

Scrutiny of the First Supplementary Budget 2024- 25

October 2024

1. Introduction

1. On 1 October 2024, the Cabinet Secretary for Finance and Welsh Language (the Cabinet Secretary) laid the Welsh Government First Supplementary Budget 2024-25 (the supplementary budget)¹, an accompanying Explanatory Note² and Main Expenditure Group (MEG) allocations.³ The Committee took evidence from the Cabinet Secretary at its meeting on 10 October 2024.⁴

2. This supplementary budget reflects budgetary changes since the Final Budget for 2024-25 was laid on 27 February 2024⁵ and approved by the Senedd on 5 March 2024.⁶ It also includes requested adjustments to the budgets for the Senedd Commission and the Public Services Ombudsman for Wales, as considered by the Committee on 16⁷ and 22 May 2024.⁸ No supplementary request was made on this occasion by Audit Wales.

3. The Welsh Government normally lays its first supplementary budget at the beginning of the financial year, before the summer recess. However, on 10 June 2024 the then Cabinet Secretary for Finance, Constitution and Cabinet Office informed the Committee that the publication of the supplementary budget would be delayed this year, stating that:

“Following the announcement by the UK Government of a General Election on 4 July and the subsequent dissolution of Parliament on 30 May, HM Treasury (HMT) officials have confirmed that the Main Estimates for 2024-25 will not be laid and voted on until Parliament returns postelection.

Under the circumstances there is no real option but to delay the publication of the first supplementary budget until we are in a position to confirm our revised control totals and the Main Estimates have been voted on and are in the public domain.

With summer recess falling between 22 July and 15 September, in order to allow the minimum 3 weeks for scrutiny under

¹ [Welsh Government, First Supplementary Budget 2024-25](#)

² [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#)

³ [Welsh Government, First Supplementary Budget 2024-25: Main expenditure group allocations](#)

⁴ [Finance Committee, RoP, 10 October 2024](#)

⁵ [Welsh Government, Final Budget 2024-25](#)

⁶ [Plenary, RoP, 5 March 2024](#)

⁷ [Finance Committee, Minutes, 16 May 2024](#)

⁸ [Finance Committee, RoP, 22 May 2024](#)

Standing Orders, the first supplementary budget will now be published after the summer recess. No timetable has yet been agreed, but I will notify you in due course. I expect this to be early in the Autumn term.”⁹

- 4.** On 18 September 2024, the Cabinet Secretary confirmed that the supplementary budget would be laid before the Senedd on 1 October 2024, with a debate and vote taking place on 22 October 2024.¹⁰

⁹ [Letter from the Cabinet Secretary for Finance, Constitution and Cabinet Office, 10 June 2024](#)

¹⁰ [Letter from the Cabinet Secretary for Finance and Welsh Language, 18 September 2024](#)

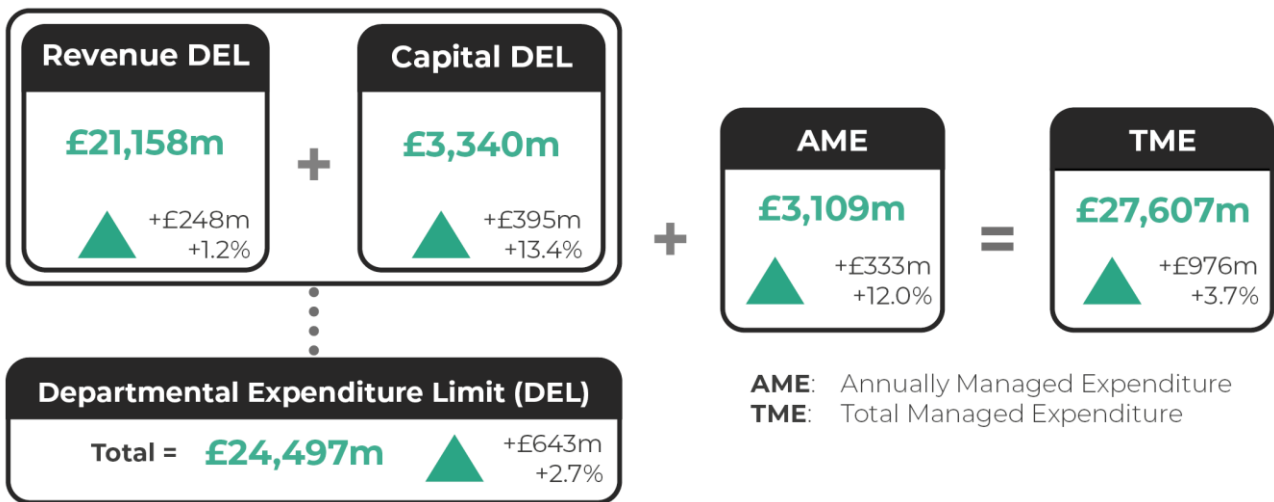
2. Overview

5. The Explanatory Note accompanying the supplementary budget states that:

“There are no new allocations in this budget and all changes relate to previously announced funding. Additional funding agreed for the public sector pay awards announced on 10 September¹¹ are not included. This will be funded from expected consequential from the UK Government and those allocations will be regularised as part of the Second Supplementary Budget in February 2025.”¹²

Main changes

6. The Explanatory Note¹³ shows an increase in revenue plus capital (excluding Annually Managed Expenditure or ‘AME’) allocated to Welsh Government departments of £642.9 million (2.7 per cent) from £23.9 billion to £24.5 billion. The changes, which are summarised below, are by Main Expenditure Group (‘MEG’) or department.



Source: Welsh Government [First Supplementary Budget 2024-25](#)









7. The Explanatory Note also includes many transfers within Ministerial portfolios.¹⁴

¹¹ [Welsh Government, Written Statement: Public Sector Pay: Response to Pay Review Bodies' Recommendations 2024-25](#)

¹² [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 2.2

¹³ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#)

¹⁴ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), pages 20-22

	Total revenue and capital allocation	Change Final Budget to Supplementary Budget	
 Health and Social Care	£12,212m	£454m 3.9%	▲
 Housing and Local Government	£6,296m	£61m 1.0%	▲
 Education*	£2,350m	-£215m -8.4%	▼
 Transport	£1,481m	£221m 17.5%	▲
 Climate Change and Rural Affairs	£831m	£31m 3.9%	▲
 Economy, Energy and Planning	£772m	£87m 12.7%	▲
 Central Services and Administration	£401m	-£2m -0.5%	▼
 Social Justice	£154m	£6m 3.8%	▲

Source: Welsh Government [First Supplementary Budget 2024-25](#)

*Education reduction is largely driven by the allocation of £277 million of non-cash revenue due to student loans resource budget provision. (Accounts for £238 million of the reduction in this Supplementary Budget).

8. The fiscal resource baseline has increased by a net amount of £328.554 million comprising:

- an increase from Barnett consequentials totalling £338.82 million: £168.28 million associated with the UK Spring Budget 2024; and £170.54 million received at the UK Government's Main Estimates in May 2024;
- £75.908 million from the Home Office in respect of the Immigration Health Surcharge;
- £23.086 million from HM Treasury reserves: £18.72 million in respect of the core Valleys lines; £4.327 million in respect of Financial Advice Services; and £39,000 in respect of Borders funding;

- £4.551 million from the Ministry of Justice: £3.738 million in respect of Parc Learning and Skills Funding; and £813,000 in respect of the Shared Outcomes Fund;
- £2.59 million from the Department of Levelling Up, Housing and Communities in respect of the Homelessness Prevention Fund;
- a “Machinery of Government transfer” of £637,000 in respect of the National Cyber Security Programme funding from the Ministry of Justice;
- a transfer out of £116.928 million in respect of the implementation of the International Financial Reporting Standard 16 – Leases (IFRS16); and
- a transfer out of £110,000 to HM Treasury in respect of funding the Office for Budget Responsibility for work undertaken on devolved tax forecasts.¹⁵

9. There is an overall decrease in non-fiscal resource of £532.804 million, including: £1.177 million to correct a previous consequential adjustment which the Welsh Government confirmed was as a result of “an administrative error by the Treasury”¹⁶; an increase of £119.929 million for IFRS16; and, a reduction of £653.91 million for student loans.¹⁷

10. The general capital baseline has increased by a net amount of £482.474 million comprising:

- a decrease from Barnett consequentials of £1.062 million at the UK Government’s Main Estimates in May 2024;
- an increase in non-Barnett additions of £81.5 million in respect of funding for City and Growth Deals;
- an increase of £338.918 million in respect of the implementation of IFRS16;
- transfers in of £63.171 million from HM Treasury reserves: £20.28 million in respect of the core Valleys lines; and £42.891 million in respect of Borders funding; and

¹⁵ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 3.3

¹⁶ Finance Committee, RoP, 10 October 2024, paragraph 236

¹⁷ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 3.4

- a transfer out to the Cabinet Office of £53,000 in respect of ‘Rosa’ - the cross-government IT service capability with enhanced protective controls for sensitive information.¹⁸

11. Overall revenue AME has increased by £96.587 million and capital AME by £236.155 million. These reflect updates to forecasts provided by the Office for Budget Responsibility and HM Treasury in September 2024.¹⁹ There is no change to Financial Transactions Capital (FTC).²⁰

12. The Cabinet Secretary stated that the supplementary budget is “essentially a backward-looking exercise” that “consolidates the spending and funding decisions made within the Welsh Government since the main budget was passed by the Senedd in March of this year”.²¹ He also confirmed that:

“... almost every decision you see in the supplementary budget predated the First Minister becoming the First Minister, so I don't think it would be fair to say that her priorities, as set out in the statement to the Senedd on 17 September, are reflected very much here because these are largely decisions that had been made prior to her becoming the First Minister.”²²

Fiscal levers

Wales Reserve

13. The supplementary budget confirms that Welsh Government borrowing remains at the maximum of £150 million and that an additional £39 million revenue is being drawn down from the Wales reserve, meaning a total of £125 million is budgeted to be drawn down in 2024-25. There is no change to the budgeted capital drawdown of £50 million and no changes in terms of income from Welsh taxes.²³

14. The Cabinet Secretary told Members that the supplementary budget:

“... reflects not just spending decisions, but that we're able to explain to the Senedd how those funding decisions are to be

¹⁸ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 3.6

¹⁹ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 7.1 and Table 7.1

²⁰ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 3.7

²¹ Finance Committee, RoP, 10 October 2024, paragraph 175

²² Finance Committee, RoP, 10 October 2024, paragraph 175

²³ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), Table 3.1

funded, and the spending decisions that are reflected here relied upon the drawing down of that extra £39 million.”²⁴

15. The Cabinet Secretary was asked, if the rules allowed it, whether he would be borrowing and drawing down more in this supplementary budget. The Cabinet Secretary confirmed that the Welsh Government “operate(s) within the rules as they are today” and that “there’s nothing in this [supplementary budget] that relies upon us having flexibilities that we don’t have”.²⁵

16. When asked whether the Welsh Government’s approach to drawing down money from the Wales Reserve would change after the UK Government’s Autumn Statement on 30 October, the Cabinet Secretary stated that:

“... if we didn't get a single penny on the 30 October, this budget will still be affordable, because we've used the money from the reserve to make it affordable. If money does come our way, then it will go back into the reserve, and it's a balancing exercise in that way.”²⁶

Capital

17. The supplementary budget confirms that general capital over allocation stands at £110.089 million (having previously been £108.974 million).²⁷ Unallocated fiscal revenue resource stands at £35.837 million.²⁸

18. In explaining the Welsh Government’s approach to over allocating capital funding, the Cabinet Secretary confirmed that “We’re confident that the programming will be reconciled and the budget balanced by the end of this financial year”, but added that “I do think that some things may be changing in the context”.²⁹

19. The Cabinet Secretary further explained the circumstances in which its approach to capital could change:

“... if we get, in the next spending review, a three or a four-year reliable run of capital allocations to Wales, then maybe the case for overprogramming because we don't quite know what's

²⁴ Finance Committee, RoP, 10 October 2024, paragraph 178

²⁵ Finance Committee, RoP, 10 October 2024, paragraph 181

²⁶ Finance Committee, RoP, 10 October 2024, paragraph 180

²⁷ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), Table 3.2

²⁸ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), Table 3.2

²⁹ Finance Committee, RoP, 10 October 2024, paragraph 204

coming our way will be reduced. So, I will be looking in the context of the CSR as to whether or not the overprogramming of capital in the way that we've done it in the last few years is necessary in the future.”³⁰

20. The Cabinet Secretary also confirmed that there was “a very direct recognition” of this issue at a recent meeting of the Fiscal Interministerial Standing Committee (F:ISC) but that he did not have a “clear sense” from the UK Government of whether that would lead to additional capital spending in October.³¹ He added that “quite a bit of that might come more in the second stage of the spending review in the spring of next year”.³²

Budget Flexibilities

21. When the Committee discussed the Fiscal Framework at its pre-budget session on 25 September 2024, the Cabinet Secretary confirmed that he would be seeking a fairer framework from the Treasury in terms of borrowing and budget flexibilities.³³

22. The Cabinet Secretary confirmed in evidence on the supplementary budget that he continued to “make the case to our UK Government colleagues for further flexibilities in the way we manage our own money”.³⁴ He explained that:

“When the fiscal framework was negotiated, figures were set of how much we could borrow, how much we could hold in reserve, how much we could draw out annually from the reserve and so on, and the real value of those figures has been significantly eroded, probably by about 30 per cent, in the time between.”³⁵

23. The Cabinet Secretary added that “Those figures have never changed, despite us asking for them just to retain their real value” and that his aim would be “just to get back to the real value of those figures” as an initial first step.³⁶

³⁰ Finance Committee, RoP, 10 October 2024, paragraph 205

³¹ Finance Committee, RoP, 10 October 2024, paragraph 214

³² Finance Committee, RoP, 10 October 2024, paragraph 214

³³ Finance Committee, RoP, 25 September 2024, paragraph 105

³⁴ Finance Committee, RoP, 10 October 2024, paragraph 182

³⁵ Finance Committee, RoP, 10 October 2024, paragraph 184

³⁶ Finance Committee, RoP, 10 October 2024, paragraph 187

24. In addition, the Cabinet Secretary outlined his case for “a wider range of flexibilities within the fiscal framework”, which would involve:

“... not having ... that level of micromanagement by the Treasury of how much money we can carry forward, splitting it between revenue and capital, putting annual limits on how much of our own money we can then draw down to use and so on.”³⁷

25. When asked whether Wales had the least amount of fiscal flexibility of all the devolved nations in the UK, the Cabinet Secretary stated that “It wasn't always the case, but I think in the last year or so, that has become the case”.³⁸

26. However, the Cabinet Secretary told the Committee that “I don't think there is a strong case for a fundamental review of our fiscal framework”³⁹, adding:

“I'm simply arguing for an uprating of the figures to its original value. So, the Scots have achieved that, and the Northern Irish achieved it ... both other devolved Governments have made some progress where we've not been able to.”⁴⁰

27. The Cabinet Secretary expressed frustration in persuading the UK Government to take action in this area, stating that:

“I felt with the previous Government that it was just difficult to attract their attention for this issue. It's a big issue for us, and a very small issue for a Chancellor managing a UK budget. And I don't think I ever heard a UK Government Minister make a cogent case against what we were arguing for. I felt it was more that, in the long, long list of things they were doing, this wasn't something that we could get up their agenda enough for them to attend to it.”⁴¹

28. However, the Cabinet Secretary noted that these issues had recently gained greater prominence through discussions at a recent F:ISC:

“... the FISC did have quite a focus on financial flexibilities. All three devolved Governments have a case to make for increasing the ability of those Governments to manage their

³⁷ Finance Committee, RoP, 10 October 2024, paragraph 188

³⁸ Finance Committee, RoP, 10 October 2024, paragraph 196

³⁹ Finance Committee, RoP, 10 October 2024, paragraph 196

⁴⁰ Finance Committee, RoP, 10 October 2024, paragraph 196

⁴¹ Finance Committee, RoP, 10 October 2024, paragraph 191

own money without some of the micromanagement that the Treasury applies to it.”⁴²

29. The Cabinet Secretary also confirmed that discussions relating to increasing the Welsh Government’s discretion to switch funding from capital to revenue were “quite definitely rehearsed” at the F:ISC.⁴³

Cross-departmental changes

Superannuation Contributions Adjusted for Past Experience 2024-25

30. The supplementary budget includes allocations associated with changes to the Superannuation Contributions Adjusted for Past Experience (SCAPE) rate for non-civil service pension schemes. SCAPE is the process followed for setting employer contributions in unfunded public service pension schemes. The Welsh Government has received a consequential for these purposes and has allocated:

- £117.07 million to the Health and Social Care MEG for NHS staff costs;
- £63.811 million to the Housing and Local Government MEG for costs relating to teachers (pre-16) (£60.706 million) and the Fire Service (£3.105 million);
- £11.925 million to the Education MEG for costs relating to teachers in sixth form settings (£3.606 million) and Further Education colleges (£8.319 million).⁴⁴

31. When asked whether these allocations were sufficient to cover the costs of SCAPE in Wales, the Cabinet Secretary confirmed that “It is covered”.⁴⁵ However, he also told Members that “In the case of the £200 million, which is the superannuation contributions adjusted for past experience money, it's not money that we can spend”.⁴⁶

32. The Cabinet Secretary’s official clarified that “It’s a cash element, but it’s ring fenced in a way”⁴⁷ and that:

⁴² Finance Committee, RoP, 10 October 2024, paragraph 183

⁴³ Finance Committee, RoP, 10 October 2024, paragraph 207

⁴⁴ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), page 3

⁴⁵ Finance Committee, RoP, 10 October 2024, paragraph 243

⁴⁶ Finance Committee, RoP, 10 October 2024, paragraph 241

⁴⁷ Finance Committee, RoP, 10 October 2024, paragraph 247

“It has arisen specifically because of that decision by the UK Government and therefore the consequential have arisen, and those are costs that are arising in Wales, so it needs to be used to meet those costs.”⁴⁸

Implementation of International Financial Reporting Standard 16 – Leases

33. The supplementary budget also reflects changes to the way in which leasing arrangements are presented in Welsh Government budgets following the implementation of IFRS16.⁴⁹ The new standard was adopted by the public sector from 1 April 2022 and first reflected in the First Supplementary Budget 2022-23.⁵⁰ IFRS16 brings the vast majority of leases onto the balance sheet, impacting revenue, capital and AME.⁵¹

34. The Explanatory Note states:

“The budget reclassification implications of adopting IFRS16 are being met by HM Treasury for the current Spending Review period i.e., 2022- 23 to 2024-25.”⁵²

35. The Explanatory Note says the implementation of IFRS16 does not affect existing spending power.⁵³ The overall adjustment to the Welsh budget as a result of IFRS16 implementation is a:

- reduction to revenue (fiscal) of £116.928 million;
- increase to revenue (non-fiscal) of £119.929 million; and
- increase to capital of £338.918 million.⁵⁴

36. The Cabinet Secretary confirmed that changes relating to IFRS16 in the supplementary budget are “not taking money out of what we can spend”. He also confirmed that “The UK Government has covered the cost of those new standards” and that “it’s money that comes to us outside the block grant and can

⁴⁸ Finance Committee, RoP, 10 October 2024, paragraph 247

⁴⁹ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), pages 4-6

⁵⁰ [Welsh Government, First Supplementary Budget 2022-23: Explanatory Note](#), pages 4-5

⁵¹ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 2.13

⁵² [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 2.16

⁵³ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 2.17

⁵⁴ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 2.19

only be used for that purpose”.⁵⁵ He added that this “has no effect on day-to-day spending”.⁵⁶

Impact of inflation, costs and wage pressures

37. The Consumer Price Index (CPI) inflation figure for August is 2.2 per cent.⁵⁷ The Bank of England confirmed that the inflation figures for the UK fell to their 2 per cent target in May/June⁵⁸ and are expected to rise to 2.5 per cent by the end of the year. The Bank of England expects this increase to be temporary with inflation coming back down in 2025.⁵⁹

38. The annual growth in nominal average regular earnings, excluding bonuses, from May to July 2024 was 5.1 per cent. The last time growth was lower than this was in April to June 2022, when it was 4.7 per cent. Average growth for the private sector was 4.9 per cent, with the public sector at 5.7 per cent, both down from previous months.⁶⁰

39. In March 2024, the OBR estimated that nominal average pay growth will slow to 3.6 per cent in 2024 and will fall to around 2 per cent for 2025 and 2026.⁶¹

40. When asked if the recent fall in inflation rates had seen a corresponding slowdown in inflationary costs, the Cabinet Secretary confirmed that it had not “because headline inflation disguises so much” and that “Inflation in the construction industry has not come down to the extent that you are seeing money being released back to use”.⁶²

41. On 10 September 2024, the First Minister announced “above-inflation” pay awards for NHS staff, teachers and public sector workers in various devolved services of between 5 per cent and 6 per cent.⁶³ During the Committee’s pre-budget session with the Cabinet Secretary on 25 September, he told Members that:

“In relation to pay, we don’t have the final figures and we won’t have them until the 30 October budget. The conversations we

⁵⁵ Finance Committee, RoP, 10 October 2024, paragraph 249

⁵⁶ Finance Committee, RoP, 10 October 2024, paragraph 253

⁵⁷ [Office for National Statistics. Consumer price inflation. UK: August 2024](#)

⁵⁸ [Bank of England. Monetary Policy Report – August 2024](#)

⁵⁹ [Bank of England. Monetary Policy Summary. September 2024](#)

⁶⁰ [Office for National Statistics. Average weekly earnings in Great Britain: September 2024](#)

⁶¹ [Office for Budget Responsibility. Economic and fiscal outlook – March 2024](#)

⁶² Finance Committee, RoP, 10 October 2024, paragraph 268

⁶³ [Welsh Government. Press Release: First Minister announces public sector pay rises. 10 September 2024](#)

have had at official level, particularly with Treasury officials, give us confidence that the consequentials we will receive as a result of decisions made on pay by UK Ministers will be sufficient for us to cover the cost of the pay settlements in Wales without us needing to revisit other budgets.”⁶⁴

42. The Cabinet Secretary confirmed this position when giving evidence to the Committee on the supplementary budget, stating that, in relation to consequentials for NHS pay:

“The final confirmation will happen at the end of this month, but all the discussions we’ve had and the indications we’ve had give us confidence that they will be covered in full.”⁶⁵

43. The Cabinet Secretary also provided further information regarding the additional allocation for the NHS included in the supplementary budget. He suggested this related to pay and outlined the difficulties experienced with the Treasury in confirming that this figure would be a “baselined”⁶⁶ amount from 2024-25 (allocations made to the Health and Social Care Main Expenditure Group are considered further in Chapter 3):

“For the last financial year, a deal was struck with Agenda for Change staff in the health service, and a Barnett consequential of that came to Wales. It was around £140 million ... What the Treasury was not prepared to do ... was to confirm that that figure would be baselined into the current financial year. So, right through our budget-making process, we did not know whether the £140 million that had been agreed for the pay awards would be money that we would get for this financial year.”⁶⁷

44. The Cabinet Secretary explained how this was managed:

“... we would have to base our budget on the belief that that money would be baselined ... In the March budget, it was confirmed that that money was recurring, and that’s the £140 million that you see here. It is just the money that was needed

⁶⁴ Finance Committee, RoP, 25 September 2024, paragraph 26

⁶⁵ Finance Committee, RoP, 10 October 2024, paragraph 266

⁶⁶ Finance Committee, RoP, 10 October 2024, paragraph 273

⁶⁷ Finance Committee, RoP, 10 October 2024, paragraph 273

to make sure that last year's pay award was carried forward into this year."⁶⁸

45. The Cabinet Secretary also confirmed that this decision was a “planning assumption” and that “I was happy to agree that the health budget could plan on the basis that this was coming to them, and, once it did come, it would go to them, and that's what you see here”. He added that “it's not money for new things, it's money to go on paying the pay award that had already been made”.⁶⁹

Committee View

46. The Committee notes that this supplementary budget confirms changes to the Welsh Government's budget since the UK Spring Statement in March 2024 and is largely operational and transactional in nature. We also note that the decisions reflected in the supplementary budget predate the new First Minister taking up the role and that it does not reflect the priorities outlined her statement to the Senedd on 17 September.⁷⁰ We further note that, despite inflation rates slowing down, inflationary pressures in certain areas such as construction continues to have an impact on the Welsh Government's spending plans.

47. The Committee notes the evidence provided by the Cabinet Secretary which confirms that the consequential funding received in respect of Superannuation Contributions Adjusted for Past Experience (SCAPE) is “ring-fenced in a way” and does not impact on the Welsh Government's day-to-day spending plans. Similarly, we note the explanation provided by the Cabinet Secretary regarding the non-cash allocations made in the supplementary budget relating to the impact of the IFRS16 accountancy standard.

48. Although we recognise that these changes relate to specific areas, the Committee would like clarification of whether the scale of the changes included in the supplementary budget relating to IFRS 16 will be replicated in subsequent budgets.

49. The Committee notes the decision taken by the Cabinet Secretary to draw down additional funding from the Wales Reserve in this supplementary budget. We understand the reasons for this and accept it provides clarity in terms of how the spending decisions and allocations in the supplementary budget can be funded as well as assurances that they are affordable.

⁶⁸ Finance Committee, RoP, 10 October 2024, paragraph 273

⁶⁹ Finance Committee, RoP, 10 October 2024, paragraph 275

⁷⁰ [Plenary, RoP, 17 September 2024, paragraphs 138-154](#)

50. We note that the supplementary budget reflects consequential funding received from the UK Government to cover NHS pay awards . We also note with regret the difficulties experienced by the Welsh Government in securing confirmation from the UK Government that this funding would be recurrent and baselined into the Welsh Government’s budget for 2024-25. This is concerning, given the amount of money involved and the purposes of that funding.

51. Although we welcome that this issue seems resolved, the Committee would like further assurance on how the Welsh Government was planning around this uncertain funding scenario. We find this to be at odds with the Cabinet Secretary’s emphasis on ensuring the Welsh Government’s fiscal decisions are affordable and within operational rules, and ask for further details on how this decision was made, the risks identified with this approach and whether an impact assessment of how it could affect other areas in the Welsh Government’s budget was made.

52. The Committee is encouraged by the Cabinet Secretary’s willingness to seek greater budget flexibilities for the Welsh Government within the current fiscal framework and notes that it has been a point of discussion at the most recent F:ISC meeting on 3 October.

53. This has been an issue of longstanding interest to the Committee and we have previously made recommendations aimed at progressing these matters.⁷¹ We have recently called for the relationship between the Welsh Government and the Treasury to be reset in terms of how decisions relating to funding are made.⁷² We therefore support both the Cabinet Secretary’s objectives of increasing limits within the fiscal framework as well as the wider objective of developing a more effective relationship with the Treasury and to move away from the micromanaged approach to devolved funding currently being applied.

54. The Committee notes that the Cabinet Secretary does not consider that a fundamental review of the fiscal framework as it applies to Wales is required at this stage and that he is instead seeking an uprating of the figures, increasing draw down limits, and enabling the switching of funding from revenue to capital. We have regularly recommended action and called for updates in this area⁷³ and continue to believe that the Welsh Government should have the same levels of fiscal discretion as other devolved administrations. This is particularly important

⁷¹ [Finance Committee, Scrutiny of the Second Supplementary Budget 2023-24, March 2024, Recommendation 1](#)

⁷² [Finance Committee, Fiscal Intergovernmental Relations, 14 October 2024](#)

⁷³ [Finance Committee, Scrutiny of the Welsh Government Draft Budget 2024-25, February 2024, Recommendations 7 and 20](#)

given the Cabinet Secretary's view that Wales, by now, has the least amount of fiscal flexibility of all the devolved nations in the UK. The Committee supports this pragmatic approach and believe that the upcoming spending review is a timely moment to take stock and move this forward.

55. The Committee notes that the context for capital funding is changing and that this may enable the Welsh Government to adopt a different approach to over allocating its capital allocations. We further note the Cabinet Secretary's hope that the Welsh Government may receive a better idea of future capital funding following the UK Government's spending review.

56. The Committee asks for the Cabinet Secretary to provide an update on the Welsh Government's approach to managing capital funding as soon as possible once further information about its capital funding position is known after the conclusion of the UK Government's spending review.

Recommendation 1. The Committee recommends that the Cabinet Secretary confirms that IFRS16 changes will not impact on the Welsh Government's spending capacity and clarifies whether the scale of the IFRS16 changes included within the supplementary budget will be replicated in subsequent budgets.

Recommendation 2. The Committee recommends that the Cabinet Secretary:

- provides further clarity on its decisions around funding for the NHS pay award before confirmation was received from the UK Government that this would be recurrent funding;
- explains how this aligns with the Welsh Government's own fiscal rules around affordability,
- provides details of any impact assessments made of how this decision would affect other areas of the Welsh Government's budget, and
- outlines the risks identified in taking such an approach.

Recommendation 3. The Committee recommends that the Cabinet Secretary escalates discussions between the Welsh Government and the Treasury on updating the fiscal framework, and provides details of when any changes will be implemented and the impact this will have on the Welsh Government's ability to manage its budget.

Recommendation 4. The Committee recommends that the Cabinet Secretary provides an update on the Welsh Government's approach to managing its capital

budgets as soon as possible after the conclusion of the UK Government's spending review, including an indication of whether the current approach of over allocating capital budgets will remain, and the impact any changes will have other areas in the Welsh Government's budget.

Conclusion 1. The Committee supports the Cabinet Secretary's objectives of uprating figures within the fiscal framework and developing a more effective relationship with the Treasury based on moving away from the micromanaged approach to devolved funding currently being applied.

3. Departmental Allocations

57. The Cabinet Secretary explained that the main purpose of the supplementary budget was to “make sure that the Senedd is as well informed as we can make people of those spending decisions that have been made ... and how we propose to fund them”.⁷⁴

58. When asked to explain the steps taken by the Welsh Government to ensure that the departmental allocations outlined in the supplementary budget are understood, the Cabinet Secretary said:

“I think this is quite difficult, really, because there's more than one audience, isn't there, for any budget. For people who need to know about these things because they are having to deal with it and manage it out there in local authorities, or wherever the impact is felt, there is training and guidance and everything like that.”⁷⁵

59. The Cabinet Secretary acknowledged that:

“Whether the person on the Grangetown omnibus understands the differences that we've just been describing between cash, non-cash, cash you can spend, cash you can't spend and things like that, I very much doubt.”⁷⁶

60. He added that:

“I'm not really sure that it is very easy to find an explanation that people would understand beyond making these very sort of commonsense distinctions by saying to people that the Government budgets include money that you can spend and money that you can't spend, and this budget covers them both.”⁷⁷

Health and Social Care

61. There are £373.278 million of allocations from fiscal revenue reserves for the Health and Social Care MEG in the supplementary budget. It confirms the

⁷⁴ Finance Committee, RoP, 10 October 2024, paragraph 176

⁷⁵ Finance Committee, RoP, 10 October 2024, paragraph 256

⁷⁶ Finance Committee, RoP, 10 October 2024, paragraph 258

⁷⁷ Finance Committee, RoP, 10 October 2024, paragraph 258

allocation of £141.3 million in respect of consequential funding from the March UK Budget, noted as to “support allocations to the Welsh NHS” (explored further under Chapter 2).⁷⁸

62. An additional £39 million is allocated to support the doctor’s pay award associated with 2023-24.⁷⁹ This is alongside £117.07 million for SCAPE (explored further under Chapter 2) and £75.908 million in respect of the Immigration Health Surcharge.⁸⁰

63. In terms of the financial resilience of NHS bodies for the remainder of 2024-25, the Cabinet Secretary confirmed that:

“... the position is a lot better than last year. I'm not saying that health boards aren't facing some real pressures on them—they are. But when we were doing that exercise last year, it was very much driven by the fact that health boards everywhere were telling us they couldn't live within the budgets that had been allocated to them, and we had to find money from elsewhere to do that. This year, at this point, health boards are a lot closer to managing within the budgets that they have available as they go into this winter.”⁸¹

64. Whilst the Cabinet Secretary did not rule out interventions in providing assistance to NHS bodies during the winter period, he confirmed that “there are no active plans” to do so at this point.⁸²

Education

65. Overall, there have been £15.663 million of allocations from fiscal revenue reserves to the Education MEG, with the majority associated with SCAPE (explored in Chapter 2).⁸³

66. £237.569 million of non-fiscal resource relating to the Student Loans Resource Budget Provision BEL has been transferred to reserves.⁸⁴

⁷⁸ [Welsh Government. First Supplementary Budget 2024-25: Explanatory Note](#), paragraphs 2.6 and 6.2

⁷⁹ [Welsh Government. Written Statement: 2023-24 pay award offers to junior doctors, SAS doctors and consultants to stop the strikes. 7 June 2024](#)

⁸⁰ [Welsh Government. First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 6.2

⁸¹ Finance Committee, RoP, 10 October 2024, paragraph 277

⁸² Finance Committee, RoP, 10 October 2024, paragraph 281

⁸³ [Welsh Government. First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 6.2

⁸⁴ [Welsh Government. First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 6.5

67. The Cabinet Secretary's official confirmed that "there has been a reduction in the education budget, but it is the non-fiscal student loan element".⁸⁵ She added that:

*"It's sort of a double ring fence in that it is non-fiscal, so there is no cash attached to it, and it can only be used for the purposes of student loans."*⁸⁶

68. When asked whether the Welsh Government could do more to separate the costs relating to student loan provisions from the rest of the Education MEG, the Cabinet Secretary explained that "we do publish one table where you can do that" but acknowledged that "We could try and give it more prominence in the way we describe things".⁸⁷

69. Within the MEG there were also revenue transfers of £505.687 million and a capital transfer of £1.2 million. The narrative says the most significant relate to the Medr BEL.⁸⁸

70. The Cabinet Secretary explained the way in which funding for Medr was set out in the supplementary budget:

*"... the big change in the education budget is the way in which budgets are now being aligned with Medr, the tertiary and research body. So, on 31 July this year, the Higher Education Funding Council for Wales ceased to exist, and for budget purposes, their budget is transferred to the new body and, at the same time, a significant amount of money is transferred from the Welsh Government education budget ... now appears in the budget of Medr. So, the money is being used for exactly the same purpose that it was before, but it now appears in a different budget line."*⁸⁹

71. The Cabinet Secretary added that:

"... it looks as though the education budget has gone down by that much [£215 million], but the Medr budget has gone up by that amount. So, you will see in here there's a £500 million

⁸⁵ Finance Committee, RoP, 10 October 2024, paragraph 293

⁸⁶ Finance Committee, RoP, 10 October 2024, paragraph 295

⁸⁷ Finance Committee, RoP, 10 October 2024, paragraph 300

⁸⁸ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 5.3

⁸⁹ Finance Committee, RoP, 10 October 2024, paragraph 290

*budget that is created for the new body and, essentially, it's a combination of HEFCW resources and post-16 resources that previously appeared in the education budget line, consolidated into the resources available to the new body.*⁹⁰

Transport

72. The supplementary budget notes transfers associated with the core Valleys lines from fiscal revenue reserves to the Transport MEG of £18.72 million and from general capital reserves of £20.280 million.⁹¹ The core Valleys lines network was transferred from Network Rail to Transport for Wales on 28 March 2020.⁹² All rail infrastructure in Wales, apart from the core Valleys lines, remains the responsibility of the UK Government Department for Transport as managed through Network Rail.⁹³

73. The Cabinet Secretary explained what these additional transfers relate to:

“... the core Valleys lines are a new responsibility for the Welsh Government. It was negotiated, primarily, by my predecessor, during his period as First Minister. So, we took over the responsibility for the running and the maintenance of the core Valleys line, and a sum of money, capital and revenue, came across to the Welsh Government to take account of those new responsibilities. There has been an ongoing conversation ever since as to whether or not the amount of money that came across was a proper reflection of the cost that would be involved in running and maintaining those lines.”⁹⁴

74. The Cabinet Secretary added that:

“... the amount of money it was costing already should have come with the responsibility, and that's both capital and revenue, and is still part of an ongoing conversation with the UK Government as to whether or not those transfers fully reflected the money that was being spent at the time of transfer.”⁹⁵

⁹⁰ Finance Committee, RoP, 10 October 2024, paragraph 290

⁹¹ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraphs 6.2 and 6.6

⁹² [South Wales Metro, Core Valleys Lines infrastructure manager](#)

⁹³ [House of Commons Library, Railway infrastructure in Wales](#)

⁹⁴ Finance Committee, RoP, 10 October 2024, paragraph 312

⁹⁵ Finance Committee, RoP, 10 October 2024, paragraph 312

75. Within the MEG there were also capital transfers totalling £43.053 million, which includes £34.333 million to the Transport for Wales BEL from the Bus Support BEL (£25.840 million), the Local Transport Priorities BEL (£5.450 million), and the Sustainable and Active Travel BEL (£3.043 million).⁹⁶

76. When asked whether the additional funding given to the Transport for Wales BEL represented a shift in priorities away from budgets relating to bus, local transport and active travel, the Cabinet Secretary stated that:

“I don't think it's so much a shift in priorities as just a recognition of the fact that the core Valleys lines, which is where this money has gone to, is a programme that is more expensive than was originally anticipated. So, the impact of construction, inflation and of supply-chain constraints means that the costs of maintaining and improving the core Valleys lines were greater than was originally anticipated, and money has been moved around inside the MEG—this is all money in the transport MEG—in order to accommodate those additional costs. So, it's not a policy decision, rather that's a practical recognition of something that's costing you more than your planned and you've got to find a way of paying for it.”⁹⁷

Committee view

77. The Committee recognises the challenges faced by the Welsh Government in presenting complex and technical information about budget allocations and transfers in its supplementary budget. We also note that that the Welsh Government prepares the documentation accompanying the supplementary budget with a particular audience in mind.

78. However, time and again during our consideration of the supplementary budget we found it difficult to understand the real impact of cash and non-cash movements. While we accept it is necessary to provide the detail in the supplementary budget narrative and tables, and are grateful for this, the Committee would welcome further information in future supplementary budgets to help differentiate allocations and changes where the Welsh Government's discretion to spend might be limited, such as IFRS16, SCAPE and student loans. Alongside that, we would welcome a clear identification of the overall impact of

⁹⁶ [Welsh Government, First Supplementary Budget 2024-25: Explanatory Note](#), paragraph 5.4

⁹⁷ Finance Committee, RoP, 10 October 2024, paragraph 307

changes that relate to specific policy decisions made by the Welsh Government, where the Welsh Government has more choice over its funding decisions.

79. The Committee believes that the Cabinet Secretary has a duty to explain as plainly as possible the impact of the budgetary decisions made in the supplementary budget. This is to ensure that they can be clearly understood and to mitigate the risk of confusion. We welcome the indication from the Cabinet Secretary that the Welsh Government would try to give more prominence to the way allocations are described in the supplementary budget and ask that this is considered for subsequent budget rounds.

80. The Committee notes that the current financial position of NHS bodies is better now than last year and welcomes that health boards are a lot closer to managing within budgets prior to experiencing winter pressures this year. We also note that the Welsh Government has no active plans to intervene but that this cannot be ruled out. Given the size of the Health and Social Care MEG, the Committee is interested in the Welsh Government's plans for additional winter pressures funding, particularly in the absence of active plans at the moment, and asks the Cabinet Secretary for progress updates on the work being done to understand winter pressures and the likely financial impact should additional funding be required for NHS bodies during the remainder of 2024-25.

81. The Committee notes that the Welsh Government has acquired new responsibilities over the core Valleys lines. Whilst we recognise that discussions between the UK and Welsh Governments are ongoing in this area, we were surprised to hear that the question of whether or not the amount of money allocated by the UK Government was sufficient to cover these responsibilities, has not been resolved. The Committee further notes the additional funding allocated to the core Valleys lines in the supplementary budget reflects that the programme is more expensive than was originally anticipated, with funding provided from other areas of the Transport MEG.

82. This is the latest in a number of instances where additional funding has been provided by the Welsh Government to the rail network in Wales. In our report on the Draft Budget for 2024-25 we recommended that the Welsh Government explains how such allocations will be used and whether similar additional allocations will need to be provided on an on-going basis.⁹⁸ In its response, the Welsh Government stated that it was expecting "additional revenue from other income next year to increase by around £19m" and that it would "continue to work

⁹⁸ [Finance Committee, Scrutiny of the Welsh Government Draft Budget 2024-25, February 2024, Recommendation 31](#)

with TFW to identify options to further reduce costs and increase revenues over the coming months”.⁹⁹

83. The Committee calls for further clarity on allocations made in this area and particularly the funding amounts the Welsh Government expects to receive in relation to the core Valleys lines from the UK Government. In addition, we are not clear on the impact of transfers in this area on the budget and whether the decision to increase funding for rail services has led to other areas losing out or doing less, namely bus, other local transport services, and sustainable and active travel.

Recommendation 5. The Committee recommends that the Cabinet Secretary takes steps to ensure that future supplementary budgets are accompanied by a narrative and headline figures which clearly explain the changes in the Welsh Government’s budget that are associated with Welsh Government policy decisions.

Recommendation 6. The Committee recommends that, when significant non-cash adjustments are made to student loans in the future, the Welsh Government provides more detail to explain how valuations have changed and more description within the supplementary budget documentation to avoid any misunderstanding for members of the public, who may interpret the changes as impacting on available departmental revenue funding.

Recommendation 7. The Committee recommends that the Cabinet Secretary provides details of the Welsh Government’s plans for assessing additional winter pressures funding for NHS bodies this year and the potential impact this will have on other areas within the Welsh Government’s budget for the remainder of 2024-25.

Recommendation 8. The Committee recommends that the Cabinet Secretary provides an update on discussions held with the UK Government on funding arrangements relating to the core Valleys lines.

Recommendation 9. The Committee recommends that further information is provided on the impact of transfers from the Bus Support, Local Transport Priorities, and the Sustainable and Active Travel Budget Expenditure Lines to the Transport for Wales Budget Expenditure Line and whether these have an impact on the delivery of the associated policy areas.

⁹⁹ [Welsh Government’s response to the recommendations contained in the Finance Committee’s report on its scrutiny of the Draft Budget 2024-25, 1 March 2024](#)

4. Directly Funded Bodies

84. The supplementary budget motion proposes a variation to the budgets of two of the bodies directly funded from the Welsh Consolidated Fund (WCF). The Committee considered the requests from the Senedd Commission (the Commission) and the Public Services Ombudsman for Wales (PSOW) at its meeting on 24 May 2023. No request was made on this occasion by Audit Wales.

Senedd Commission

85. The Committee considered the Senedd Commission's 2024-25 draft budget proposals on 5 October 2023¹⁰⁰, and laid its report in October 2023.¹⁰¹ The Commission's budget of £72.195 million was approved by the Senedd on 15 November 2023¹⁰², and incorporated into the annual budget motion that was passed by the Senedd on 5 March 2024.¹⁰³

86. The Commission's First Supplementary Budget¹⁰⁴ proposes an increase to its resource budget of £635,000, with a corresponding increase in the net cash requirement. The Explanatory Memorandum (EM)¹⁰⁵ states that the following changes are proposed:

- increasing the Commission's Operational budget by £275,000 to reflect the change to the employers contribution to the civil service pension scheme. This is a consolidated change to baseline costs in future years;
- reducing the budget for Members' salaries and related costs of £96,000 to reflect the reduction in the employer's pension contribution from 19.8 per cent to 18 per cent by the scheme actuaries. This is a consolidated reduction to the baseline costs for future years; and
- increasing staffing costs by £456,000 in the operational budget to fund an adjustment to the lowest three Commission pay scales in recognition of recent inflationary pressures. This is a consolidated change to the baseline costs for future years.

¹⁰⁰ [Finance Committee, RoP, 5 October 2023](#)

¹⁰¹ [Finance Committee, Scrutiny of the Senedd Commission Draft Budget 2024-25](#)

¹⁰² [Plenary, RoP, 15 November 2023](#)

¹⁰³ [Plenary, RoP, 5 March 2024](#)

¹⁰⁴ [Senedd Commission, First Supplementary Budget 2024-25](#)

¹⁰⁵ [Senedd Commission, First Supplementary Budget 2024-25](#)

87. The Committee initially considered the Commission’s request on 16 May and agreed to hold a formal evidence session with the Commission. On 22 May¹⁰⁶, the Committee took evidence from:

- Hefin David MS, Commissioner for Budget and Governance
- Manon Antoniazzi, Chief Executive and Clerk of the Senedd
- Kate Innes, Chief Finance Officer, Senedd Commission
- Ed Williams, Director of Senedd Resources, Senedd Commission

88. The Commission’s Draft Budget included a target of £315,000 savings for 2024-25.¹⁰⁷ The Committee asked the Commission what actions had been taken to identify these savings and whether they were recurrent. The Commissioner explained:

“... these savings were non-staff savings. They were things that came out of the non-staff budget. There was a service planning review to consider how we could deliver differently without Member service impact, a historical expenditure analysis and review of working practices due to hybrid, but also the fact that posts that were advertised, which were vacant and then advertised, were delayed in being filled by six months. So, that brought in the £315,000 across that, without having a direct impact on staffing other than the slightly delayed filling of posts.”¹⁰⁸

89. In response to whether the Commission had tried to identify additional savings from within its existing budgets to fund at least part of the increase of £635,000 requested, the Commissioner said he did not believe this could be achieved “by further cutting the budget in-year this year”. He said that “if you start looking at savings from Member services, for example, you're going to impact on core business delivery”.¹⁰⁹

90. Explaining the impact this could have on services, he said:

“For example, security infrastructure would involve the CCTV system, things like that. It needs continual maintenance and

¹⁰⁶ [Finance Committee, RoP, 22 May 2024](#)

¹⁰⁷ [Finance Committee, Draft Budget 2024-25](#), September 2023

¹⁰⁸ [Finance Committee, RoP, 22 May 2024, paragraph 19](#)

¹⁰⁹ [Finance Committee, RoP, 22 May 2024, paragraph 25](#)

renewal, and, if you don't do that, then there's a danger it doesn't work. So, that's one thing. Scrutiny of Government requires a degree of spend, certainly broadcasting—the fact that we're online today in good quality and able to be watched. If you start cutting that, then you end up cutting the quality of what we're able to offer the public. As I say, Members' security and Member services—I think Members would start to see a deterioration in what was offered, should that happen in-year this year.”¹¹⁰

91. The Commissioner said he had also looked at reducing other budgets, including projects, in order to save money, but added that:

“... I think those kinds of discussions need to be had with Members, and I don't think it's something you can quickly resolve in an in-year supplementary budget.”¹¹¹

92. In relation to the adjustment to the lowest three Commission pay scales, the Commissioner explained that “the ask from the trade unions was to bring this parity” between the Welsh Government and Commission pay scales.¹¹² He added:

“... as a Commissioner, there was a responsible way of going about that, and that was through negotiation, through having discussions about how it could be done. So, when you introduce, for example, the lowest three of the pay scale, you still need the 5 per cent differential between higher scales. So, you've got to consider how all that is done, and that takes time, it takes negotiation and it takes a process.”¹¹³

93. However, the Commissioner said that “further years will require further discussions and further negotiations, which are ongoing... but cannot be presented yet because that discussion is still happening with the trade unions”.¹¹⁴ The Commissioner added that “I think if this isn't agreed, there would be consequences for the stability of the Commission when it comes to later negotiations with trade unions”.¹¹⁵

¹¹⁰ Finance Committee, RoP, 22 May 2024, paragraph 27

¹¹¹ Finance Committee, RoP, 22 May 2024, paragraph 34

¹¹² Finance Committee, RoP, 22 May 2024, paragraph 30

¹¹³ Finance Committee, RoP, 22 May 2024, paragraph 30

¹¹⁴ Finance Committee, RoP, 22 May 2024, paragraph 31

¹¹⁵ Finance Committee, RoP, 22 May 2024, paragraph 64

Public Services Ombudsman for Wales

94. The Committee considered the PSOW Estimate 2024-25 on 18 October 2023¹¹⁶, and laid its report in November 2023.¹¹⁷ The PSOW Estimate 2024-25 of £6.3 million, was approved by the Senedd through the annual budget motion on 5 March 2024.¹¹⁸

95. The PSOW's First Supplementary Budget¹¹⁹ request does not seek any additional funds from the WCF. The Explanatory Memorandum (EM) states:

"We have a member of staff who has been seconded to the Senedd Commission for 12 months from January 2024. This will lead to additional income of £45k for 2024/25. This Supplementary Budget includes an increase to our income to reflect this change. However, we will also incur additional staff costs of £45k to backfill the vacant post this creates. The net effect of the secondment is therefore nil."¹²⁰

96. In addition, the EM also provides an update on the PSOW's progress towards reducing its office accommodation in accordance with Recommendation 8¹²¹ in the Committee's report on the Annual Scrutiny of the Public Services Ombudsman for Wales.¹²²

97. It states that in January 2024, the PSOW vacated the first and second floors of its accommodation and were actively seeking new tenants. Under the existing lease, rent on these areas is due until August 2025, and the PSOW has been seeking to surrender these surplus areas to the landlord on acceptable terms. The EM says the PSOW is working to minimise "surrender" and "dilapidations" payments. Whilst no agreement has been concluded, progress is being made and the PSOW will continue to update the Committee.¹²³

¹¹⁶ Finance Committee, RoP, 18 October 2023

¹¹⁷ Finance Committee, Annual Scrutiny of the Public Services Ombudsman for Wales

¹¹⁸ Plenary, RoP, 5 March 2024

¹¹⁹ Public Service Ombudsman for Wales: First Supplementary Budget 2024-25

¹²⁰ Public Service Ombudsman for Wales: First Supplementary Budget 2024-25

¹²¹ Finance Committee, Annual Scrutiny of the Public Services Ombudsman for Wales

¹²² Public Service Ombudsman for Wales: First Supplementary Budget 2024-25

¹²³ Public Service Ombudsman for Wales: First Supplementary Budget 2024-25

Committee view

98. Following the session with the Senedd Commission on 22 May 2024, the Committee wrote to the Commissioner to say it was content in principle with the overall variation requested to the budget of £635,000, subject to the Welsh Government's First Supplementary Budget motion.¹²⁴ As outlined in the letter, the Committee is assured that the budgeted target of £315,000 planned savings to be accrued by the Commission is the most that can be achieved without having an impact on services.

99. Although it is not appropriate for the Committee to take a view on operational matters, such as the pay levels of staff, we have a natural interest in the budgetary impact of those decisions, especially when they result in requests for additional in-year funding. We also have an interest in how savings are identified in-year and the impact of those on services and the staff supporting them. The Committee requested further information on how the Commission plans to engage with Members regarding the future delivery of services, to ensure that they reflect their priorities and are manageable within current resources.

100. A response was received from the Senedd Commission on 19 July 2024¹²⁵, and the Committee welcomes the transparency it provides on how the Commission aims to identify financial pressures and potential savings both in-year and from one year to the next. We are also grateful to the Commission for providing further information on its plans to engage with Members, including how they will be consulted on any changes to services.

101. We also note that these costs have been included in the Senedd Commission's Draft Budget for 2025-26¹²⁶ as a contingency measure in case the supplementary budget is not agreed and further note that the costs will be removed from the Commission's final budget, should the supplementary budget be agreed by the Senedd on 22 October.

102. The Committee notes the PSOW's Supplementary Budget which proposes the inclusion of additional income and corresponding expenditure of £45,000 to reflect a secondment of a member of PSOW staff to the Senedd Commission,

¹²⁴ [Letter from the Chair of the Finance Committee to Hefin David MS, the Commissioner for Budget and Governance, 23 May 2024](#)

¹²⁵ [Letter from Hefin David MS, Commissioner for Budget and Governance to the Chair of the Finance Committee, 19 July 2024](#)

¹²⁶ Senedd Commission, [Draft Budget: 2025-26](#), September 2024

from January 2024. The net effect of the secondment is nil and does not require any additional funds from the WCF.

Conclusion 2. The Committee is content with the variation to the budget for the Senedd Commission outlined in its First Supplementary Budget for 2024-25.

Conclusion 3. The Committee is content with the variation to the budget for the Public Services Ombudsman for Wales outlined in its First Supplementary Budget for 2024-25.