

By virtue of paragraph(s) ix of Standing Order 17.42

Public Services Ombudsman for Wales

2nd Supplementary Budget – 2024/25

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 2024).

Summary

The following variation to the annual budget motion is proposed:

- A reduction in the office's cash requirement from the Welsh Consolidated Fund (-£108k) and a reduction in total resource expenditure (-£90k). The reasons for the changes are outlined below.

2023/24 Pay Award contingency

The Finance Committee recommended, in its Annual Scrutiny of the Public Services Ombudsman for Wales (November 2023) report, that any underspend from the actual April 2023 pay award being settled at less than allowed for in the budget, be removed from the baseline for the Estimate 2024/25. The April 2023 pay award was eventually settled at an overall cost of +5.4%, against provision in the 2023/24 budget of +7.9%, giving a saving of £108k. This amount is being returned, through this supplementary budget submission, for 2024/25. It was also removed from the baseline for our 2025/26 Estimate submission.

IFRS 16 adjustments

The other budget changes are accounting adjustments following the signing of a new lease for office accommodation, for a much-reduced floor area. The new lease, signed in April 2024, generates cash saving from in-year reductions in rent, service charge, utilities and rates (£85k). These cash savings have been retained, to fund the Independent Review commissioned by the office in May 2024 and to fund future investment. This cash saving is also reflected in the 2025/26 Estimate submission.

The new lease also generates accounting adjustments to reflect depreciation and interest charges (required under IFRS 16). The depreciation charge has reduced as there is now a longer (10-year) lease period over which the asset will depreciate, whilst the interest charge has increased as HM Treasury guidance states that new leases signed in 2024 are subject to a discount rate of 4.72%, compared with the previous discount rate of 0.95% for the old lease. This leads to a small overall net increase to resource expenditure (+£18k).

Public Services Ombudsman for Wales – 2nd Supplementary Budget 2024/25

All figures in £000s	2024/25 Estimate after 1 st Supp	Changes - Pay	Changes - IFRS 16	2024/25 Revised Estimate
Staff salaries and related costs	5,005	(108)		4,897
Investment in service improvement - staff	120			120
Premises and facilities	216		(85) +43	174
Professional fees	263		+85	348
IT costs	327			327
Investment in IT & Digital Strategy	50			50
Office costs	102			102
Travel, training and recruitment	42			42
Communications	68			68
Total Revenue Expenditure	6,193	(108)	+43	6,128
Total Income	(72)			(72)
Net Revenue Expenditure	6,121	(108)	+43	6,056
Capital Expenditure – DEL	5			5
Total Resources Required	6,126	(108)	+43	6,061
Depreciation and amortisation	70			70
Depreciation – leased assets	155		(66)	89
Interest charge – leased assets	7		+41	48
Capital AME – dilapidations	-			-
Total Resource Expenditure	6,358	(108)	+18	6,268
Depreciation and amortisation	(70)			(70)
Depreciation – leased assets	(155)		+66	(89)
Interest charge – leased assets	(7)		(41)	(48)
Capital AME – dilapidations	-			-
Change in working capital	198		(43)	155
Other non-cash movements	20			20
Cash Requirement from WCF	6,344	(108)	-	6,236