

Public Services Ombudsman for Wales

2nd Supplementary Budget - 2023/24

**Explanatory Memorandum to the Chair of the Finance
Committee**

This Supplementary Budget submission has been prepared in accordance with Welsh Parliament Standing Orders 18A.2 and 20.36 (dated September 2023).

Summary

The following variations to the annual budget motion are proposed:

- A **reduction of £108k** resulting from the pay award being settled at less than the amount included in our first Supplementary Budget;
- The inclusion of additional income and corresponding expenditure (£4k) to reflect an updated secondment agreement with the Ombudsman Association involving one member of staff; and
- The inclusion of additional income and corresponding expenditure (£15k) to reflect a new secondment of a member of PSOW staff to the Senedd Commission, from January 2024. The expenditure is to meet the cost of backfilling the post.

Update on 2023/24 Pay Award

When we submitted our first Supplementary Budget, the pay award was uncertain, but it was clear that it would exceed the amount included in our initial budget. We sought funding for our estimate of the cost of the pay award, on the understanding that if the actual pay award was lower, the corresponding amount will not be drawn down or would be returned unspent.

The pay award has now been settled, with increases varying from 8.6% for more junior staff to 3.88% for more senior staff. The average increase is just over 5.4%. That means that we will not need the full amount identified in our previous supplementary budget and the balance of £108,000 (as shown below) is being returned in this supplementary budget.

Cost of pay award:	Approved Supplementary budget - estimated 7.9% pay award	Actual pay award 5.4%	Difference
Included in original PSOW budget (3%)	£130,000 (3%)	£130,000 (3%)	£0
Additional budget	£213,000 (+4.9%)	£105,000 (+2.4%)	-£108,000
Total cost	£343,000	£235,000	-£108,000 (to be returned)

Staff secondments

We have a member of staff working part-time for the Ombudsman Association on a secondment basis, and the contract for this was renewed in September 2023. This has resulted in a small increase in income, to reflect a corresponding increase in costs (£4k income and £4k expenditure). The net effect of this is nil.

Another member of staff will be seconded to the Senedd Commission for 12 months from January 2024. This will lead to additional income of £15k for 2023/24. This Supplementary Budget includes an increase to our income to reflect this change. However, we will also incur additional staff costs of £15k to backfill the vacant post this creates. The net effect of this new secondment is therefore nil.

The combined impact of these two changes arising from staff secondments is to increase both expenditure and income by £19k.

2nd Supplementary Budget 2023/24	£000s		
	Estimate 2023/24 after 1 st Supp	Changes	Revised Estimate
Staff salaries and related costs	4,725 *	(89)	4,636
Premises and facilities	171		171
Professional fees	244		244
IT costs	250		250
Office costs	108		108
Travel, training and recruitment	40		40
Communications	65		65
Committed investment in service improvement	47		47
Total Revenue Expenditure	5,650	(89)	5,561
Total Income	(19)	(19)	(38)
Net Revenue Expenditure	5,631	(108)	5,523
Investment in service improvement - Capital Expenditure	5		5
Total Resources Required	5,636	(108)	5,528
Depreciation and amortisation	70		70
Depreciation – leased assets	222		222
Interest charge – leased assets	7		7
Capital AME – dilapidations	28		28
Total Resource Expenditure	5,963	(108)	5,855
Depreciation and amortisation	(70)		(70)
Depreciation – leased assets	(222)		(222)
Interest charge – leased assets	(7)		(7)
Capital AME – dilapidations	(28)		(28)
Change in working capital	198		198
Other non-cash movements	20		20
Cash Requirement from WCF	5,854	(108)	5,746

* Note: This includes the full provision for the estimated pay award, agreed as part of the previous supplementary budget.