modd y mae'n arfer ei swyddogaethau. Blaenoriaeth Comisiwn y Cynulliad yw sicrhau ei fod mewn sefyllfa i allu talu'r holl daliadau ac ad-dalu'r holl gostau y mae gan Aelodau hawl iddynt o dan y Penderfyniad.

Un Penderfyniad yn unig y mae'r Bwrdd yn cael ei wneud ym mhob Cynulliad ar gyfer talu cyflogau'r Aelodau, ac mae'r rhain felly yn gymharol syml i'w rhagweld, yn amodol ar yr uwchraddio blynyddol. O ran agweddau eraill, mae'r Bwrdd yn cynnal adolygiad blynyddol o'r holl lwfansau. Gall y Bwrdd o bryd i'w gilydd gynnal adolygiadau manylach ar agweddau penodol ar y Penderfyniad, a allai arwain at newidiadau bach yn y gyllideb sydd ei hangen ar gyfer y Penderfyniad.

Mae Comisiwn y Cynulliad yn rhagweld ei gyllideb ar gyfer penderfyniad y Bwrdd Taliadau drwy amcangyfrif y gost ar gyfer bodloni'r galw arno o dan y Penderfyniad diweddaraf, drwy ddeall rhaglen waith y Bwrdd ar gyfer y flwyddyn ariannol nesaf, a thrwy drafod â'r swyddogion sy'n cefnogi'r Bwrdd.

Nid yw hyn yn cynnwys amcangyfrifon ar gyfer costau cyfraniad Comisiwn y Cynulliad at gynlluniau pensiwn yr Aelodau – caiff y rhain eu penderfynu gan actiwari'r cynllun fel yr eglurir isod.



Amcangyfrifwyd y rhagolygon ar gyfer 2018–19 (£16.201 miliwn) fel a ganlyn:

Dadansoddiad 'Cyflogau'r Aelodau a'r costau cysylltiedig'

| Tabl 1 (9 yn y Gyllideb) | 2017–18 | 2018–19 | 2019–20 | 2020–21 |
|--|----------------|----------------|----------------|----------------|
| | Cyllideb | Cyllideb | Cyllideb | Cyllideb |
| | £'000 | £'000 | £'000 | £'000 |
| Cyflogau Aelodau'r Cynulliad ac ar-gostau (i) | £5,725 | £6,140 | £6,269 | £6,401 |
| Cyflogau staff cymorth Aelodau'r Cynulliad ac ar-gostau (ii) | £8,110 | £8,365 | £8,545 | £8,729 |
| Lwfansau a Chostau Swyddfa (iii) | £1,697 | £1,696 | £1,724 | £1,754 |
| Cyfanswm | £15,532 | £16,201 | £16,538 | £16,884 |

*wedi'i gymryd o Gyllideb Comisiwn y Cynulliad 2018–19, sef y gyllideb ddiweddaraf a osodwyd.

i) Cyflogau Aelodau'r Cynulliad ac ar-gostau (£6.140 miliwn)

Yn 2016–17, gosododd Penderfyniad y Bwrdd Taliadau'r cyflog sylfaenol ar gyfer Aelodau'r Cynulliad i fod yn £64,000 gan uwchraddio hynny bob blwyddyn yn unol â chyflogau cyfartalog fel y cânt eu mesur gan yr Arolwg Blynnyddol o Oriau ac Enillion. Ar gyfer 2017–18, arweiniodd hyn at gynnydd o 2.1%. Cymerwyd y bydd y cynnydd canrannol blynnyddol hwn o 2.1% yn cael ei gymhwyso i 2018–19 a'i adlewyrchu yn y gyllideb a osodir. Mae'r ffigurau diweddaraf o'r Arolwg Blynnyddol o Oriau ac Enillion yn dangos cynnydd o 2.3% mewn enillion cyfartalog, ac mae cyflogau yn 2018–19 felly yn debygol o fod yn uwch na'r ffigurau yn y gyllideb.

Mae'r ar-gostau sy'n gysylltiedig â chyflogau'r Aelodau yn cynnwys Yswiriant Gwladol, cyfraniad pensiwn y cyflogwr a'r Ardoll Prentisiaeth, a gyflwynwyd trwy godi 0.5% ar bob cyflogres sydd dros £3 miliwn (llai na £15,000 o lwfans) y flwyddyn, o 2017–18.



Wedi'i gynnwys hefyd mae'r cyflogau ychwanegol a delir i Aelodau sydd mewn swydd â chyfrifoldeb ychwanegol sylweddol, megis Gweinidogion, y Llywydd a chadeiryddion pwyllgorau, ac mae'r rhain i'w cael ar dudalen 10 o Benderfyniad 2017–18. Rhagdybiwyd ar gyfer 2018–19 fod y Cwnsler Cyffredinol yn parhau i fod yn Aelod Cynulliad etholedig. Nid yw effaith y ddau Ddirprwy Weinidog newydd, a benodwyd ym mis Tachwedd 2017, wedi'i hadlewyrchu yn y gyllideb a osodwyd ar gyfer 2018–19.

Mae'r taliad ar gyfer y cyfraniad cyfrannol yn y cynllun pensiwn yn cael ei osod gan actiwari'r cynllun pensiwn. Yn achos y Comisiwn, darperir gwasanaethau actiwaraid gan Adran Actiwaraid y Llywodraeth. Mae prisiad mis Ebrill 2017 o'r cynllun pensiwn wedi arwain at angen i gynyddu'r cyfraniad pensiwn o 15.6% i 20.8% i osgoi sefyllfa lle bo'r gronfa mewn diffyg ariannol. Mae hyn wedi cynyddu'r gost o £240,000 am y flwyddyn, gan dybio bod yr Aelodau'n derbyn yr un cynnydd cyflog yn 2018–19 ag y cawsant yn 2017–18. Mae'r cynnydd mewn cyfraniadau pensiwn wedi'i adlewyrchu yng nghyllideb 2018–19.

Ffactorau a all effeithio ar yr elfen hon yn y gyllideb:

- Pan fo ffigurau'r Arolwg Blyneddol o Oriau ac Enillion, pan gânt eu cyhoeddi, yn uwch na'r cynnydd a gyllidebwyd.
- Pan benodir Cwnsler Cyffredinol nad yw'n AC (fel y digwyddodd ym mis Mai 2011).
- Pan grëir swyddi ychwanegol neu swyddi sy'n fwy costus, gan arwain at gyflogau ychwanegol, megis Ysgrifennydd y Cabinet arall (yn hytrach na Dirprwy Weinidog) neu swydd cadeirydd pwyllgor.
- Pan fo newidiadau i ar-gostau, y tu hwnt i reolaeth y Comisiwn e.e. yr Ardoll Prentisiaethau, newidiadau i'r Yswiriant Gwladol a chyfraniadau pensiwn.



Nid oes dim darpariaeth ar gyfer y newidiadau hyn na thaliadau ychwanegol yng nghyllideb 2018–19.

ii) Cyflogau staff cymorth Aelodau'r Cynulliad, cymorth i bleidiau gwleidyddol ac ar-gostau (£8.365 miliwn)

Mae Penderfyniad y Bwrdd Taliadau yn nodi'r cyllid sydd ar gael (hyd at £96,995 y flwyddyn i bob Aelod yn 2017–18) i Aelodau gyflogi hyd at dri aelod o staff cyfwerth ag amser llawn i'w cefnogi ym mhob agwedd ar eu rôl. Cynyddwyd hyn o 2.1% yn 2017–18 fel rhan o'r adolygiad blynyddol o gyflogau staff. Roedd yr un cynnydd i'w gael ar gyfer y swm i gefnogi'r holl bleidiau gwleidyddol, a ddefnyddir yn bennaf i gyflogi staff, gan olygu cyfanswm o £929,110 yn 2017–18.

Mae'r Bwrdd Taliadau wedi dechrau adolygiad o gymorth staff i Aelodau gan gynnwys digonoldeb lefel y cymorth a ddarperir i'r Aelodau; hyblygrwydd a rhagnodoldeb y system gymorth bresennol ar gyfer Aelodau; ac addasrwydd y telerau ac amodau presennol ar gyfer staff cymorth. Mae'n bosibl y caiff canfyddiadau'r adolygiad effaith ariannol yn 2018–19 ond ni chyflwynir adroddiad tan hydref 2018. Amcangyfrifwyd cynnydd o 3% yn y gyllideb staff cymorth ar gyfer 2018–19 i ganiatáu ar gyfer cynnydd posibl sy'n uwch na'r cynnydd a wnaed i gyflogau'r Aelodau.

Ffactorau a all effeithio ar yr elfen hon yn y gyllideb:

- Mae adolygiad y Bwrdd Taliadau yn golygu newidiadau sy'n arwain at gynnydd o dros 3% yng nghyllidebau'r staff cymorth a chefnogaeth ar gyfer pleidiau gwleidyddol.
- Nid yw'r gyllideb ar gyfer cyflogau staff cymorth Aelodau'r Cynulliad a'r ar-gostau yn darparu ar gyfer costau annisgwyl megis taliadau diswyddo a thaliadau mewn achosion o farwolaeth mewn gwasanaeth, a gorfu gwneud y ddau fath o daliad yn 2017–18.



- Nid yw'r gyllideb ar gyfer cyflogau staff cymorth Aelodau'r Cynulliad a'r argostau yn darparu ar gyfer costau annisgwyl megis taliad ar gyfnod mamolaeth neu daliad ar gyfer salwch tymor hir.

Nid oes dim darpariaeth ar gyfer y mathau hyn o daliadau yng nghyllideb 2018–19.

iii) Lwfansau a Chostau Swyddfa (£1.696 miliwn)

Caiff y gyllideb costau swyddfa a gwariant llety preswyl eu hadolygu'n flynyddol a'u haddasu yn ôl yr angen. At ddibenion amcangyfrif cyllideb ar gyfer 2018–19, rhagdybiwyd chwyddiant yn unig i godi (1.56%). Mae'r llinell gyllideb hon hefyd yn cynnwys aros dros nos, cronfa ymchwil a pholisi a chostau teithio.

Ffactorau a all effeithio ar yr elfen hon yn y gyllideb:

- Mae'n bosibl y bydd costau ychwanegol annisgwyl yn codi o fewn llinell gostau'r swyddfa e.e. y gronfa i wella diogelwch. Efallai y bydd angen i'r symiau ychwanegol hyn gael eu cyllido ar fyr-rybudd a hwyrach y byddant y tu hwnt i'r hyn a ragwelwyd yn wreiddiol ym Mhenderfyniad cyllideb costau swyddfeydd.

Ystyriaethau eraill:

Mae'r lwfans a'r gyllideb costau swyddfeydd yn cynnwys costau swyddfeydd a'r eitemau eraill a nodwyd yn y Penderfyniad. Fodd bynnag, nid yw'r gyllideb yn cynnwys pob cost a wynebwr gan Aelodau sy'n gysylltiedig â'r swyddfa. Mae'r Comisiwn, o'i gyllideb ei hun, yn darparu cymorth ychwanegol ar gyfer costau swyddfeydd i gefnogi Aelodau. Mae'r Comisiwn hefyd yn ysgwyddo'r holl gostau sy'n gysylltiedig â Bwrdd Taliadau annibynnol. Nid yw'r costau hyn wedi'u cyllido gan y Penderfyniad.



Mae'r symiau a ganlyn wedi'u cynnwys yng nghyllideb weithredol y Comisiwn.

| Tabl 2 | Rhagolygon 2017-18 | Cyllideb 2018- 19 |
|--|-----------------------|----------------------|
| Deunydd ysgrifennu'r Aelodau | £60,041 | £61,000 |
| Argraffu gan Aelodau | £119,191 | £120,000 |
| Hyfforddiant i Aelodau | £144,987 | £145,000 |
| Costau'r Bwrdd Taliadau | £63,839 | £68,000 |
| Treuliau Eraill e.e. teithio rhyngwladol | £67,046 | £76,000 |
| Cyfanswm | £455,104 | £470,000 |

Mae'r costau hyn yn gyfanswm o £470,000, sydd wedi'i ysgwyddo'n llwyr gan gyllideb weithredol y Comisiwn. Er y gosodir cyllideb gan y Comisiwn ar gyfer yr eitemau ychwanegol hyn, sy'n uniongyrchol gysylltiedig ag Aelodau ac sy'n cael eu llywio gan yr Aelodau, yn wahanol i wariant y Penderfyniad, nid oes dim uchafswm penodedig ar faint y gall bob Aelod Cynulliad alw ar y gwasanaethau hyn. Gall y swm a gyfyd gan yr Aelodau amrywio'n sylweddol.

Gallai cynnydd yng ngwariant y Bwrdd Taliadau olygu i'r gyllideb hon, a osodir gan y Comisiwn, gael ei chynyddu. O dan Fesur Cynulliad Cenedlaethol Cymru (Taliadau) 2010, mae'n rhaid i'r Comisiwn roi cymorth gweinyddol o'r fath i'r Bwrdd fel y mae angen rhesymol amdano er mwyn ei alluogi i gyflawni ei swyddogaethau. Mae'r Mesur yn atal y Cynulliad a Chomisiwn y Cynulliad rhag rheoli'r Bwrdd yn y modd y mae'n arfer ei swyddogaethau. Mae'n bosibl felly i'r cyfanswm y bydd y Bwrdd Taliadau yn ei wario ar ymgynghorwyr arbenigol neu ar ymarferion ymgynghorol yn ystod blwyddyn ariannol fod yn uwch na'r gyllideb a ragwelwyd.



A yw'r ffordd y mae Comisiwn y Cynulliad yn rhoi gwybodaeth am y tanwariant yn glir a thryloyw

Yn nogfen y gyllideb 2018–19, y craffwyd arni gan y Pwyllgor hwn ym mis Hydref 2017 cyn ei gosod gerbron y Cynulliad ym mis Tachwedd 2017, mae'r Comisiwn yn darparu gwybodaeth glir a thryloyw ynghylch maint a defnydd unrhyw danwariant sy'n deillio o gyllideb Penderfyniad y Bwrdd Taliadau.

Mae dogfen y gyllideb 2018–19 yn cynnwys gwybodaeth ynghylch amcangyfrif cyfanswm y tanwariant a ragwelir ar gyfer 2018–19 (£600,000) ac mae'n cynnwys manylion am flaenoriaethau buddsoddi 2018–19. Mae dogfen y gyllideb yn cadarnhau bod unrhyw danwariant sydd ar gael yn cyfrannu at gronfa fuddsoddi'r Comisiwn ac ei fod ond yn cael ei ddefnyddio ar brosiectau sy'n flaenoriaethau clir, fel y nodir yn y ddogfen.

Mae'r Comisiwn hefyd wedi bod yn glir a thryloyw ynghylch ei ddefnydd o danwariant cyllideb Penderfyniad y Bwrdd Taliadau yn ystod 2016–17 a 2017–18, gan ddarparu gwybodaeth yn ymwneud â thanwariant tebygol Penderfyniad y Bwrdd Taliadau am y ddwy flynedd honno i'r Pwyllgor, fel y gofynnwyd, mewn llythyrau ar 28 Mawrth 2017 a 21 Rhagfyr 2017.

Mae'r wybodaeth a ganlyn (tabl 3) yn rhan o'r llythyr a anfonwyd i'r Pwyllgor ar 21 Rhagfyr 2017, ac mae'n darparu gwybodaeth ar y gyllideb fuddsoddi a ragwelir ar gyfer 2017–18 a 2018–19 ynghyd â'r cyfraniad a ragwelir gan linell gyllideb Penderfyniad y Bwrdd Taliadau.



| Tabl 3 | £'000 | £'000 |
|--|---------------|---------------|
| | 2017-18 | 2018-19 |
| | | |
| Y Gronfa Fuddsoddi Agoriadol | £850 | - |
| Cyllideb Cyfalaf | £500 | £500 |
| Cyfanswm y gronfa fuddsoddi o fewn cyllideb graidd y Comisiwn ar gyfer eitemau sy'n flaenoriaeth/hanfodol | £1,350 | £500 |
| Amcangyfrifon o arian a fydd ar gael o ganlyniad i danwariant o fewn: | | |
| - Cyllidebau Gweithredol | £500 | £800 |
| - Cyllideb Penderfyniad y Bwrdd Taliadau | £1,000 | £600 |
| Amcangyfrif o gyfanswm y cyllid a fydd ar gael ar gyfer blaenoriaethau buddsoddi | £2,850 | £1,900 |

Bydd y Comisiwn yn parhau i nodi bob blwyddyn, yn nogfen ei gyllideb derfynol, y swm tebygol a fydd heb ei ddefnyddio o Gyllideb Penderfyniad y Bwrdd Taliadau. Bydd hyn yn sicrhau tryloywder lle bo'r gyllideb yn cael ei gosod ar sail 100% a hyblygrwydd i ddarparu gwariant annisgwyl o dan y Penderfyniad.

Bydd y Comisiwn, fel y gwnaeth y llynedd, yn adolygu cyflwyniad y gyllideb a'r swm y gwneir cais amdano o fewn llinell gyllideb y Penderfyniad yn ei gyfarfod ym mis Ebrill. Mae hyn i sicrhau ei fod yn parhau i fod y dull a'r fecanwaith fwyaf tryloyw a hyblyg i fynd i'r afael â gofynion Penderfyniad y Bwrdd Taliadau.



At hynny, sicrheir tryloywder ymhellach wrth i ddogfen ein hadroddiad a chyfrifon blynyddol, a archwilyr gan Archwilydd Cyffredinol Cymru, hefyd ddarparu manylion llawn ein gwariant y llynedd yn erbyn cyllideb Penderfyniad y Bwrdd Taliadau ar gyfer pob blwyddyn.

Sut y mae Comisiwn y Cynulliad yn penderfynu defnyddio'r tanwariant ar ôl bodloni penderfyniadau'r Bwrdd Taliadau.

Bodloni'r Penderfyniad

Fel y nodwyd uchod, blaenoriaeth Comisiwn y Cynulliad yw sicrhau ei fod mewn sefyllfa i allu talu'r holl daliadau ac ad-dalu'r holl gostau y mae gan Aelodau hawl iddynt o dan y Penderfyniad. Mae'r Comisiwn yn monitro'r taliadau a wneir o dan y Penderfyniad drwy gydol y flwyddyn i sicrhau bod cyllid digonol i ad-dalu'r holl gostau ar ddiwedd y flwyddyn ariannol.

Mae'r rhagolwg hwn yn darparu amcangyfrif o'r tanwariant tebygol neu'r diffyg ariannol a ddisgwylir ar ddiwedd y flwyddyn ariannol. Yn ystod y flwyddyn, cynhelir asesiad o sicrwydd yr amcangyfrif ac a yw'n ddoeth defnyddio unrhyw faint o'r tanwariant a ragwelir ar brosiectau buddsoddi sy'n flaenoriaeth. Cyflawnir hyn drwy gyfathrebu'n rheolaidd â Gwasanaeth Busnes yr Aelodau, sy'n darparu rhagolygon o wariant Aelodau ynghyd ag esboniadau ar gyfer unrhyw amrywiadau sylweddol mewn tueddiadau gwario. Mae Gwasanaeth Busnes yr Aelodau hefyd yn sicrhau bod y rhagolwg yn cael ei ddiwedddaru'r rheolaidd i adlewyrchu'r eitemau ychwanegol nad ydynt wedi'u cynnwys yn y gyllideb, unwaith y byddant yn codi.

Ni fydd y Comisiwn ar unrhyw adeg yn ystod y flwyddyn ariannol wedi "bodloni" y Penderfyniad. Ni wyddys y cyllid sydd ei angen ar gyfer y Penderfyniad â sicrwydd mewn gwirionedd tan dair wythnos wedi diwedd y flwyddyn ariannol, pan fydd mwyafrif yr hawliadau gan Aelodau'r Cynulliad wedi cael eu derbyn.



Y defnydd a wneir o danwariant Penderfyniad y Bwrdd Taliadau

Yn ystod y flwyddyn, caiff y gyllideb gyfan, gan gynnwys y tanwariant a ragwelir, ei monitro. Adolygir y rhagolygon bob pythefnos i fesur yn gywir y Gronfa Fuddsoddi a fydd ar gael ar gyfer prosiectau ac unrhyw wariant arall sy'n flaenoriaeth gan y Comisiwn. Caiff y rhagolygon hyn eu hadolygu gan y Bwrdd Buddsoddi ac Adnoddau a gwneir penderfyniadau ynghylch blaenoriaethau a gwariant, y dilyn craffu, yng nghyfarfodydd y Bwrdd Buddsoddi ac Adnoddau bob pythefnos.

Mae'r wybodaeth yn nhabl 4 yn dangos y galw a ragwelir ar y gronfa fuddsoddi yn 2017–18. Mae hyn yn cynnwys galw annisgwyl ar y Penderfyniad ynghyd â gwariant ar brosiectau yn 2017–18. Gellir gweld gwybodaeth am y gwariant a ragwelir ar gyfer 2018–19 yng Nghyllideb Derfynol y Comisiwn ar gyfer 2018–19 (tudalen 19), a osodwyd gerbron y Cynulliad ym mis Tachwedd 2017.

Yn ystod 2017–18, defnyddiwyd cyfuniad tanwariant y Penderfyniad, tanwariant gweithredol, y gyllideb gyfalaf a'r gronfa fuddsoddi agoriadol (Tabl 3 – £2.85 miliwn) i dalu am yr eitemau o flaenoriaeth a ganlyn:



Tabl 4

| Cost y tanwariant a'r Gronfa Fuddsoddi | | £'000 |
|--|------|---------------|
| Effaith newidiadau 2016–17 mewn capasiti staffio | | £1,000 |
| Gwariant ar y Penderfyniad: | | |
| – Marwolaeth mewn swydd (staff cymorth Aelodau'r Cynulliad)* | £125 | £177 |
| – Cyflog ychwanegol Gweinidogion* | £21 | |
| – Taliadau diswyddo i staff cymorth Aelodau'r Cynulliad* | £31 | |
| Ardoll brentisiaethau | | £110 |
| Gwariant y Gwasanaeth Rheoli Ystadau a Chyfleusterau ar Flaenoriaethau: | | |
| – Cyfnod 2 o'r Byrddau Dosbarthu Trydan | £29 | £133 |
| – Gwelliannau i lifftiau y Senedd a'r Pierhead | £34 | |
| – Gwaith adfer yn dilyn asesiadau risg dŵr yn Nhŷ Hywel | £16 | |
| – Adnewyddu rhaffau lifftiau 1,2 a 3 Tŷ Hywel | £54 | |
| Prosiectau (Tabl 5 – isod) | | £1,262 |
| Cyfanswm gwariant ar flaenoriaethau | | £2,682 |
| Arian sy'n weddill | | £168 |

*Nid oedd modd rhagweld yr eitemau a farciwyd ar ddechrau'r flwyddyn ariannol.



Tabl 5 – Gwariant ar brosiectau

Mae'r eitemau hyn wedi'u crynhoi yn nhabl 4 uchod (£1,262k).

| Gwariant ar Brosiectau yn 2017–18: | | £'000 |
|--|------------|---------------|
| System Reoli'r Llyfrgell | | £32 |
| Y System Gyllid (cyfnod 2) | | £22 |
| Fy Senedd, yn cynnwys: | | £156 |
| – Y wefan a rheoli cynnwys | £35 | |
| – Rheoli gwybodaeth | £22 | |
| – Cofnod y Trafodion | £52 | |
| – Y Swyddfa Gyflwyno | £32 | |
| Gwaith ar y Llawr Gwaelod gan gynnwys offer TGCh a Darlledu | | £513 |
| Teledu cylch cyfyng (CCTV) | | £362 |
| Diwygio trefniadau'r Cynulliad | | £100 |
| Cynllunio adeiladau yn y dyfodol | | £23 |
| Weeping Window (Pabïau) | | £44 |
| Senedd leuenctid | | £10 |
| Cyfanswm gwariant cyllidebol ar brosiectau* (Tabl 4 uchod) | | £1,262 |

*Y gwariant gwirioneddol y flwyddyn hyd yma yw £962,000.



Cyflwyniad Cyllideb y Comisiwn 2019–20

Fel y nodwyd yn ein llythyr at eich Pwyllgor ar 21 Rhagfyr 2017, ystyriodd y Bwrdd Buddsoddi ac Adnoddau yn ei gyfarfod ar 7 Rhagfyr bapur ar gyflwyniad Cyllideb y Comisiwn 2019–20. Argymhellodd y Bwrdd y dylai'r Comisiwn ystyried cyflwyniadau amgen ar gyfer cyllideb 2019–20, yn hytrach na pharhau â'r cyflwyniad presennol.

Ein nod wrth gyflwyno model diwygiedig fyddai mynd i'r afael â'r pryderon a nodwyd gan eich Pwyllgor ynghylch tryloywder, gan gadw hyblygrwydd a lleihau'r risg i gyllideb y Comisiwn.

Bydd y Comisiwn yn adolygu cyflwyniadau amgen ar gyfer y gyllideb yn nhymor y gwanwyn 2018. Dyma'r ddau fodel amgen y dylid eu hystyried:

- cyllideb wedi'i neilltuo ar gyfer penderfyniad y Bwrdd Taliadau, wedi'i osod ar sail 100%, gan ddychwelyd unrhyw symiau nas defnyddiwyd i Gronfa Gyfunol Cymru ar ffurf cyllideb atodol, gyda chynnydd cyfatebol yng nghyllideb weithredol y Comisiwn.
- gosod cyfanswm llai, er enghraifft 98%, fel cyllideb ar gyfer cyllido Penderfyniad y Bwrdd Taliadau, gyda chynnydd cyfatebol yng nghyllideb weithredol y Comisiwn.

Comisiwn y Cynulliad

Chwefror 2018



7 February 2018

Our ref. 074-2017/18

Questions concerning the budget for expenditure related to Members' pay and allowances

General information about the Riksdag and compensation to members

The Swedish Parliament – the Riksdag – has 349 members who are elected every four years. In addition to this there is a Speaker. Three of the members also serve as Deputy Speakers.

The members' basic pay is determined by the Riksdag Remunerations Board. Since October 2017, this pay has amounted to SEK 65,400 per month (approx EUR 6,500). The Speaker has the same pay as the Prime Minister, which is currently SEK 168,000 per month (approx. EUR 17,000). The Deputy Speakers have a supplement of 30 per cent in addition to their monthly pay. The Chair and Deputy Chair of a Committee or the Committee on European Union Affairs receive a supplement of 20 and 15 per cent in addition to their monthly pay respectively. Certain assignments, including serving as a member on the Riksdag Board, entitles individuals to special remuneration.

In addition to their pay, members are entitled to reimbursement for their official journeys, per diem, overnight accommodation or reimbursement for equivalent accommodation if the member lives further than 50 km from Stockholm, old-age, sickness and survivor's pension, insurance, temporary childcare services for their own children under the age of 12 and a parking space. Rules concerning this are laid down in the Act on Compensation to Members of the Riksdag (2016:1108).

A member who leaves the Riksdag is entitled – in certain circumstances – to a severance package in the form of guaranteed income (for members elected before 2014) or financial redeployment support (for members elected after 2014). In addition, they are entitled to adjustment measures to help them re-enter working life, for example help from a coach. Previous members are also entitled to one month of pay after they have left their position.

Anders Norin

Head of the Department for Administrative Services for Members • The Riksdag Administration

In certain circumstances, a member may be granted leave, for example parental leave or for illness. If this leave lasts longer than 30 days, an alternate member is called in to carry out the member's assignments during their leave. In principle, the alternate member has the same rights and obligations as an ordinary member.

The budget process

One of the Riksdag's most important tasks is to take decisions regarding expenditure and revenue in the central government budget. The Riksdag's work on the central government budget starts every year with a proposal from the Government. The Government presents its preliminary proposal - the Spring Fiscal Policy Bill - in April. This contains the guidelines for Sweden's economic policy. In September, the Government presents its second proposal - the Budget Bill - which contains the entire central government budget.

The Budget Bill is managed via a two-step process. The first step involves the Riksdag establishing an expenditure limit for each expenditure area at the request of the Committee on Finance. There are 27 expenditure areas, each of which contains different appropriations. Following this, the expenditure areas are considered by each parliamentary committee. Costs attributable to the pay of Riksdag members and other financial benefits are included in expenditure area 1 Governance.

Costs relating to the pay of Riksdag members and other financial conditions are contained in appropriation 2:1 Parties and members of the Riksdag, etc. This appropriation can be used for such things as costs for remuneration to which Riksdag members are entitled within the framework of their assignment as members as well as the Speaker's activities, trips and entertainment.

During the period 2015-2017, appropriation 2:1 amounted to a total of SEK 880,000,000 per year, or around EUR 88,000,000. In 2018, the total amount is SEK 894,711,000, or around EUR 89,500,000.

To this can be added the costs linked to the Riksdag Administration's administrative expenses, such as employees' salaries, rents and similar items. These costs are included in appropriation 2:2. Appropriation 2:3 relates to the Riksdag's properties, while appropriation 2:4 concerns the Parliamentary Ombudsmen.

Once the Riksdag has taken a decision on the expenditure limit, expenditure areas and appropriations in December of each year, a decision is then taken on the exact distribution of the amounts contained in the Riksdag Administration's internal budget. This takes place in February of each year. A decision has not yet been taken on the internal budget for 2018. With respect to pay and trips, pensions, severance packages and individual official trips abroad, appropriation 2:1 was distributed as follows in the internal budget for 2017:

| | |
|--------------------------------------|---|
| Members' pay | SEK 361,600,000 (aprox. EUR 36,160,000) |
| Travels in Sweden | SEK 56,000,000 (aprox. EUR 5,600,000) |
| Climate offsetting | SEK 500,000 (aprox. EUR 50,000) |
| Pensions | SEK 100,000,000 (aprox. EUR 10,000,000) |
| Administration of pensions | SEK 850,000 (aprox. EUR 85,000) |
| Adjustments measures | SEK 500,000 (aprox. EUR 50,000) |
| Guaranteed income | SEK 30,000,000 (aprox. EUR 3,000,000) |
| Financial redeployment support | SEK 1,000,000 (aprox. EUR 100,000) |
| Administration of severance packages | SEK 800,000 (aprox. EUR 80,000) |
| Individual official trips abroad | SEK 6,107,000 (aprox. EUR 611,000) |
| Total | SEK 557,357,000 (aprox. EUR 55,736,000) |

As specified, expenditure area 1 and appropriations 2:1 and 2:2 are included in the Government's Budget Bill. However, calculations, texts and supporting documents are produced at the Riksdag Administration, which is the authority under the Riksdag tasked with supporting the work of the Riksdag. The Finance Department has principle responsibility for this work. Relevant departments within the Administration also contribute supporting documentation and calculations, however.

The supporting documents to the aforementioned parts of appropriation 2:1 are produced by the Department for Administrative Services. This work takes place at the beginning of each year.

With respect to **pay**, a calculation is produced based on the number of members and taking into consideration such factors as pay increments, an

estimate of how many members are expected to leave their position during the budget year and the fact that pay is normally increased by around 2 per cent each autumn. The Speaker's pay and employers' social security contributions can be added to this. Of major significance to the calculation is whether the coming year is an election year or not. The results of the past two years have exceeded the budgeted amount by around SEK 1,000,000 - 2,000,000.

With respect to **trips within Sweden**, an estimate is made of the cost on the basis of previous years' results and travel patterns, as well as by taking into account whether the budget year is an election year or not. Experience shows that members' travel increases during an election year, as well as by other modes of transport. An assessment of any future hikes in ticket prices or similar rises is included in the calculation, along with the cost of the travel company the Administration uses. Results from the past two years have fallen below the budgeted amount, or SEK 55,000,000, by several million kronor.

Each member may use a total of SEK 50,000 for **individual official trips abroad** for each electoral period. The total cost per electoral period of four years therefore amounts to SEK 17,450,000. This total amount is distributed across the four-year period, taking into account experience of the travel patterns that tend to characterise work at the Riksdag during an electoral period. So far, a lower amount of SEK 2,617,500 has thus been set aside for years 1 and 4, that is, 2015 and 2018, while a higher amount of SEK 6,107,000 has been set aside for years 2 and 3, that is, 2016 and 2017. Results usually fall below the budgeted amount by one or several million SEK.

The budget heading **pensions** includes old-age pension, disability pension and survivor's pension. The current pension system was introduced through a reform in 2010. Due to different transition rules, previous pension reforms may also be relevant. It is hard to calculate pension costs with any certainty. The assessment is made based on previous results, as well as assumptions of how many people will be taking out some form of pension over the coming years. In recent years, results have largely corresponded to or fallen somewhat below budgeted amounts. The trend is for pension costs to increase slightly each year, which is linked to the formulation of the new regulations that were introduced in 2010.

Costs of **severance packages** such as guaranteed income and financial redeployment support are hard to estimate and calculate, as the results are dependent upon how many members will leave the Riksdag over the

coming year and it is not possible to know in advance how many of these previous members will request a severance package. Aspects such as the age, length of service at the Riksdag and the applicable severance package system of each previous member are also significant. Another factor of uncertainty is that the guaranteed income system will be gradually replaced by a system that was introduced in 2014 – financial redeployment support – which is less financially beneficial. The calculation is based on previous results and an assessment of the aforementioned factors. With respect to guaranteed income, results from previous years have fallen below the budgeted amount. Since the financial redeployment support severance package is new, the results have so far been modest.



HOUSE OF COMMONS

Simon Thomas AM
Chair
Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

7 February 2018

Dear Chair,

Thank you for your letter of 8 December, requesting written evidence for your Committee's inquiry on the Remuneration Board of the National Assembly's determination underspend. As the Terms of Reference for the inquiry mostly focus on the workings of the Assembly Commission, this submission provides information related to the final bullet point "how other parliaments, within the UK and more widely, budget for expenditure related to Members' pay and allowances".

As you will be aware, the vast majority of Members pay and expenses are now dealt with by The Independent Parliamentary Standards Authority (IPSA). IPSA will provide written evidence themselves, to cover the Members pay and expenses that they deal with. Therefore, this submission only refers to the pay and expenses dealt with by the House of Commons.

The elements remaining within the House of Commons Estimates [REDACTED]
[REDACTED] are as follows:

Members Estimate

Deputy Speakers pay

Administration Estimate

Resource

Stationery and postage
Committee travel

Capital

IT equipment

These items are budgeted for in the same way we budget more widely. For example, The Deputy Speakers' pay is based on actual salary costs plus expected inflation. The stationery and postage budget is based on the number of members, the annual allowance and a forecast of how much of the allowance will be taken up, based on trends in previous years. In 2016-17 this budget was underspent by £338,000 (12.1%). The Committee travel budget contains separate sums for UK-travel (which is not cash limited) and overseas

travel (which is subject to a cap set by the House of Commons Commission), with in both cases the subsistence costs reimbursed to Members being based on HMRC-recognised guidelines. In 2016-17, this budget was underspent by £226,000 (27.5%). The budgets are based on trends in previous years. IT equipment is based on the allowance and a forecast of how many members will take up their allowance and when they will take up the allowance, based on trends in previous years.

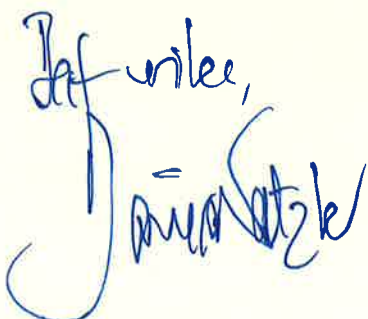
The budgeting process aims to minimise underspend. Underspends are used if necessary and permissible to fund agreed overspends elsewhere in the budget.

In 2016-17 the IT equipment budget of £200,000 was breached by £54,978, and an excess vote occurred. The Public Accounts Committee reported on this in its report, Excess Votes 2016-17. The report states:

No individual Member exceeded their individual allowance for equipment purchases. However, during 2016–17 the House failed to apply its normal level of budgetary control on this specific ICT expenditure, which sat outside the normal purchase order processes applicable to other areas of expenditure. The House failed to anticipate, in considering its Supplementary Estimate, the impact of the high level of new Members from by-elections since the 2015 General Election, resulting in additional capital expenditure of £32,000. Furthermore, capital expenditure of £63,000 which should have been recognised in 2015–16 (as it related to ICT equipment ordered and received in that year) was not identified until late in 2016–17. These factors contributed to inadequate forecasting and the overall capital overspend in 2016–17.

The House of Commons have taken a number of actions, some of which were already planned prior to the end of 2016-17, to mitigate against an overspend recurring. These comprise: changes to the procurement and accounting processes; changes to the handling of provisioning and recording of assets; and the Estimate process. From 2017-18, Members Loan equipment, support and broadband services have been transferred from the House of Commons Members Estimate to the House of Commons Administration Estimate. This will ensure purchase orders and commitments are recorded on the House Administration Information System (HAIS), goods receipting and monthly accruals can be recorded, standard reporting will be available and this budget and costs will be included in the regular re-forecasting exercise.

I hope this information is useful to the Committee's inquiry, and also sets out some of the issues that arise here at Westminster.



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Cyfeirnod: HVT/2811/caf

Dyddiad cyhoeddi: 7 Chwefror 2018

Annwyl Simon

Diolch am eich gwahoddiad i fynychu'r Pwyllgor Cyllid ar 15^{fed} o Fawrth i drafod ymchwiliad y Pwyllgor i'r ffordd y mae Comisiwn y Cynulliad yn defnyddio'r tanwariant sy'n deillio o Benderfyniadau'r Bwrdd Taliadau. Rydw i wedi gofyn i fy Archwilydd Cyffredinol Cynorthwyol, Anthony Barrett, i fynychu ar fy rhan. Bydd Ann-Marie Harkin, Arweinydd Archwilio Ariannol ar gyfer archwiliadau cyfrifon Comisiwn y Cynulliad, yno'n cefnogi Anthony.

Does gen i ddim byd i'w hychwanegu i sylwadau Anthony yn ei lythyr i'r Pwyllgor ar 20 Mehefin 2017 sydd wedi'i hatodi.

Yn gywir



HUW VAUGHAN THOMAS
ARCHWILYDD CYFFREDINOL CYMRU



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Dyddiad cyhoeddi: 21 Mehefin 2017

Annwyl Simon

Comisiwn Cynulliad Cenedlaethol Cymru - Cyllideb Ddrafft

Diolch am eich llythyr, dyddiedig 24 Mai 2017, i'r Archwilydd Cyffredinol. Rwyf yn ateb ar ran Huw gan ei fod ef ar ei wyliau ar hyn o bryd.

Mae fy ymateb yn seiliedig ar yr hyn a wyddom am y materion fel y'u hamlinellwyd yn eich llythyr a'r trawsgrifiad ategol o'r Pwyllgor Cyllid. Nid ydym wedi cynnal adolygiad penodol o drefniadau'r Comisiwn ar gyfer gosod y gyllideb.

Ymddengys i mi fod yna ddau fater y mae angen ymdrin â hwy:

- Yr angen i'r Comisiwn ddarparu adnoddau digonol i gyllido penderfyniadau'r Bwrdd Cydnabyddiaeth Ariannol. Deallaf fod y Comisiwn yn gosod ei gyllideb ar y swm mwyaf y mae'n amcangyfrif y bydd ei angen i gyfarfod â'r angen hwn.
- Cyfrifoldebau'r Pwyllgor Cyllid i graffu ar gyllideb y Comisiwn, sy'n gymhleth oherwydd y ddarpariaeth wrth gefn ("tanwariant rhagweladwy") sydd wedi ei hadeiladu i mewn i linell gyllideb y Bwrdd Cydnabyddiaeth Ariannol.

Mae Trysorlys Ei Mawrhydi yn rhoi arweiniad yn ei gyhoeddiad,

'*Supply Estimates: a guidance manual*' ar ffurf a chynnwys Amcangyfrifon Cyflenwi. Ym mharagraff 2.1 dywed yr arweiniad hwn:

"Parliament expects departments to submit for approval Estimates based upon taut and realistic spending plans. This means that the amount of provision sought in the Estimates must reflect the department's best view as to the amount of expenditure likely to take place in that financial year. The amounts sought in the Estimate should be neither more (perhaps in order to provide a buffer in case of unexpected additions) nor less (perhaps in order to spread out the increase) than is actually expected to be needed."

Mater i'r Cynulliad Cenedlaethol yw penderfynu a ddylid cymhwyso arweiniad o'r fath yng Nghymru.

Rwyf yn llwyr gydnabod yr anawsterau ymarferol y mae'r Comisiwn yn eu hwynebu drwy orfod gwneud darpariaeth yn y gyllideb ar gyfer gwariant o'r fath sy'n cael ei arwain gan y galw. Mae'n ddiddorol, felly, adolygu sefyllfa derfynol 2015-16 a gyhoeddwyd ar gyfer pob un o gyrff cyfatebol y Comisiwn yn y DU ar draws llinellau cyllideb cyfatebol, fel sydd wedi eu crynhoi yn y tabl canlynol.

| Corff | Disgrifiad o Wariant | Gwariant Amcangyfrifedig* £'000 | Gwariant mewn Gwirionedd* £'000 | Amrywiad £'000 | % yr Amrywiad |
|---------------------------------------|---|---------------------------------|---------------------------------|----------------|---------------|
| Comisiwn Cynulliad Cenedlaethol Cymru | Adnoddau o ran penderfyniadau'r Bwrdd Cydnabyddiaeth Ariannol | 14,500 | 13,453 | 1,047 | 7.2 |
| Awdurdod Safonau Seneddol Annibynnol | Cyflogau ASau, staffio, costau busnes a threuliau | 201,082 | 169,230 | 31,852 | 15.6 |
| Cynulliad Gogledd Iwerddon | Cyflogau aelodau, treuliau a chostau gweinyddol | 46,230 | 43,063 | 3,167 | 6.8 |
| Corff Corfforaethol Senedd yr Alban | Nid yw'r Corff yn cynhyrchu crynodeb alldro manwl | | | | |

* Fel yr eglurwyd yn Natganiad Alldro Adnoddau'r corff

Rwyf hefyd yn crynhoi isod, ar gyfer blynyddoedd blaenorol, ganran tanwariant y Comisiwn ar benderfyniadau'r Bwrdd Cydnabyddiaeth Ariannol:

- 2014 -15: 5.5%
- 2013 -14: 3.2%
- 2012 -13: 4.2%

Dengys y dadansoddiad lefel uchel hwn, fod pob un o gyrff cyfatebol y Comisiwn wedi adrodd am danwariant cymharol sylweddol ar "gostau aelodau" ar gyfer 2015-16. Er nad ydym wedi adolygu prosesau gosod cyllideb y gyrff hyn, rydym wedi cael trafodaethau gyda chydweithwyr yn Swyddfa Archwilio Gogledd Iwerddon ac Archwiliad yr Alban, sydd wedi tynnu sylw at rai gwahaniaethau diddorol o ran trefniadau gosod cyllideb ar gyfer costau Aelodau. Er enghraifft, cawsom ar ddeall fod Corff Corfforaethol Senedd yr Alban yn amcangyfrif faint o lwfansau aelodau sy'n debygol o gael eu hawlio bob blwyddyn; tra bydd Cynulliad Gogledd Iwerddon, yn debyg i'r Comisiwn, yn gosod ei gyllideb ar y swm mwyaf sy'n daladwy, er ein bod yn deall bod yna drefniant anffurfiol i ad-dalu unrhyw danwariant. Os nad yw wedi gwneud hynny'n ddiweddar, efallai y byddai'n werth i'r Comisiwn ystyried gyda'i gyrff cyfatebol sut y maent yn ceisio rheoli'r rhan hon o'r gyllideb. Er nad wyf yn meddwl bod yna ateb syml i'r problemau yr ydych yn eu codi, rwyf yn cynnig isod ddau fodel i'r Pwyllgor Cyllid eu hystyried.

Sefydlu cyfanswm rheoli adnoddau ar wahân ar gyfer penderfyniadau'r Bwrdd Cydnabyddiaeth Ariannol

Ar hyn o bryd mae'r Cynnig Cyllideb a gafodd ei gymeradwyo gan y Cynulliad Cenedlaethol, yn cynnwys un terfyn adnoddau sengl ar gyfer y Comisiwn mewn perthynas â'i holl wariant. Gallech ystyried gyda'r Comisiwn y dewis o rannu hyn yn ddau gais am adnoddau: y cyntaf ar gyfer penderfyniadau'r Bwrdd Cydnabyddiaeth Ariannol; a'r ail ar gyfer gwariant arall y Comisiwn. Byddai'r dewis hwn yn ei gwneud yn bosibl cael mwy o dryloywder ym mhroses y gyllideb yn ei chyfanrwydd. Gellid gosod y cais gwreiddiol am adnoddau ar gyfer penderfyniadau'r Bwrdd Cydnabyddiaeth Ariannol ar lefel amcangyfrifedig ar gyfer y flwyddyn a cheisio unrhyw adnoddau

ychwanegol fyddai eu hangen drwy broses y gyllideb atodol. Byddai'r dull hwn, i bob pwrpas, yn trosglwyddo'r risg o ddarparu adnoddau digonol ar gyfer penderfyniadau oddi wrth y Comisiwn i'r rheolaeth gyffredinol ar gyllideb floc Cymru.

Byddwn yn nodi, fodd bynnag, y byddai'n anarferol i gorff deddfwriaethol ymarfer rheolaeth mor fanwl dros gyllideb corff.

Cadw'r sefyllfa fel y mae gydag adrodd ychwanegol

Yr ail ddewis fyddai gofyn i'r Comisiwn roi mwy o fanylion yn ei gyflwyniad cyllideb, gan gynnwys:

- Y gyllideb amcangyfrifedig ar gyfer penderfyniadau yn y flwyddyn (yn seiliedig, o bosibl, ar brofiad hanesyddol); y swm mwyaf fel sydd wedi ei gynnwys ar hyn o bryd yn y cais cyffredinol am adnoddau; a'r lefel o ddarpariaeth wrth gefn (sef y gwahaniaeth rhwng y ddau ffigur).
- Gwybodaeth am y prosiectau y câi unrhyw danwariant yn erbyn cyllideb y penderfyniadau ei wario arnynt.

Byddai'r dull hwn yn rhoi'r cyfle i'r Pwyllgor Cyllid graffu ar holl gynlluniau gwariant y Comisiwn. Byddai gan y Pwyllgor wedyn dri dewis wrth ystyried y cais cyllideb:

- Cadarnhau'r cais mwyaf, a chaniatáu i'r Comisiwn ddefnyddio unrhyw danwariant ar ei brosiectau pwysicaf.
- Cadarnhau'r cais mwyaf, ond gofyn i'r Comisiwn gyflwyno cyllideb ddiwygiedig yn ddiweddarach yn y flwyddyn ariannol os oedd y gwariant disgwyliedig ar Benderfyniadau yn debygol o fod yn sylweddol is na'r lefel uchaf. Byddai hyn yn galluogi'r Pwyllgor i benderfynu p'un a ddylid caniatáu i'r Comisiwn gadw'r cyllid ar gyfer ei brosiectau pwysicaf ynteu ailddyrannu'r cyllid i gorff arall a gyllidir drwy Gronfa Gyfunol Cymru.
- Cadarnhau'r lefel ddisgwyliedig yn hytrach na'r lefel uchaf o gyllideb a gofyn i'r Comisiwn gyflwyno amcangyfrif atodol os oedd disgwyl i'r gwariant gwirioneddol fod yn uwch na'r amcangyfrif cychwynnol.

Gobeithio y byddwch yn cael y wybodaeth hon yn ddefnyddiol. Nid wyf wedi gofyn i'r Clerc am bersbectif y Comisiwn ar y dewisiadau hyn. Efallai y bydd y Pwyllgor Cyllid yn dymuno gwneud hynny a gofyn yr un pryd am sylwebaeth fanylach ar reolaeth y gyllideb yng ngweinyddiaethau eraill y DU.

Yn gywir



Anthony Barrett
Archwilydd Cyffredinol Cynorthwyol



PARLIAMENTARY SERVICE
Te Ratonga Whare Pāremata

8 February 2018

Simon Thomas AC
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff, CF99 1NA
WALES
SeneddFinance@assembly.wales

Dear Simon

Re: Inquiry on the Remuneration Board's Determination Underspend (Welsh Assembly)

I am responding to your letter dated 8 December 2017 seeking an understanding of how New Zealand Parliament budgets relating to pay, allowances and entitlements for members of parliament are set and managed.

Background

In New Zealand, the [Members of Parliament \(Remuneration and Services\) Act 2013](#) (the Act) provides for members of Parliament (members) to be properly supported in a way that maintains confidence in the integrity of Parliament. The Act:

- provides for the remuneration of members;
- ensures they have services that they require to enable them to carry out their roles and functions;
- establishes an efficient and effective system for determining those services; and
- provides for travel services for family members of members.

Under the Act, entitlements for New Zealand members are determined by either the Remuneration Authority (the Authority, which is independent) or the Parliamentary Service (the Service). However, they are administered by the Service.

Salaries and expense allowance

Under the Act, the Authority must determine the salaries and the expense allowance to be paid to members. Section 12 of the [Remuneration Authority Act 1977](#) specifies how the salaries for members must be fixed. The Authority issues a [Determination](#) that specifies the salaries for members and specific office holders. The Determination also provides for an expense allowance for members which is used to cover out-of-pocket expenses incurred by members carrying out parliamentary business, such as for gifts, memberships and meals. In the past, increases to the allowance have been linked to the New Zealand Consumers Price Index movement. In 2017 the allowance was increased by 1.7% on the previous Determination in line with the New Zealand Consumers Price Index movement to 30 June 2017. The Service provides the payroll services for paying salaries and the expense allowance to members. Separate entitlements are available to cover expenses such as travel, accommodation and communications services.

Support services

Remuneration Authority

Under the Act, the following services must be determined by the Remuneration Authority:

- Accommodation services for members; and
- Travel services for family members of members.

The Authority issues a [Determination](#) that specifies the related entitlements for members. The explanatory memorandum at the end of the Determination provides useful background about the process followed, including who is consulted during the process. These services are administered by the Service.

Parliamentary Service

Under the Act, other entitlements are set by the Speaker of the House under [Directions by the Speaker of the House of Representatives 2017](#) and these entitlements include:

- Members' travel services;
- Administrative and support services for members, such as staff and offices;
- Communications services; and
- A capped contribution to a home based security system.

Directions are issued by the Speaker once every term of Parliament, so generally every three years and in time to take effect at the start of a new Parliament. Before issuing Directions, the Speaker must take into account any relevant advice given by the Parliamentary Service Commission¹. The Parliamentary Service Commission is required to recommend to the Speaker persons who are suitable to be members of a review committee (the Committee). A Committee must be established at least once every term of Parliament to review the amounts of money appropriated for members' entitlements set under the Directions. The Committee must consider whether the amounts of money appropriated are being used efficiently, and are adequate to enable members and parties to effectively perform their functions. The Committee consults with the Parliamentary Service Commission before making recommendations to the Speaker about issuing new Directions, including allocation amounts for members' support services. The Directions² specify the maximum amounts available to members for support services.

Budget Process

The Service follows the same process as all government agencies and departments in New Zealand and maintains baseline funding which rolls forward each year. Additional baseline funding (or a reduction in baselines) can be applied for on an annual basis. The Service applies for baseline funding for Members of Parliament (excluding salary costs) on a Parliamentary term basis – once every three years. The Service utilises the level of funding that has been recommended by the Committee and applies for the maximum amounts allowable per member. If the application is successful, the Service is issued with a series of appropriations (legal authority to spend) relating to each type of expenditure (<http://www.treasury.govt.nz/budget/process>). The series of appropriations relating to the Service is known as Vote: Parliamentary Service. Each appropriation within a vote has a scope statement that restricts expenditure under that appropriation to the scope.

Funding for members is down at the party level as funding for a party leader's office and wider leadership costs are also funded as well as costs associated with each member running a constituency office and hiring staff etc. Each party is given a multi-year appropriation that is restricted in time period and scope of expenditure. The [Vote: Parliamentary Service appropriation](#) is available online, and below is an example of an appropriation scope:

Scope statement for each political party in the 52nd Parliament of New Zealand:

This appropriation is limited to funding for the XYZ parliamentary party to support their parliamentary operations during the 52nd Parliament including its Leader's office, support staff, research operations, Whip's office, communications, administrative and support services for members, and, during the immediate post-election period, qualifying electoral candidates and former members, as allowed under directions given by the Speaker.

The appropriation can be adjusted on a bi-annual basis if the movements in the number or status of the members changes the level of funding they are entitled to under the appropriation. Members of Parliament and Leaders' offices can utilise funds under the Speaker's Directions up to the maximum stated. Any underspend cannot be utilised for other purposes by the Service as all expenditure must be made within the scope statement that governs each appropriation.

Appropriations are an authority to spend. The Service draws down against them based on cash flow forecasts rather than receiving the full amount and returning underspend. Members utilise funds directly – for example, all office, staff and incidental costs are paid directly by the Service as opposed to being paid for by the member and claimed back.

¹ Sections 14 and 15 of the Parliamentary Service Act 2000

² Schedule 4

I trust this assists and thank you again for the invitation to provide a submission. Should you require any clarification or further information, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'D Stevenson', with a large loop at the end of the surname.

David Stevenson
General Manager

Mark Drakeford AC/AM
Ysgrifennydd y Cabinet dros Gyllid
Cabinet Secretary for Finance



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA – P/MD/0457/18

Simon Thomas AC
Cadeirydd y Pwyllgor Cyllid

7 Chwefror 2018

Annwyl Simon

Diolch ichi am eich llythyr dyddiedig 8 Rhagfyr ynglŷn ag ymchwiliad y Pwyllgor ar danwariant sy'n deillio o benderfyniadau'r Bwrdd Taliadau.

Fel yr ydych chi'n gwybod, mae Llywodraeth Cymru'n gyfrifol am osod cynigion y gyllideb flynyddol a'r gyllideb atodol o dan Ddeddf Llywodraeth Cymru 2006 ac am gynnwys yn y cynigion cyllidebol hynny gyllidebau pob corff a ariennir yn uniongyrchol gan Gronfa Gyfunol Cymru.

Mae'r rheolau ar gyfer gosod y gyllideb ar gyfer pob corff a ariennir yn uniongyrchol gan Gronfa Gyfunol Cymru i'w cael mewn Rheolau Sefydlog. Maent yn sicrhau bod cyllidebau a gwariant yn destun craffu priodol gan y Cynulliad a bod cyrff yn atebol am y cronfeydd a ddefnyddir ganddynt.

Defnyddir yr wybodaeth a gyhoeddir ac y cytunir arni o dan y trefniadau hynny gan Lywodraeth Cymru i lunio'r gyllideb, a chael cytundeb ffurfiol arni, yng nghynigion y gyllideb flynyddol a'r gyllideb atodol.

Mae Llywodraeth Cymru yn gyfrifol hefyd am adrodd i Drysorlys EM ynglŷn â chyllideb bloc Cymru yn gyfan, gan gynnwys cyfanswm y tanwariant bob blwyddyn, ac mae'n rheoli'r trefniadau ar gyfer cario unrhyw danwariant drosodd. O ran y trefniadau ymarferol, mae sianeli cyfathrebu wedi'u sefydlu rhwng swyddogion pob corff a ariennir yn uniongyrchol a Llywodraeth Cymru i sicrhau bod y sefyllfa yn ystod y flwyddyn yn cael ei rheoli'n effeithiol.

Roedd diddordeb gennyf ddarllen adroddiad y Pwyllgor ar Gyllideb Ddrafft Comisiwn y Cynulliad a'r wybodaeth a ddarparwyd gan Archwilydd Cyffredinol Cymru yr oeddech chithau wedi'i chynnwys yn eich llythyr. Ni fyddai'n briodol imi fynegi barn am sut y dylai

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CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Mark.Drakeford@llyw.cymru
Correspondence.Mark.Drakeford@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Comisiwn y Cynulliad osod ei gyllideb a sicrhau cytundeb arni, ond hoffwn gynnig y sylwadau a ganlyn.

Fel yr ydych chi'n gwybod, mae Llywodraeth Cymru wedi cymryd amryw o gamau dros y blynyddoedd i fod yn fwy tryloyw mewn perthynas â'i chyllideb. Mae hyn yn arbennig o bwysig yn ystod cyfnod o gyni cyllidol, pan fo cyllidebau'r sector cyhoeddus yn cael eu gwasgu'n gynyddol. Byddwn i'n croesawu unrhyw fesurau i sicrhau bod mwy o dryloywder ar draws y cyrff eraill a ariennir gan Gronfa Gyfunol Cymru.

Mae ein hagwedd at dryloywder yn Llywodraeth Cymru yn sicrhau bod adnoddau'n cael eu defnyddio at y dibenion y pleidleisiwyd drostynt a bod amcangyfrifon o wariant yn gadarn ac yn realistig. Wrth gynnig cyllidebau, rydym yn manteisio ar y dystiolaeth orau bosibl sydd ar gael inni ar gyfer llywio ein cynlluniau.

O ran yr agweddau mwy technegol ar adrodd ar danwariant a'i ddefnyddio, bydd Cronfa Wrth Gefn Cymru yn darparu'r mecanwaith ar gyfer cario tanwariant drosodd o un flwyddyn i'r nesaf. Bydd tanwariant gan bob corff a ariennir o Gronfa Gyfunol Cymru ar ddiwedd y flwyddyn yn mynd i'r Gronfa Wrth Gefn. Gall pob corff gynnig a gofyn am newidiadau i'w cyllidebau yn ystod y flwyddyn drwy broses y gyllideb atodol, a rheolir gofynion cyllid atodol yn ystod y flwyddyn gan Lywodraeth Cymru wedi i'r Cynulliad graffu ar gynnig y corff.

Gan mai symiau bach sydd wedi bod o dan sylw yn achos cyrff eraill a ariennir yn uniongyrchol, mae'r dull hwn wedi gweithio'n dda hyd yma. Fodd bynnag, os bydd lefelau tanwariant a/neu y cais am adnoddau yn ystod y flwyddyn yn cynyddu (a allai ddigwydd o dan yr awgrym a gyflwynwyd gan Archwilydd Cyffredinol Cymru), byddai'n rhaid inni sicrhau bod lefel gymesur o lywodraethiant yn gysylltiedig â'r broses hon i alluogi Llywodraeth Cymru i barhau i reoli sefyllfa'r Gronfa Wrth Gefn yn effeithiol ac i sicrhau nad yw adnoddau yn ystod y flwyddyn yn cael eu peryglu. Yn ymarferol, byddwn yn disgwyl gweld hyn yn cael ei adlewyrchu drwy wella'r llinellau cyfathrebu clir sydd eisoes wedi'u sefydlu rhwng swyddogion y cyrff perthnasol.

Gobeithio y bydd yr wybodaeth hon yn ddefnyddiol i chi.

Cofion gorau



Mark Drakeford AC/AM

Ysgrifennydd y Cabinet dros Gyllid
Cabinet Secretary for Finance



The Scottish Parliament
Pàrlamaid na h-Alba

The Presiding Officer
Rt Hon Ken Macintosh MSP

Simon Thomas AC
Chair of the Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

09 February 2018

Dear Simon,

National Assembly for Wales's Remuneration Board's Determination Underspend

I am writing in response to your request for information on how the Scottish Parliamentary Corporate Body budgets for expenditure related to Members' pay and allowances.

The arrangements for Members' salaries and for the reimbursement of expenses are set out in separate schemes, both of which were established by resolutions of the Parliament. These resolutions authorise the Scottish Parliamentary Corporate Body (SPCB) to administer certain aspects of the schemes, but any change to the schemes themselves require the approval of Parliament.

Salaries

The current Salaries Scheme has effectively been in place since 2002 and originally set Members' and ministerial salaries at 87.5% of the equivalent salaries for members of the House of Commons. The Salaries Scheme was amended with effect from April 2015 to replace the link to MP's salaries with a link to Scottish public sector earnings, as measured by the Annual Survey of Hours and Earnings (ASHE).

The budgeting for Members' salaries is relatively straightforward, as the number of Members is fixed and the ASHE index used to uprate the salaries is published in October, in advance of the SPCB finalising its budget submission. Accordingly, the actual figures for Members' salaries match very closely to the approved budget.

Reimbursement of Expenses

The current Reimbursement of Expenses Scheme has largely been in place since 2008. This implemented a series of recommendations from an independent review panel (the Langlands Report), which had been commissioned by the SPCB in 2007.

The Scheme provides for the reimbursement of various categories of costs which are incurred by Members in undertaking their parliamentary duties. Some of these categories, principally the Staff Cost Provision and the Office Cost Provision, are subject to a capped annual limit in each financial year. Other costs, such as travel, are reimbursed according to the rules of the Scheme and are therefore not subject to a capped annual limit.

Our experience of the Scheme's operation over many years is that, in practice, many Members do not claim the maximum potential entitlement that the capped provisions would theoretically allow. Accordingly, we make an estimate of that percentage 'underspend' in setting the SPCB's budget for Members' Expenses. This varies across the different categories of expenditure provision.

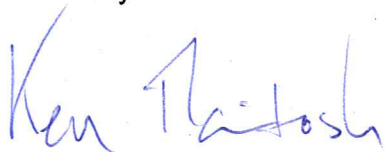
The outturn for Members' Expenses is less predictable than for Salaries, so a greater degree of tolerance needs to be built in to the annual budget to allow for different expenditure patterns.

Overall Budget

The budget for Members' salaries and expenses forms part of the SPCB's overall budget submission. To the extent that there is an overspend or underspend in Members' costs, it needs to be managed at a corporate level by compensating adjustments, either to the SPCB's central contingency or to the amount budgeted for other expenditure.

I hope that this response will be of assistance to your inquiry.

Yours sincerely



Rt Hon Ken Macintosh MSP
Presiding Officer



Clerk to the Assembly/Chief Executive
Parliament Buildings, Ballymiscaw, Stormont
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Tel: +44 (0)28 9052 1199
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Simon Thomas AM
Chair of Finance Committee
National Assembly for Wales
Tŷ Hywel
Cardiff Bay
CF99 1NA

9 February 2018

Dear Mr Thomas

Inquiry on the Remuneration Board's Determination Underspend

Thank you for your letter dated 8 December 2017 seeking views on how the Northern Ireland Assembly Commission (NIAC) budgets for expenditure related to Members' pay and allowances and to highlight any issues that may have arisen under this budgeting process. This evidence is provided in my role as the Accounting Officer for the NIAC's budget. I would be pleased to offer oral evidence to the Committee should that be required.

When compiling this evidence, I have considered the legislative context for the expenditure that is incurred by the NIAC in relation to Members' pay and allowances. It might be helpful to set out that legislative context.

The NIAC is the body corporate for the Northern Ireland Assembly. Section 40(4) of the Northern Ireland Act 1998 ("the 1998 Act") specifies that the NIAC "shall provide the Assembly, or ensure that the Assembly is provided, with the property, staff and services required for the Assembly's purposes." Sections 47 and 48 of the 1998 Act make provision for the Assembly to Determine the salaries, allowances and pensions payable to Members (and former Members) of the Legislative Assembly (MLAs).

In the Northern Ireland context, the equivalent body to the Welsh Remuneration Board is the Independent Financial Review Panel ("the Panel"). The Panel was established under section 1 of the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011 ("the 2011 Act"). Section 2 of the 2011 Act specifies that the functions of the Panel are to make Determinations as to the salaries and allowances payable to MLAs under section 47 of the 1998 Act and the pensions, gratuities and allowances payable under section 48 of that Act.

The responsibility for Determining the quantum of pay and allowances for MLAs and any qualifying criteria attached to that expenditure falls to the Panel. The NIAC has responsibility for assessing whether those criteria have been met, for making resulting payments and for reporting on all payments made to MLAs each year. Budgeting for the costs associated with all payments made under a Determination also falls to the NIAC.

For the 2017/18 financial year, the NIAC's overall budget proposals (including MLAs' costs and all other revenue and capital costs) were presented to the Assembly's Audit Committee in October 2016 under a Memorandum of Understanding on the NIAC Budget Setting Process agreed with the Northern Ireland Executive (see Appendix A). This Memorandum was agreed as a response to budgeting exercises between 2010/11 and 2015/16 that saw the NIAC's budget reduced via Executive-led budget plans. The Memorandum was intended to place the process for setting the NIAC's budget on a more constitutionally sound footing.

The budget proposals that are presented to the Audit Committee include the costs arising from the most recent Determination issued by the Panel and the staffing and administration costs that are incurred by the NIAC when carrying out its statutory functions. In Estimates terms, the NIAC's expenditure is approved by the Assembly (or by Westminster for this financial year) under a single Vote. There has been some debate about the merits or otherwise of splitting this Vote into two parts; one for MLAs' costs and the other for Commission-incurred running costs but a single Vote has prevailed.

Although not explicitly set out in the Memorandum, there was considerable discussion with officials from the Department of Finance (DoF) about the treatment of costs associated with MLAs. These discussions were informed by previous cuts to the Commission's budget that were applied to the entirety of the budget when, in reality, the costs for MLAs could not be reduced as they were established under legislation (i.e. a Determination issued by the Panel). Consequently, the entirety of the budget cut was managed by the Commission through reductions in staffing and other running costs.

It was subsequently agreed that MLAs' costs would be estimated in full but that any excess budget provision that was identified during the financial year would be returned to the DoF. Similarly, should the costs associated with MLAs increase for any reason (for example, through a revised Determination issued by the Panel) the increase in costs over and above the initial estimate would be met in full from additional resources from DoF and the NIAC would not be required to fund this increase from its remaining budget.

In terms of the specific areas highlighted by the Committee and set out in your letter of 8 December, I will cover each in turn.

How the Assembly Commission forecasts its budget for Remuneration Board Determinations?

The NIAC forecasts its budgetary requirements for MLAs' costs based on the maximum possible uptake of those costs. A significant element of MLAs' costs

relates to set amounts (for example, salaries and travel costs are fixed), some of the remainder are variable amounts but are well known in advance (for example, office rental and rates costs based on existing leases or MLAs' staffing costs) and much of the remaining costs are covered by annual limits (for example, there is £4,900 limit for constituency office operating costs and a £600 limit for mobile phone costs).

MLAs' salaries are included in the forecast at the levels that are prescribed in the extant Determination. The Determination includes an annual uprating of salaries if certain inflation criteria are met and any uprating is included in the salary forecasts. Salary on-costs (for example, employer's national insurance contributions and Consolidated Fund payments to the Members' Pension Scheme) are also included in the forecast.

Costs for rent and rates for MLAs' constituency offices are constrained by limits set out in the Determination with the estimate of costs for each year based on the leases that must be provided to the NIAC before any rent or rates payments can be made. These lease amounts tend to be relatively stable. Similarly, the yearly costs for MLAs' staff are stable making forecasting relatively simple. Each MLA can employ 2.0 FTE members of staff and the Determination specifies pay scales for each member of staff with uprating provisions included. Therefore, the salary costs for MLAs' staff (including employer's on-costs) can be readily ascertained.

The forecast for those elements of the Determination that are expressed as limits are calculated as "number of MLAs x limit set out in the Determination". So, for constituency office operating costs this would be 90 (MLAs) x £4,900 (limit in Determination) = £441,000. Other costs of this type are forecast in a similar manner. In practice, not every MLA will utilise the full limit available but provision is made for the full amount in the NIAC's initial budgets to provide sufficient budgetary cover for this eventuality.

There are a small number of costs where year-on-year estimates are made. These include costs for statutory redundancy payments for MLAs' staff, for costs associated with MLAs retiring through ill-health and for costs that are claimed by MLAs as result of disability adjustments. These costs are estimated based on experience of previous claims of these types and from regular interactions with MLAs.

Whether the way in which the Assembly Commission provides information on the underspend is clear and transparent?

Any forecast underspend or overspend on MLAs' costs is calculated internally. As noted previously, the NIAC's budget for 2017/18 was agreed by the Audit Committee in October 2016. The budget that was approved for Non-Ring Fenced DEL Resources (i.e. Departmental Expenditure Limits Resources excluding depreciation and impairment charges) was £38.414m and this total was split according to the relevant categories of expenditure. Of this amount, £15.709m related to MLAs' costs covering MLAs' salaries, MLAs' Other Costs

(including winding up expenses, disability payments, etc.), MLAs' travel costs and constituency office costs (including MLAs' staffing costs).

Each month, the actual expenditure against the total budget is reported and revised forecasts for each category of expenditure are calculated. An extract from the management accounts for December 2017 is shown at Appendix B. These reports are reviewed by senior managers and reported to the NIAC. Following that review process, the actual expenditure for all categories of expenditure (including the various categories of costs associated with MLAs such as salaries, constituency costs, travel costs, etc.) is reported to the DoF. This reporting is largely for cash management purposes. In addition, the NIAC also reports to the DoF on its up-to-date forecasts for each of these categories including MLAs' costs on a monthly basis. In this way, the impact of the agreement that is mentioned above about releasing surplus funds (or seeking additional funds) is readily apparent.

The operation of the spirit and intent of the Memorandum has been clearly demonstrated throughout 2017/18. For example, the NIAC's budget for 2017/18 that was agreed in October 2016 included the costs associated with 108 MLAs. The unexpected Assembly election in March 2017 saw a reduction in the number of MLAs to 90. In addition, the absence of Executive Ministers and a lower than anticipated utilisation of the budget for MLAs' staff costs meant that there has been excess budget provision for MLAs' costs for 2017/18 of approximately £3.754m.

Although the political situation meant that the timing of in-year Monitoring Rounds was not as intended during the year, £3.0m of this total was immediately identified to the DoF and returned at the first available opportunity. This reduced amount was then included in the NIAC's budget plans presented to Parliament by the Secretary of State for Northern Ireland in the absence of local budget arrangements. The remaining surplus over and above the £3.0m that was initially identified arose over the course of the financial year and was also highlighted and returned to DoF in subsequent Monitoring Rounds. Therefore, the agreed procedure for dealing with surplus funds that arise from an underspend on costs associated with MLAs has been implemented.

In terms of external reporting, as the categories of expenditure are below the level that is reported in Estimates and Voted by the Assembly or Westminster, there is no routine external reporting of the total costs incurred on MLAs' pay and allowances. However, in the NIAC's Annual Report and Accounts, an analysis is provided of deviations of actual expenditure from Voted amounts. This analysis typically shows how these deviations have arisen according to the different categories of expenditure (for example, NIAC staff salaries, NIAC admin costs, MLAs' salaries, etc.). In addition, details of all payments made to each MLA are reported for each year on the Assembly's website.

How the Assembly Commission decides to utilise the underspend after meeting the Remuneration Board's Determinations?

As noted above, this situation does not arise as any underspends on MLAs' costs are released back to the DoF. However, if a scenario arose whereby there was underspend on MLAs' costs but the NIAC required additional resources for its other activities, the NIAC would release the surplus funds available from MLAs' costs and seek additional resources through the in-year mechanisms set out in the Memorandum. This may involve further interaction with the Audit Committee.

How other parliaments, within the UK and more widely, budget for expenditure related to Members' pay and allowances?

I trust that the above analysis provides a useful reply to this question from the Northern Ireland perspective.

It is acknowledged that the Memorandum of Understanding on the NIAC Budget Setting Process that underpins much of the above analysis has only been in operation for one year and that the current financial year has not been a normal accounting period. However, the principle that an underspend on MLAs' costs should be released and not utilised by the NIAC has been applied this year and the NIAC has no cause to doubt that it will apply in the future. Similarly, should a future Determination require additional funds, the NIAC anticipates that those funds would be made available without recourse to the other funding streams that are managed by the NIAC.

I trust that this information is helpful to the Committee.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'L. Hogg'.

LESLEY HOGG

Clerk to the Assembly/Chief Executive

MEMORANDUM OF UNDERSTANDING ON THE NIAC BUDGET SETTING PROCESS

Appendix A

Preparation of Draft Budget:

Context

The Assembly Commission (the "Commission") prepares a draft budget for the period of the Executive's Budget as notified by the Department of Finance (DoF). This budget is established in advance of the timetable established by DoF for Executive Departments;

Key Milestones

- a. As part of the development of the Commission's draft budget, the Commission actively obtains data and projections from the DoF relating to the wider outlook for the Northern Ireland Block for the entirety of the budget period;
- b. The Commission, taking account of the DoF projections, proposes its draft budget and presents it to the Audit Committee. At the same time, the Commission also provides the draft budget figures to the DoF;

Interaction with Audit Committee:

Context

Via an agreed mechanism (e.g. Standing Orders) and in keeping with the Executive budgetary timetable, the Audit Committee lays a report on the Commission's draft budget;

Key Milestones

- a. In advance of laying that report, the Commission attends an Audit Committee meeting(s) to give evidence on its draft budget;
- b. In advance of laying that report, the Audit Committee receives written evidence from DoF (cleared in advance by the Finance Minister) on the wider outlook for the Northern Ireland Block and the DoF view of the Commission's draft budget. In considering the Commission's draft budget, the Committee should have due regard to the evidence provided by the DoF.
- c. Evidence to the Committee from the DoF shall be included in the Committee's report to the Assembly;
- d. The Committee prepares and lays its report;

MEMORANDUM OF UNDERSTANDING ON THE NIAC BUDGET SETTING PROCESS

Appendix A

Finalisation of Budget:

Context

The Commission prepares its final budget, taking on board the recommendations of the Audit Committee and submits a motion to the Business Committee;

Key Milestones

- a. The Assembly as a whole debates the final budget in Plenary before voting on the motion (without amendment) that it be *"agreed and incorporated into the Executive's Budget and the subsequent Main Estimates."*
- b. The vote of the Assembly in respect of the Commission's budget is reflected, without amendment, in the budget prepared by the Executive;

In-Year Amendments to Budget:

Context

On an in-year basis, financial controls are established that are aligned to the arrangements for setting the initial budget.

Key Milestones

- a. The Commission prepares and submits its contribution to Monitoring Rounds and the Spring Supplementary Estimate. The submission of the Commission's contribution to Monitoring Rounds and the Spring Supplementary Estimate will be subject to agreed thresholds between the Commission and the Committee. If these thresholds are not exceeded, the Commission will not seek the Audit Committee's view on its in-year position.

Review:

This methodology will be reviewed within one year of its first use and at the conclusion of every Executive budget setting period.

NIAC INTERNAL MANAGEMENT ACCOUNTS EXTRACT

Appendix B

Finance Report - December 2017

| £000 | Opening full year budget presented to Audit to Committee | Full Year budget reported to DoF in Dec-17 Monitoring | Current Month - Dec 2017 | | | Year to Date | | | Full year Outturn Forecast | Variance of Outturn Forecast to Opening Full Year budget | Variance of Outturn Forecast to Dec-17 Full Year budget | Prior Year Outturn |
|---|--|---|--------------------------|-----------|--------|--------------|------------|--------|----------------------------|--|---|--------------------|
| | | | Actual | Budget | Var | Actual | Budget | Var | | | | |
| | | | | | | | | | | | | |
| Income | - | (152,080) | (12,458) | (12,428) | 30 | (103,815) | (104,259) | (443) | (152,080) | (152,080) | - | (69,096) |
| Secretariat Salaries | 16,539,000 | 15,839,155 | 1,295,656 | 1,338,292 | 42,636 | 11,670,044 | 11,712,680 | 42,636 | 15,799,253 | (739,747) | (39,902) | 15,666,609 |
| Admin costs | 5,309,000 | 4,414,871 | 305,253 | 308,732 | 3,479 | 3,329,532 | 3,333,011 | 3,479 | 4,407,854 | (901,146) | (7,017) | 4,825,771 |
| Members' Salaries | 7,586,000 | 5,976,762 | 483,064 | 483,540 | 476 | 4,409,625 | 4,410,100 | 476 | 5,976,762 | (1,609,238) | 0 | 7,028,529 |
| Members' Other Costs | 110,221 | 87,328 | 2,043 | 2,223 | 180 | 80,417 | 80,597 | 180 | 87,328 | (22,894) | - | 1,589,647 |
| Members' Travel | 441,000 | 304,912 | 21,351 | 21,668 | 316 | 233,492 | 233,808 | 316 | 302,646 | (138,354) | (2,266) | 312,848 |
| Constituency Costs (incl. staff) | 7,572,000 | 5,588,933 | 453,826 | 475,822 | 21,996 | 4,221,916 | 4,243,911 | 21,996 | 5,588,933 | (1,983,067) | 0 | 6,158,714 |
| Party Allowance | 857,000 | 744,285 | 52,056 | 77,151 | 25,095 | 487,737 | 512,832 | 25,095 | 744,285 | (112,715) | 0 | 752,436 |
| (Profit)/loss on disposal of fixed assets | - | - | - | - | - | - | - | - | - | - | - | 272,099 |
| Total | 38,414,221 | 32,804,166 | 2,600,793 | 2,695,000 | 94,207 | 24,328,947 | 24,422,680 | 93,734 | 32,754,982 | (5,659,239) | (49,185) | 36,537,557 |



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9 February 2018

Dear Mr Thomas

Inquiry on the Remuneration Board's Determination Underspend

The Independent Parliamentary Standards Authority (IPSA) is the statutory regulator responsible for determining the pay and pensions for UK Members of Parliament, as well as a scheme for the business costs and expenses which they can claim. IPSA was set up in 2009 to take on the role of regulating and administering business costs and expenses, which was previously carried out by the House of Commons. Our powers in relation to MPs' pay and pensions came into effect in 2011.

We understand that you are currently undertaking an inquiry to establish how the Assembly Commission forecasts its budget for Remuneration Board determinations, and as part of this how other parliaments budget for expenditure related to Members' pay and allowances.

The Office of the Clerk of the House of Commons have asked us to provide a response in respect of the areas that IPSA is responsible for. I am therefore attaching a short document which sets out the budget limits for MPs in different areas of expenditure, with information on how these figures were arrived at; as well as an explanation of how MPs' salaries and loss of office payments have been determined. I have also set out how these feed into IPSA's overall budget estimate.

I hope this is useful for the inquiry, but please do not hesitate to contact me if you require further or more detailed information.

Yours sincerely

Nicole Casey
Head of Policy and Assurance

CC John-Paul Flaherty, Private Secretary to the Clerk of the House of Commons

IPSA response to National Assembly for Wales Finance Committee Inquiry on the Remuneration Board's Determination Underspend

Scheme budget limits

Under the Parliamentary Standards Act 2009, IPSA has the power to prepare a scheme for MPs' allowances, which may impose limits on the amounts that are paid. We set budget limits for a number of areas of expenditure. MPs must normally stay within these limits; however in exceptional circumstances we can agree an uplift for an individual MP.

Below we have set out the budget limits for 2017/18 and an explanation of how they have been calculated. These are the basis for IPSA's budget for MPs' costs.

▪ Accommodation (rent)

| Renting in London | Renting outside London |
|-------------------|------------------------|
| £22,760 | £15,850 |

MPs from non-London constituencies can choose to rent a property in London, or in their constituencies. The London rental budget is based on the average cost of a one-bed property in the boroughs of Westminster and Lambeth, plus £3,000 for 'associated costs' (i.e. utilities and council tax). Previously, there were a number of bands for renting outside London, corresponding with different regions, but since 2017/18 they have been simplified and now all MPs can claim up to what was the highest band. This also includes a nominal £3,000 for associated costs.

▪ Accommodation (associated costs only)

| London area MP | Non London area MP |
|----------------|--------------------|
| £5,000 | £5,000 |

MPs who do not need to rent because they own their homes can still claim for associated costs in either London or their constituencies. The limit was for several years set at £8,850, as a transitional amount from the period when MPs were able to claim for mortgage interest subsidies. However, from 2017-18 we used previous claims data over time to reduce this to an amount which more closely reflects what the vast majority of MPs actually claim in a year (£5,000).

▪ Staffing costs

| London area MP | Non London area MP |
|----------------|--------------------|
| £161,550 | £150,900 |

The staffing costs budget covers primarily the salaries of MPs' staff members, as well as employers' contributions to National Insurance and pension schemes. It can also be used to cover incidental expenses for volunteers; one-off health and welfare costs such as eye tests; and other things related to employing staff. Staff can only be employed within certain job role categories and a corresponding salary range. In arriving at the budget figure, we assume four members of staff per MP – an Office Manager, a Senior Parliamentary Assistant and two

Caseworkers – and use the 60% mark of each salary range. These are totalled up and the on-costs added.

- **Office costs**

| London area MP | Non London area MP |
|----------------|--------------------|
| £26,850 | £24,150 |

The office costs budget covers rental costs for MPs' constituency offices, as well as equipment and stationery purchases, venue hire for surgeries and other costs that the MP judges are necessary for carrying out their role (and which are not covered by other budgets). Until 2011-12 there were two separate Constituency office rental expenses (CORE) and General Admin Expenditure (GAE) budgets. CORE and GAE were based on data of expenditure incurred by MPs which was provided to IPSA by the House of Commons, uprated for inflation. Afterwards, these two budgets were combined into a single office costs budget in order to provide greater flexibility for MPs. Since then, the limits have been uprated in line with inflation (for 2017-18 this was an increase of 1.6%).

- **Winding up costs**

| London area MP | Non London area MP |
|----------------|--------------------|
| £57,150 | £53,950 |

MPs who leave Parliament – either because they stand down or lose an election – can continue to claim for costs for a further two months in order to wind up their affairs. These budget limits were originally based on an amount equivalent to three months of office and staffing costs, and have not changed since 2014/15. Most former MPs significantly underspend their winding up budget.

Salaries and loss of office payments

Our legislation also gives IPSA the power to set MPs' salaries and other payments made in connection with an individual ceasing to be an MP (what we call 'loss of office payments'). Information on these is set out below. These also feed into IPSA's budget for MPs' costs.

- **Basic salary**

All MPs receive a basic salary, provided they have taken the Oath. In 2015, after an extensive review spanning several years, we implemented a one-off increase to MPs' salaries, to £74,000 per annum. At the same time, we indexed salaries to the average change in salaries across the public sector. In 2016/17 the salary was increased by 1.3% in line with this index, and in 2017/18 it was increased by 1.4%. It is currently £76,011.

- **London Area Living Payment**

MPs with a constituency in the London area receive a London Area Living Payment (LALP) on top of their basic salary. This additional sum recognises the higher cost of living and travelling in the London area. (However, they are not able to claim for accommodation costs or for commuting costs into Westminster.) Those MPs whose constituencies are in outer London receive an additional LALP amount, essentially to cover their higher travel costs. In 2017/18, the

LALP is £3,820 and additional LALP is £1,350. Previously these amounts had been stagnant (at £3,760 and £1,330) but were uplifted this year by inflation. The original amounts were based on recommendations made by the Senior Salaries Review Board in 2007, rated for inflation.

- **Additional salary for Committee Chairs**

MPs who are the Chair of a Select Committee or a Member of the Panel of Chairs receive an additional salary amount. In 2016 after a review this was set at £15,025 per annum for all relevant MPs. It is subject to the same annual adjustment as the base salary, in line with the average change in salaries across the public sector. In 2017/18 it was increased by 1.4% to £15,235.

- **Loss of office payments**

MPs who lose their seats at an election are entitled to a loss of office payment (LOOP), which is equivalent to twice their statutory redundancy entitlement. Because it is calculated based on the statutory entitlement, the amounts vary by individual depending on their age and length of service, and are only available to MPs who have completed at least two years of service. After the 2017 General Election, the amounts that former MPs were entitled to ranged from £1,956 to £29,340.

IPSA's budget estimate

Our approach to budgeting aims to be accurate and minimise underspends, whilst remaining prudent. Each year, IPSA produces a budget estimate which must be approved by the Speaker's Committee for IPSA (SCIPSA). The estimate covers MPs' costs, known as 'Subhead A', as well as IPSA's own costs, known as 'Subhead B'. This section is focused on how the estimate for Subhead A is produced.

With regard to MPs' costs subject to budget limits, we do not as a general rule assume 100% uptake by MPs. We use data from previous years to establish a reasonable assumption of the uptake in each area. This ensures that the money drawn from the Treasury over the course of the year is a closer approximation of the actual amounts spent. However, we do provide a 1% contingency in the budget to cover for any unexpected changes that could not be foreseen at the time of budget setting.

Arriving at a budget estimate for salaries and LALP is more straightforward as there are fixed numbers of relevant MPs. The exception is the additional salary for Committee Chairs, as the number can fluctuate during a year. We budget based on the number of relevant MPs at the time.

IPSA does not retain any money or carry forward unspent budget to subsequent years; all unused budget is sent back to HM Treasury. We also do not transfer monies between Subhead A and Subhead B.

Mr Simon Thomas AC
National Assembly for Wales
Chairperson of Finance Committee
Cardiff Bay
Cardiff
CF99 1NA

7 February 2018

Dear Mr Thomas

National Assembly for Wales Remuneration Board's Determination Underspend

Thank you for your letter of 8th December 2017 regarding your inquiry into the budget for expenditure related to Members' pay and allowances.

My response is detailed in the paragraphs below and is based on our knowledge and understanding of the Northern Ireland Assembly Commission's processes. We have not carried out a detailed review of the Commission's budget setting arrangements but have highlighted what we consider to be the most significant aspects in terms of your inquiry.

How the Assembly Commission Forecasts its budget for Remuneration Board determinations

The costs payable to Members, are provided for under determinations issued by the Independent Financial Review Panel¹ (IFRP). The current determinations are set out in the IFRP's report issued in March 2016 and provide *'the detail of and rationale for the salaries, pensions and expenses that the panel has determined will be payable to Members of the fifth Northern Ireland Assembly, covering the period from May 2016 until 2021'*.

For example, Members' salaries during this determination period were initially set at £49,000 per annum and will rise by £500 pa. In relation to office expenses the maximum rent that can be claimed is £8,500 pa and up to £4,900 pa for office running costs. Therefore these expenses are restricted and can be forecast with a degree of certainty during the budget setting process.

The Commission includes 100% of members' allowances in their initial budget request.

In 2016-17 the budget for members' pay and allowances amounted to £16.7 million split between £7.8 million for pay and £8.9 million for allowances.

The Commission's budget setting process for 2016-17 involved engagement with the then Minister for Finance and agreeing that the controllable (excludes Members expenditure) elements of their budget for 2016-17 would be reduced by a further 5% from the 2015-16 baseline.

¹ The Independent financial review panel is legislated under the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011. Its function is to make a determination in relation to the salaries and allowances payable to members of the Northern Ireland Assembly Commission under section 47 of the Northern Ireland Act 1998 (the 1998 Act), and pensions, gratuities and allowances payable to Members under section 48 of the 1998 Act.

This reduction did not apply to the full budget. Instead, it was only applied to those costs that were within the control of the Commission, namely Secretariat expenditure. In relation to the Commission's budget setting process, Members' expenses are deemed to be uncontrollable and therefore excluded from any reductions as neither the Commission nor the Executive can amend these costs.

Reviews carried out by the Department of Finance (DoF) and an internal management reporting cycle, enables the Commission to monitor its resource and cash requirements over the course of the year. The Commission's budget is requested as a single resource limit, covering all its expenditure.

We are aware that the Commission have agreed a new approach to its budget setting process were they will present draft budget proposals to the Assembly's Audit Committee who will scrutinise the draft budget. Once the Audit Committee has completed its scrutiny, their conclusions will be reported to the Assembly. The Assembly will then vote on the Commission's budget plans and, if approved, that budget will be forwarded to the DoF for inclusion, without amendment, in any subsequent budget presented to the Assembly by the Executive. [This new approach is currently on hold until the NI Assembly resumes its operations.]

Whether the way in which the Assembly Commission provides information on the underspend is clear and transparent

During the financial year, there is regular re-profiling and adjustment to Secretariat and Members' budgets. As part of their budgeting and cost monitoring processes, the Commission maintain a record of expenditure incurred to date as well as any future constituency office staff salary and rent commitments for each member.

Every month the ninety Members will receive a line by line breakdown of their annual expenditure to date and commitments to the year-end, which are compared to the maximum allowable expenses provided by the IFRP determination. This process helps the Commission identify any potential over or underspend at an individual level and cumulatively for all members.

Each month the Commission's Finance Branch prepare a full set of management accounts and forecasts which are formally presented to the Senior Management Group (SMG). Expenditure Reports are generated by the 5th working day of each month for all cost centres which are circulated to budget managers and directors. The reports show actual v budget to date and also budget forecast for the full year.

An analysis of variances is undertaken by directors and their Head of Business (HOB) and this is discussed at a monthly meeting between each of them and the Finance Office.

These meetings take place between the 6th and 7th working day and inform the re-profiling and adjustments to each category of expense. All Directors return a breakdown of this analysis outlining the revised forecasts and how much is being bid for or surrendered. Surpluses must be explained clearly and where no longer required they must be identified for surrender. The Commission's Finance Branch then collates this information which is reported back to SMG by way of a formal paper.

The Commission's Finance Branch prepares a monthly summary of bids and surrenders for consideration by the Senior Management. Once agreed, the Finance Branch then process the bids and surrenders in time for the next month's expenditure report. This information is used to inform the formal Departmental monitoring rounds as appropriate, with surplus funds being surrendered at the earliest opportunity.

Following the formal DoF Dec/Jan monitoring round, when the overall expenditure is fixed to the Spring Supplementary Expenditure position, the emphasis of the monthly process shifts from looking at potential underspends and subsequent surrenders to focussing more on the most efficient utilisation of the remaining resources.

Transparency of the actual spend on Members' pay and allowances is evident from disclosure in the NI Assembly Commission Resource Accounts. The Remuneration and Staff Report details the members' salary-based costs which amounted to £7 million in 2016-17. Note 5 Programme Costs records other payments to Members. In 2016-17 these amounted to £8.8 million. The overall spend on members' pay and allowances for 2016-17 is therefore £15.8 million.

How the Assembly Commission decides to utilise the underspend after meeting the Remuneration Board's determinations

While the members allowance budget is not formally ring fenced, the NI Assembly has an informal arrangement with DoF that any surplus members' allowance monies are returned to DoF and are not vired to other headings.

Should you wish to discuss further any matters within this letter please do not hesitate to contact me.

Yours sincerely

Kieran Donnelly
Comptroller and Auditor General



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Chair, Finance Committee

National Assembly for Wales

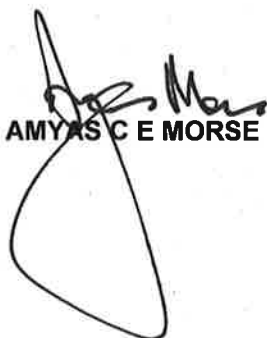
Date 19 February 2018

Dear Mr. Thomas.

Thank you for your letter of 8 December. You invited me to provide written evidence to support an inquiry to establish how parliaments, such as the United Kingdom's, budget for expenditure related to Members' pay and allowances.

In the United Kingdom the remuneration of Members of Parliament is determined by the Independent Parliamentary Standards Authority (IPSA), which I audit under statute. I am aware that my technical team has enabled a member of your staff to make direct contact with IPSA, which is best placed to comment on the budgetary process for Member's pay and allowances.

I have no observations to make regarding the function of the National Assembly for Wales.


AMYAS C E MORSE