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Peredur Owen Griffiths MS
Chair of Finance Committee
Senedd Cymru / Welsh Parliament

By email only:
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Dear Mr Owen Griffiths

**Public Services Ombudsman for Wales:
Estimates 2022/23 and Supplementary Budget 2021/22**

I am pleased to enclose our Estimate for 2022/23 and I look forward to attending your Committee on 13 October for your consideration of our Annual Reports & Accounts 2020/21 and our Estimate for 2022/23.

Our Estimate Submission for next year refers to a planned Supplementary Budget to be submitted this financial year. Whilst consideration of the Supplementary Budgets will not be until later in the financial year, I thought it would be helpful to be open with you about the planned Supplementary Budget submission now, as it has some consequences for 2022/23. The notes below provide an explanation.

Background

As explained to the Committee in the scrutiny session in October 2020, the Resource and Cash requirements were unchanged from the 2020/21. No additional resources were sought with the intention of self-funding increases in pay costs resulting from staff salary increments. In accordance with expectations, in September 2020, of a public sector pay freeze, no allowance was made for a pay award.

Staff Salaries and Related Costs

Staff pay is linked to Local Government NJC pay negotiations. The latest pay offer of 1.75% has been made by the employers' side but not accepted as of September

2020. Although PSOW assumed a pay freeze we will look to fund 1% of this pay increase from existing approved budgets.

In the light of the Covid pandemic and its impact on holiday plans of our staff, we temporarily increased permitted carry over of annual leave, from one annual leave year to the next, to 14 days. This increased the annual leave accrual at the financial year end but will reduce the required accrual at the financial year end 31 March 2022. The estimated impact on resource is a one-off credit of £40k with no impact upon the cash requirement.

IT

We are mindful of the ongoing cyber security threats to all IT systems, and of our increasing reliance on IT systems for all of our work and communications. The changes introduced to support effective working at home during the pandemic further increase our dependence on IT systems. We therefore commissioned our new IT support provider to review our systems to identify risks to security, resilience and performance.

Their report has identified critical investment required to manage security and performance deficiencies. The total cost is £122k comprising £72k revenue and £50k capital of which £115k is one-off and £7k recurring. Whilst these are significant costs, we are mindful of the huge costs of loss of IT systems and/or data and the high cost in non-productive staff time if systems are lost. In this context we concluded that we must follow the expert advice and make the improvements and updates recommended, without delay. We have therefore approved and commenced this work. PSOW will fund £7k revenue for 2021/22 from existing budgets. Part-year depreciation on the capital element amounts to £5k.

Summary – 2021/22

We envisage seeking an additional £30,000 towards the cost of the 2021/22 pay award but will adjust this once the actual pay award is known. For IT we are seeking £65,000 revenue and £50,000 capital. Total increase is provisionally £145,000 **cash**. After adjusting for depreciation and other non-cash movements (reduced annual leave accrual), the amount sought in **resource** terms is provisionally an additional £110,000.

I hope that this information is helpful. We will be happy to give further detail or explanation to the Committee, but please let me know if you need any further information in the meantime.

Yours sincerely



Nick Bennett
Ombudsman