

Scrutiny of the Public Services Ombudsman for Wales's Estimate for 2021-22

November 2020



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Scrutiny of the Public Services Ombudsman for Wales's Estimate for 2021-22

November 2020



About the Committee

The Committee was established on 22 June 2016. Its remit can be found at: www.senedd.wales/SeneddFinance

Committee Chair:



Llyr Gruffydd MS
Plaid Cymru

Current Committee membership:



Alun Davies MS
Welsh Labour



Siân Gwenllïan MS
Plaid Cymru



Mike Hedges MS
Welsh Labour



Rhianon Passmore MS
Welsh Labour



Nick Ramsay MS
Welsh Conservatives



Mark Reckless MS*
Independent

*Mark Reckless was elected to the Finance Committee as a member of the Brexit Party until 16.10.2020. He was then elected to the Finance Committee on 4.11.2020 as an Independent Member.

Contents

Recommendations and Conclusions	5
1. Introduction	6
2. Public Services Ombudsman for Wales's Estimate 2021-22 ...	7
3. Key Performance Indicators.....	13
4. Reporting the unit cost.....	16
5. Pension surplus, Local Government Pension Fund administered by Cardiff Council.....	21
Annex A.....	23

Recommendations and Conclusions

Recommendation 1. While recognising the pandemic will undoubtedly impact on his work, the Committee recommends that the Ombudsman revisits his targets for 2020-21 to ensure they are sufficiently ambitious and seek continual improvement in the delivery of his work..... Page 15

Recommendation 2. The Committee recommends that the Ombudsman should report his unit cost per case in cash and real terms, including sufficient information to ascertain the basis for the calculation, such as which costs are included and the reference year adopted for the trend data.Page 20

Conclusion 1. The Committee welcomes the approach taken by the Ombudsman in preparing his Estimate to reflect the funding pressures on the wider public sector in Wales. Page 12

Conclusion 2. The Committee welcomes the confirmation that the pension surplus will be repaid to the Ombudsman and subsequently the Welsh Consolidated Fund..... Page 22

1. Introduction

Background

- 1.** The Public Services Ombudsman for Wales (the Ombudsman) produces an Estimate of expenditure for each financial year in accordance with the Public Services Ombudsman (Wales) Act 2019. The Estimate is required to set out the resources required for the Ombudsman to carry out his statutory functions, with the exception of the Ombudsman's own salary (and associated costs) which are directly charged to the Welsh Consolidated Fund.¹
- 2.** The Finance Committee (the Committee) is responsible for considering the Ombudsman's Estimates. Standing Orders 20.23 and 20.24 state that the Ombudsman must submit his Estimates no later than 1 November and that the Committee must consider and lay the estimate no later than 22 November.²
- 3.** The Committee considered the Ombudsman's Estimate 2021-22 on 5 October 2020, taking evidence from:
 - Nick Bennett, Public Services Ombudsman for Wales
 - Chris Vinestock, Chief Operating Officer and Director of Improvement
 - David Meaden, Financial Accountant
- 4.** The Ombudsman's Estimate 2021-22 is attached at Annex A.

¹ Public Services Ombudsman (Wales) Act 2019

² Standing Orders of the Welsh Parliament

2. Public Services Ombudsman for Wales's Estimate 2021-22

Context

6. In May 2019, the Committee issued a Statement of Principles to bodies directly funded from the Welsh Consolidated Fund (directly funded bodies (DFB)) to consider when formulating budget requests:

Statement of Principles for directly funded bodies:

- Budget requests should be set in the context of the long term financial funding situation in Wales and funding pressures in the wider public sector.
- Requests should show how annual and multi-annual objectives will be prioritised, monitored and achieved.
- DFBs should not assume an increase in funding, regardless of the block grant change as any increase to their funding reduces resources available to other devolved public bodies.
- DFBs should continually seek to improve processes and accrue efficiencies.
- Where any increases in funding are requested, these should be backed by evidence both of the need, benefit and attempts that have been made to reduce such costs. Also, the consequences of not obtaining the requested increase in resource should be made clear and quantified.

Factors to inform future budget planning

7. On 11 August 2020, the Minister for Finance and Trefnydd wrote to the Committee to set out various factors to support the forward financial planning for directly funded bodies. The letter said:

“The UK Government is planning to publish the outcome of its Comprehensive Spending Review (CSR) in the autumn, covering 2021-22 to 2023-24 for resource spending and 2021-22 to 2024-25 for capital

spending. In advance of that, we will not have any firm plans on which to base the Welsh Government's budget for future years.

... Given the very substantial increases in our block grant this year, it is highly likely that we will see a reduction in 2021-22. The scale of that reduction will depend on the future course of the pandemic and the UK Government's fiscal policy response to it.”³

Recommendations 2020-2021

8. The Finance Committee made two recommendations following its Scrutiny of the Ombudsman's Estimate for 2020-2021:

1. The Ombudsman should consider the presentation of his Budget, to ensure that year-on-year comparison were clear and readily available; and
2. The Ombudsman details in each of his annual Estimates the amount of additional complaints arising from the Act, as well as the actual costs and benefits associated with it.

The Public Services Ombudsman for Wales's Estimate 2021-22

9. The Ombudsman's Estimate for 2021-22, does not seek any change in the overall level of resources and cash to that set out in his Supplementary Budget for 2020-21. The Estimate 2021-22 requests Total Managed Expenditure (TME) of £5.11 million and net cash requirement from the Welsh Consolidated Fund (WCF) of £5.07 million.⁴

10. While the overall amounts set out in the Estimate for 2021-22 remain unchanged from the Supplementary Budget 2020-21, there are some differences in the estimate for specific areas of the Ombudsman's expenditure. The detailed breakdown is included in the Estimate 2021-22, shown at Annex A.

³ Letter from the Minister for Finance and Trefnydd, 11 August 2020

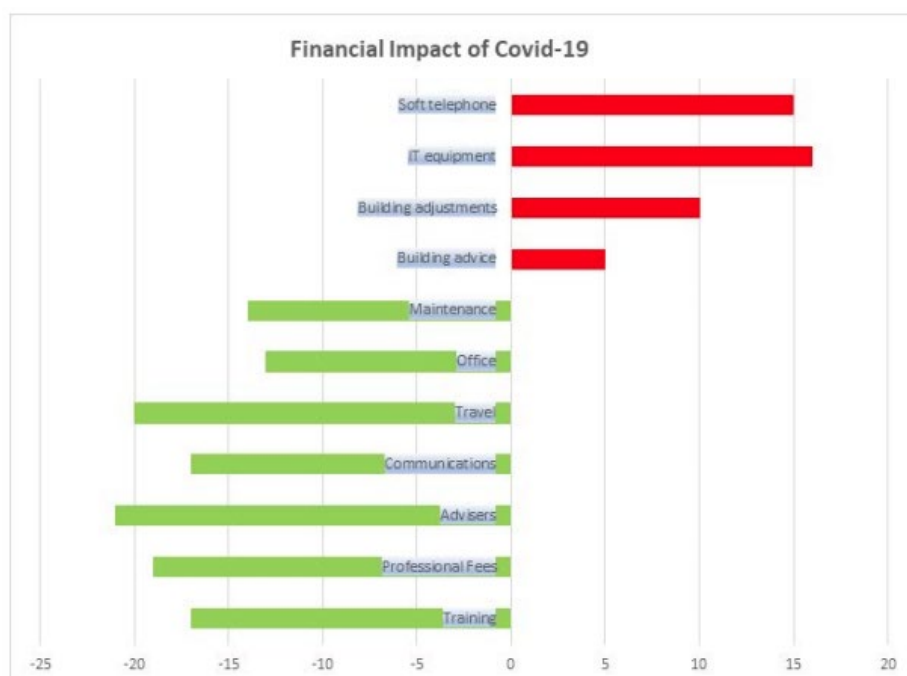
⁴ Public Services Ombudsman for Wales's Estimate 2021-22

COVID-19

11. In June 2020, the Committee wrote to the Ombudsman to request an update of the impact that COVID-19 has had on this year's finances, including any savings and extra costs.⁵

12. The Ombudsman wrote to the Committee on 3 July 2020. While noting the 'considerable uncertainties' – both unconnected and relating to COVID-19 - the Ombudsman set out information about the additional costs and savings, which he summarised in a graph.⁶ This is reproduced at Figure 1 below.

Figure 1: Financial impact of COVID-19 – the Ombudsman (£'000)



Source: Ombudsman's letter to the Finance Committee on 3 July 2020

13. In his Estimate 2021-22, the Ombudsman notes:

"Enquiries and Public Body Complaints are projected to increase by 5% over the next year but the effect of Covid-19 on casework and expenditure is yet to be fully determined."⁷

⁵ Letter from the Chair to the Public Services Ombudsman for Wales, 4 June 2020

⁶ Letter from the Public Services Ombudsman for Wales, 3 July 2020

⁷ Public Services Ombudsman for Wales's Estimate 2021-22

14. During evidence the Ombudsman said "I hope we haven't been too optimistic or too pessimistic...there are huge uncertainties at the moment, but we do feel confident that our estimate is based in reality".⁸

ICT Costs

15. Following its scrutiny of the Estimate for 2018-19, the Finance Committee recommended the Ombudsman produces an ICT programme for between 3-5 years to demonstrate the intended use of resources for ICT for 2018-19 and in future years is integrated in the strategic planning for his office.⁹

16. The assumptions on which the Estimate for 2021-22 is based note the IT costs are 'in line with 3-year plan as part of wider Technology Roadmap to 2029/30'. The Ombudsman also states:

"Major investment in IT hardware and the Case Management System was made in 2018/19 with the aim of increasing efficiencies and resilience. This investment has helped staff to work successfully from home during the pandemic. The budget is increased to £212k to reflect an increase in IT support costs."¹⁰

17. The Ombudsman's official told the Committee:

"if COVID had happened three years ago, four years ago, we'd have been in a very difficult place, as an organisation, to where we are now. Before the Finance Committee supported our estimates that included investment in IT, we were still very much paper based—all our case files were paper based. We could have a limited amount of working at home... So, we've come a long way since then, and I think we appreciate the investment that we've been able to make as a result of Finance Committee support."¹¹

⁸ Finance Committee, RoP, paragraph 133, 5 October 2020

⁹ Finance Committee Report: Scrutiny of Public Services Ombudsman for Wales's Estimate for 2018-19

¹⁰ Public Services Ombudsman for Wales's Estimate 2021-22

¹¹ Finance Committee, RoP, paragraph 210, 5 October 2020

18. The Committee asked how the budget for ICT costs reflects the Ombudsman's 3-year plan and wider Technology Roadmap to 2029/30. The Ombudsman's official said:

"we're ahead of the plan, in many ways, and I think we're well placed now. We've got the cloud back-up running and we have tested the data to make sure that it is, actually, usable. There's still a bit more work to be done and IT investment is ongoing, isn't it? One of the things in the plan is an ongoing replacement of personal computers. But we're well on track in terms of the IT investment and I think it has paid dividends in terms of how we're able to provide a service now."¹²

Committee view

19. The Committee's Statement of Principles that Directly Funded Bodies should follow when making budget proposals gives direction in terms of increasing transparency and demonstrating prudent financial planning. The Committee is pleased that, in preparing the Estimate for 2021-22, the Ombudsman reflected the likely funding situation in Wales and funding pressures in the wider public sector by not seeking an increase in resources obtained for 2020-21.

20. Following the Committee's recommendation in its report on the scrutiny of the Estimate for 2020-21 (as set out in paragraph 8), the Ombudsman has used the same categories over which to analyse his expenditure¹³ when preparing this Estimate, thus enabling year-on-year comparisons to be made.

21. The Committee also welcomes the update on the Ombudsman's exercise of the new powers under the Public Services Ombudsman (Wales) Act 2019, as set out at Appendix B to the Estimate for 2021-22.

22. The Committee welcomes the update provided by the Ombudsman in July 2020 on the COVID-19 related costs and savings. Members recognise that the information provided at that time was early into the COVID-19 pandemic and that savings would be difficult to quantify.

¹² Finance Committee, RoP, paragraph 213, 5 October 2020

¹³ Excepting those categories specifically linked to the additional costs arising from the 2019 Act.

23. The Committee notes that the investment made in ICT has increased efficiencies and resilience, particularly during the pandemic which has helped staff to work successfully from home.

24. The Ombudsman's term of office ends in August 2021 and therefore this will be the last Estimate submitted by him. The Committee thanked the Ombudsman for the constructive way that he has worked with the Committee during his time in office. The Committee hopes that this effective working relationship will continue between the Committee and the Ombudsman's successor.

Conclusion 1. The Committee welcomes the approach taken by the Ombudsman in preparing his Estimate to reflect the funding pressures on the wider public sector in Wales.

3. Key Performance Indicators

25. The Ombudsman's Annual Report and Accounts for 2019-20 (the '2019-20 Accounts') were the first to report performance against the new Corporate Plan, Delivering Justice. The 2019-20 Accounts set out data relating to the organisation's 12 Key Performance Indicators (KPI), categorised over 29 measures.¹⁴

26. The Ombudsman did not set out targets for five measures for 2019-20. In the 2019-20 Accounts, the Ombudsman noted that, during the year, he changed the way he measured customer satisfaction which 'makes it difficult to assess our [the Ombudsman's] performance against the 2019/20 targets'¹⁵. This affected a further three of the 29 measures.¹⁶

27. The Ombudsman told the Committee he had not met seven of his targets in 2019-20¹⁷. He explained that this:

"... was an improvement from nine or 10 from the previous year. Of those seven that we did fail to meet, it was very close in relation to five of them ... but we do need to focus more on the six-week indicator [for making a decision taken not to investigate a Code of Conduct complaint within 6 weeks, KPI 3].¹⁸

28. The Committee asked the Ombudsman whether there were any financial implications in respect of the seven targets not met in 2019-20. The Ombudsman told the Committee "with the funding that we are requesting, we're confident that we can deal with that".¹⁹ He continued:

"we are all facing a period where there is such uncertainty. But the most important emphasis, I believe, that we can put on this for

¹⁴ Public Services Ombudsman for Wales Annual Report and Accounts for 2019-20

¹⁵ Public Services Ombudsman for Wales Annual Report and Accounts for 2019-20, page 12, footnote

¹⁶ Public Services Ombudsman for Wales Annual Report and Accounts for 2019-20

¹⁷ Finance Committee, RoP, paragraph 160, 5 October 2020

¹⁸ Finance Committee, RoP, paragraph 160, 5 October 2020

¹⁹ Finance Committee, RoP, paragraph 162, 5 October 2020

everyone in the office is to try and reduce that caseload, so that we can move forward, in case we see a great increase over the next year.”²⁰

29. As well as reporting his performance for the year, in his Annual Report and Account for 2019-20, the Ombudsman also set out his targets for each performance measure for 2020-21. The Committee noted that the target for 2020-21 remained the same for the majority of the performance measures met in 2019-20, with only three seeking an improved performance.²¹

30. A lower target had been set in 2020-21 for the performance measure that the Ombudsman told the Committee his office needed to focus on – the decision time for Code of Conduct complaints²². In 2019-20, the target for deciding not to investigate Code of Conduct complaints within 6 weeks (KPI 3) was set at 95 per cent of cases, against which the Ombudsman achieved 93 per cent in 2019-20. The target for 2020-21 has been set at 90 per cent.²³

31. The Committee sought further information about these targets and asked if they were sufficiently ambitious. The Ombudsman told the Committee:

“I think because of the circumstances that we're facing now, the context has expanded these targets, rather than us doing so, and we were aware that it was difficult to reach some of these targets last year; it will be more of a challenge and more ambitious for us to do that during this current year. Therefore, we thought that the best thing to do was to keep the emphasis on trying to ensure that we are more timely in dealing with these issues for next year. But I don't think anyone would have taken us seriously if we had more ambitious targets during this period, where we are reliant on staff who are working remotely and where the organisations accountable to us find it more difficult to provide timely responses.”²⁴

²⁰ Finance Committee, RoP, paragraph 162, 5 October 2020

²¹ Finance Committee, RoP, paragraph 165, 5 October 2020

²² Finance Committee, RoP, paragraph 160, 5 October 2020

²³ Public Services Ombudsman for Wales Annual Report and Accounts 2019-20

²⁴ Finance Committee, RoP, paragraph 166, 5 October 202

Committee view

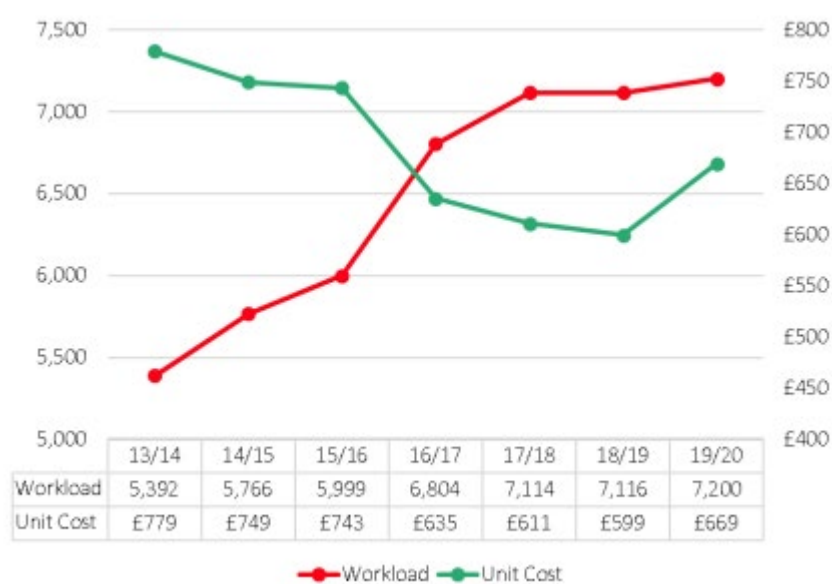
32. The Committee recognises the challenges introduced by the pandemic and the need for targets to be achievable. However, it is important that the Ombudsman seeks continual improvement in his performance and this is reflected in the targets he sets for his office. The Ombudsman has not set more challenging or 'stretch' targets for all areas in which he met or exceeded performance in 2019-20. While he said he wanted to deal with issues more timely, he has also lowered one of the targets for Code of Conduct decision times, a target he did not meet in 2019-20.

Recommendation 1. While recognising the pandemic will undoubtedly impact on his work, the Committee recommends that the Ombudsman revisits his targets for 2020-21 to ensure they are sufficiently ambitious and seek continual improvement in the delivery of his work.

4. Reporting the unit cost

33. Figure 2, taken from the Annual Report and Accounts for 2019-20, summarises the Ombudsman's caseload and the Unit Cost per case adjusted by the Consumer Prices Index (CPI) over the last 7 years. It shows the Ombudsman's caseload has increased by 34 per cent, while the unit cost per case has decreased by 14 per cent over the same period.²⁵

Figure 2: Ombudsman's caseload and unit cost per case (£), 2019-20



* Costs for periods prior to 2019-20 have been inflated by CPI.²⁶

34. As highlighted in Chapter 4, the Ombudsman's Annual Report and Accounts for 2019-20 were the first to report performance against his new Corporate Plan, Delivering Justice.

35. Key Performance Indicator (KPI) 10, Financial, includes a measure for the Ombudsman's unit cost per case. This reflects the Ombudsman's expenditure and the total number of new enquiries, public body complaints and Code of Conduct complaints received by his office for the year.²⁷

²⁵ Public Services Ombudsman for Wales Annual Report and Accounts 2019-20

²⁶ Source: **Public Services Ombudsman for Wales Annual Report and Accounts, 2019-2020**

²⁷ Public Services Ombudsman for Wales Annual Report and Accounts 2019/20 **KPI 10: Financial**

36. Although this may have been the first time for reporting performance against KPIs, the Ombudsman has - for some time - used the unit cost as a measure of the efficiency of his office in dealing with complaints. The real terms series (or 'trend data') in the unit cost over time is reported in the Ombudsman's annual report and accounts, as well as in the Estimate presented each year to the Finance Committee.

37. The unit cost for years prior to 2019-20 set out in the Ombudsman's Annual Report and Accounts for 2019-20 (and the Estimate for 2021-22) differed significantly to those presented in earlier publications. The Committee asked the Ombudsman why this was the case. His Financial Accountant said:

"we decided to change the way we would show the figures this year, so rather than go back to 2010 figures and then reduce the costs this year by deflating them, we thought it was better to show the costs for this financial year, or the 2019-20 financial year, as the actual cost and then adjust the previous years up. So, that's why they look quite different. The end result in terms of the percentage change is exactly the same."²⁸

Health Complaints

38. The 2019-20 Annual Report and Accounts indicate that health disputes remain the most significant body of work for the Ombudsman, with 41 per cent of all public body complaints within this field (the same as in 2018-2019).²⁹

39. The Ombudsman's office has previously told the Committee that health complaints are the most costly complaints given the related complexities and the time required to investigate them.³⁰

40. Whilst the overall proportion of cases relating to health has remained steady, a 3.3% decrease in new complaints was reported against Local Health

²⁸ Finance Committee, RoP, paragraph 190, 5 October 2020

²⁹ Public Services Ombudsman for Wales Annual Report and Accounts 2019-20

³⁰ Finance Committee, RoP, paragraph 144, 11 October 2018

Boards ("LHBs") compared to 2018-19. A decrease of 26, from 779 to 753 complaints from 2018-19 to 2019-20 respectively.³¹

41. However, the overall figure for health complaints has remained the same because of a 24 per cent increase in complaints against General Practitioners ("GPs").³²

42. The Committee asked how the cost of complaints against health boards and GPs compared. The Ombudsman confirmed that the cost of complaints against GPs is around 11 per cent lower than against LHBs. He said:

"Certainly, during the specific year, we have enquired into 14 per cent of complaints on GPs compared to 25 per cent on health boards, so there's an 11 per cent difference there. And what we have been doing for some years now is trying to measure the complexity of the complaints that we receive. We have found there too that 32 per cent of the complaints relating to GPs are complex, as compared to 43 per cent for health boards. So again, there is a difference of 11 per cent."³³

43. The Ombudsman confirmed there had been "some significant" reductions in health complaints for most health boards in Wales in the respective year³⁴. He said "but we have to make an ongoing commitment to try and challenge and ensure that the culture of health boards is appropriate" and that he was keen to use his complaint standards powers to work with health boards.³⁵

44. Lockdown measures in response to the pandemic were announced by the UK Government on 23 March 2020. In his Annual Report and Accounts – which report the annual performance to 31 March 2020 - the Ombudsman notes COVID-19 related issues are inhibiting his ability to investigate health complaints, stating:

³¹ Public Services Ombudsman for Wales Annual Report and Accounts 2019-20

³² Public Services Ombudsman for Wales Annual Report and Accounts 2019-20

³³ Finance Committee, RoP, paragraph 137, 5 October 2020

³⁴ Finance Committee, RoP, paragraph 141, 5 October 2020

³⁵ Finance Committee, RoP, paragraph 142, 5 October 2020

“Restrictions are understandably limiting the ability of GPs, Health Boards and Local Authorities to engage with our investigations. We are avoiding additional pressures on these organisations during these challenging times.”³⁶

45. In response to whether avoiding putting additional pressure on health organisations during the pandemic will lead to a backlog of cases emerging at a later date, the Ombudsman said:

“we are communicating regularly with the health boards, to see where there are increases, in order for us to be ready for any increase in complaints. And that's why it is important for us, during this period, to deal with the caseload. I think it was over 560 two years ago, over 450 last year; it's now less than 400. So that's good news. But it's not fair to say that we're not putting pressure on them. What we're trying to do is to ensure that they do respond, but we're not putting unreasonable pressures on them, and there is a difference. We're not just letting them ignore us, or nothing would happen, of course.”³⁷

Committee view

46. As one of his financial measures, it is important that the calculation of, and the basis for, the Ombudsman's unit cost is clear. In the interests of transparency, the Committee believes the Ombudsman should report his unit cost in cash and real terms. With reference to his financial statements, the Ombudsman should make clear which costs are reflected in the calculation. The Ombudsman should also report the reference year adopted for the trend data. When a different approach is adopted to that used previously, the Ombudsman should highlight and describe the change to the calculation, together with the reason for its adoption, in the publications in which he reports his unit cost.

47. The Committee acknowledges that the Ombudsman has avoided putting additional pressure on health organisations during these challenging times but welcomes that he has been in regular communication with health boards. The

³⁶ Public Services Ombudsman for Wales Annual Report and Accounts 2019-20

³⁷ Finance Committee, RoP, paragraph 158, 5 October 2020

Committee believes it is important that the Ombudsman considers preventative action that will help to avoid a backlog of cases emerging at a later date.

Recommendation 2. The Committee recommends that the Ombudsman should report his unit cost per case in cash and real terms, including sufficient information to ascertain the basis for the calculation, such as which costs are included and the reference year adopted for the trend data.

5. Pension surplus, Local Government Pension Fund administered by Cardiff Council

48. In October 2018 during its scrutiny of the Estimate for 2019-20, the Committee asked the Ombudsman how he was managing the risks to the Local Government Pension Scheme (LGPS), administered by the Cardiff and Vale Pension Fund, of which some of his staff were members. This had been in deficit since 2010-11 and the Ombudsman previously told the Committee that, by making additional annual payments, the deficit would be eliminated by 2017-18. The Ombudsman's Annual Report and Accounts for 2016-17 reported a pension surplus of £40,000.³⁸

49. In October 2018, the Ombudsman's Financial Accountant told the Committee that, when the last contributing member left employment with the Ombudsman, any surplus on the LGPS would be repaid to the Ombudsman. This sum would be returned to the Welsh Consolidated Fund since "we can't keep bank balances at the end of the year".³⁹

50. During scrutiny of the Estimate for 2021-22, the Committee asked the Ombudsman why the surplus on the LGPS had increased by £270,000 to £1.08 million in the year to 31 March 2020.⁴⁰

51. The Ombudsman's Financial Accountant told the Committee that there were two reasons for the increase:

"(1) the low risk 100 per cent investment we made in Government bonds provided a growth in the fund that wasn't damaged by any stock market changes that happened at the end of the financial year, and, secondly, and a much larger effect, was demographic factors, which, depressingly for me, showed a reduction in life expectancies for

³⁸ Finance Committee, RoP, paragraph 214, 11 October 2018

³⁹ Finance Committee, RoP, paragraph 214, 11 October 2018

⁴⁰ Finance Committee, RoP, paragraph 201, 5 October 2020

the UK population, and that caused a net effect of a growth in that fund. So, the fund actually grew by £270,000.”⁴¹

52. He added that, since the laying of the Annual Report and Accounts for 2019-20, the last remaining member of the Pension Fund had resigned from their post. The Financial Accountant said that the Actuary for the Pension Fund had confirmed the surplus would be repaid to the Ombudsman's office. While the value was not yet known, the Ombudsman expected to repay “around or probably at least £1 million” to the Welsh Consolidated Fund and had informed the Welsh Government officials that this was likely to happen.⁴²

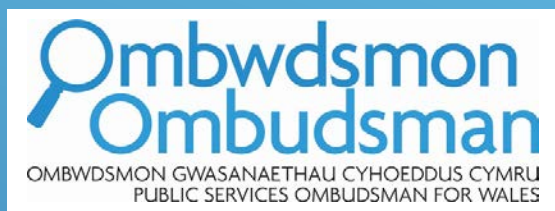
Committee view

53. The Committee acknowledges the actions taken by the Ombudsman in respect of the LGPS. In particular, the decision to move to a low or no-risk fund within the LGPS, with its share of pension assets fully invested in Government bonds.

Conclusion 2. The Committee welcomes the confirmation that the pension surplus will be repaid to the Ombudsman and subsequently the Welsh Consolidated Fund.

⁴¹ Finance Committee, RoP, paragraph 204, 5 October 2020

⁴² Finance Committee, RoP, paragraph 206, 5 October 2020



Delivering Justice

Estimate 2021/22

Public Services Ombudsman for Wales

Contents

	Page
Introduction	2
Delivering Justice – a review of 2019/20	2
Key Performance Indicators	4
Financial Management	6
The Complaints Service	8
Corporate Plan 2019/22	9
Projected Casework and Expenditure to 2021/22	9
2021/22 Estimate	10
Estimate Summary	11
Detailed Analysis	11
Appendix A – Estimate 2021/22	13
Appendix B – Update on new powers	14

Public Services Ombudsman for Wales

Budget Estimate for 2021/22

Delivering Justice: A Review of 2019/20

This document was prepared during the Covid-19 global pandemic. Never have Welsh public services, particularly health and social care, experienced such pressures or levels of appreciation. It is pleasing, in that context, that the level of complaints, received by my office in 2019/20, about public bodies was similar to that in the previous year (an increase of only 1.6%). The proportion of our interventions – cases where we find maladministration or service failure – was also lower (20%, compared to 24% last year).

Our most serious cases, on which we publish public interest reports, totalled only 4, compared to 14 the previous year, a reduction of 71%. These related to Flintshire Council, Swansea Bay University Health Board, the Student Loan Company and a joint report involving Betsi Cadwaladr University Health Board, Gwynedd County Council and Cartrefi Cymru. We saw this year a very welcome drop in complaints about breaches of the Code of Conduct (-18%). We also referred fewer investigations of likely breaches of the Code of Conduct to the Adjudication Panel for Wales or Standards Committees, though there were several high profile cases which demonstrated why the ethical standards regime is required to maintain high standards of conduct in public office in Wales.

2019/20 was the first year of the implementation of our new Corporate Plan, 'Delivering Justice', and I am delighted to report excellent progress. In one of the key developments during the year, in 2019 the National Assembly for Wales passed our new Act, which received Royal Assent in May. We created a new Improvement Team with talent from inside and outside the organisation to lead the new work streams on own initiative investigations and Complaints Standards, as well as enhancing Policy and Communication resources and increasing our emphasis on internal and external complaints handling and service quality. The team wasted no time in getting key stakeholders up to speed, explaining the changes to the bodies in our jurisdiction, public service leaders from across Wales, senior civil servants and key third sector bodies. In October, we laid the criteria for exercising new powers of Complaints Standards and own initiative investigations before the National Assembly.

Both powers are now operational and in March 2020 we commenced consultation on the proposal for our first own initiative investigation. The Complaints Standards team has begun the ground-breaking work of collecting and analysing data about complaint handling in the public sector.

This work is still at an early stage, but it already begins to indicate that my caseload represents the tip of the iceberg in terms of the volume of complaints handled by local authorities alone.

In addition to launching the new powers, we continued our other efforts to promote improvement of public services in Wales. I met key bodies in jurisdiction including the leaders of Betsi Cadwaladr, Hywel Dda, Swansea Bay and Aneurin Bevan University Health Boards. I also met local government chief executives to discuss the new PSOW Act. We published our fourth thematic report 'Justice Mislaid' and our first ever Equality and Human Rights casebook. We also continued to inform the public policy process where appropriate.

As every year, we welcomed scrutiny by the Assembly's Finance Committee and the Equality, Local Government and Communities Committee.

Although I stood down as Chair of the Ombudsman Association in May, we sustained excellent relationships with the ombudsman community in the UK, Europe and across the world. We celebrated the new Act with a seminar in Aberystwyth University addressed by representatives of leading ombudsman schemes. The office also participated fully in the development of the 'Venice Principles', a new global standard of excellence for ombudsman schemes approved by the Council of Europe.

We have continued to liaise with stakeholders in Wales. Amongst many other engagements, I was pleased to attend the National Eisteddfod in Llanrwst and to meet the new Welsh Language Commissioner, Aled Roberts. In March, I was delighted to meet Sir Wyn Williams, President of Welsh Tribunals, following the launch of the report of the Thomas Commission on the future of justice in Wales.

None of this work would have happened without my dedicated staff. I was delighted with the results of our annual staff survey which found that 99% of respondents felt proud to work for PSOW. I was also pleased with the results of an external assessment by Chwarae Teg which demonstrated an excellent working culture. My thanks to my staff for the excellent work that they have done in delivering justice in Wales.

Key Performance Indicators

Like all public bodies, we measure our performance against a set of Key Performance Indicators (KPIs). The table below presents an overview of our KPIs that were set before the COVID-19 pandemic.

	2018/19	Target 2019/20	2019/20	Target 2020/21
KPI 1: Complaints about public bodies - decision times				
Decision that a complaint is not within jurisdiction < 3 weeks	83%	90%	95%	90%
Decision taken not to investigate a complaint (after making initial enquiries) < 6 weeks	84%	90%	92%	90%
Where we seek early resolution, decision within 9 weeks	85%	90%	94%	90%
Decision to investigate and start investigation within 6 weeks of the date sufficient information is received	55%	80%	67%	80%
KPI 2: Complaints about public bodies which are investigated - cases closed				
Cases closed within 12 months	82%	85%	81%	85%
KPI 3: Code of Conduct complaints - decision times				
Decision taken not to investigate within 6 weeks	92%	95%	93%	90%
Decision to investigate and start investigation within 6 weeks of the date sufficient information is received	76%	80%	86%	90%
KPI 4: Code of Conduct complaints which are investigated - cases closed				
Cases closed within 12 months	88%	90%	88%	90%
KPI 5: Customer satisfaction				
<i>2019/20 results and 2020/21 targets show all respondents / those satisfied with complaint outcome.</i>				
Easy to find PSOW	84%	90%	91 / 98%	91 / 98%
Service received helpful	51%	70%	63 / 83%	63 / 83%
Clear explanation of process and decision	71%	80%	65 / 89%	65 / 89%

	2018/19	Target 2019/20	2019/20	Target 2020/21
KPI 6: Compliance				
% of recommendations made and complied with by public service providers in the year	N/A	N/A	72%	N/A
Number of compliance visits	1	3	4	6
KPI 7: HR				
Completion of PRDP (appraisal) reviews	100%	100%	100%	100%
Employee response to staff survey	86%	85%	92%	N/A
KPI 8: Staff training				
% of staff achieving target number of days of continuing professional development	77%	90%	93%	95%
KPI 9: Staff attendance				
Average number of days lost through sickness per member of staff	3.3	< 6	9.0	6.5
% of working days lost through staff sickness	1.2%	2.0%	3.4%	2.5%
% of working days lost through short term sickness	N/A	N/A	1.0%	1%
% of working days lost through long term sickness	N/A	N/A	2.4%	1.5%
KPI 10: Financial				
Cash repaid to Welsh Consolidated Fund	0.5%	< 3%	1.0%	< 3%
Unit cost per case	£599	£700	£669	£700
Support costs as percentage of budget	3.5%	< 5%	4.3%	< 5%
External Audit Opinion on Accounts	Unqualified accounts	Unqualified accounts	Unqualified accounts	Unqualified accounts
Internal Audit Opinion on internal controls	Substantial Assurance	Substantial Assurance	Substantial Assurance	Substantial Assurance
KPI 11: Complaints about us				
Number of complaints received	30	N/A	36	N/A
Number of complaints upheld	9	N/A	7	N/A
KPI 12: Sustainability				
Waste (kg)	31,110	<30,000	26,996	26,000
Electricity (kWh)	106,701	<100,000	104,521	104,000

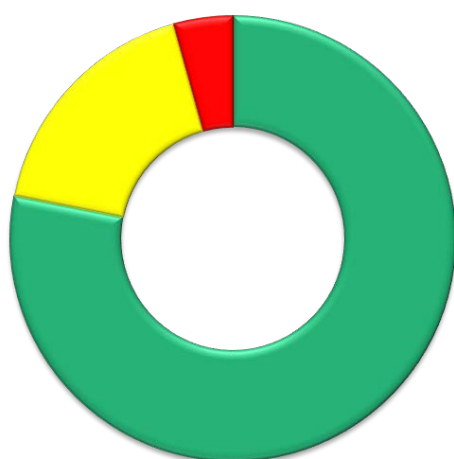
Financial Management

Resource Out-turn	£000s	£000s	Change
2019/20	Budget	Actual	Variance
Net Resource	4,954	4,871	83
Net Cash Requirement	4,884	4,836	48

The arrangements for financial management and internal control have been independently reviewed by Deloitte as the PSOW's internal auditors. Their Internal Audit Annual Report in respect of the year 2019/20 stated: 'Based on the work we have undertaken during the year we are able to conclude that the Public Services Ombudsman for Wales (PSOW) has a basically sound system of internal control, which should provide substantial assurance regarding the achievement of PSOW's objectives.' Their reports highlighted the satisfactory internal control framework in place within the organisation and made recommendations for improvement where necessary.

The Auditor General gave the annual accounts for the year 2019/20 an unqualified audit opinion in keeping with previous years.

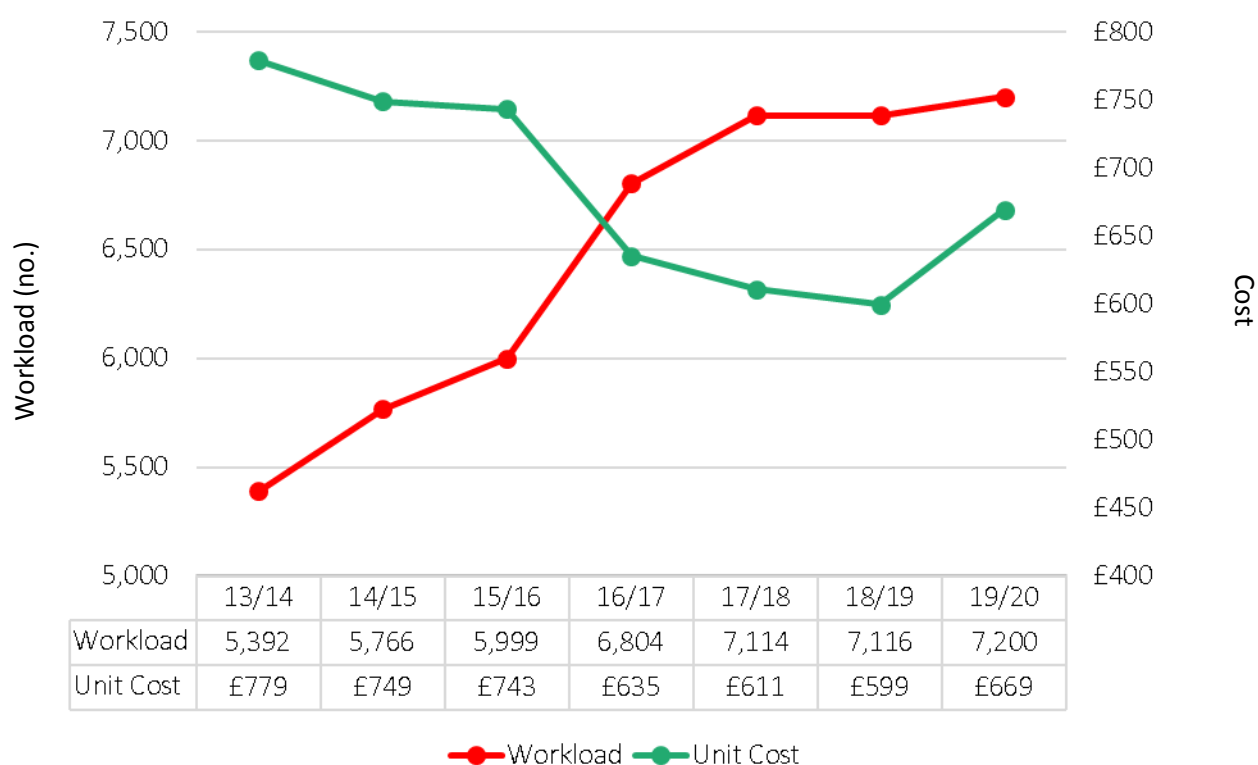
The PSOW has worked on the principle that the overheads of the office should be less than 5% of the total expenditure. This is evidenced in the analysis of expenditure on the aims and objectives of my Strategic Plan, as set out in the Annual Accounts, where overheads are identified as 4% of total costs.



- Complaints Service 78%
- Improve Public Services 18%
- Accountability and value for money 4%

The majority of our resources (78%) continue to be applied to complaints handling

Unit Costs – Revenue Expenditure



We've seen a 34% rise in workload over the last 7 years and a 14% reduction in unit costs, in real terms

PSOW Act 2019 expenditure	
	£000s
Staff costs	171
Communications	25
Office costs	9
Capital	8
Training & Recruitment	5
Computer services	5
Premises	4
Travel & Subsistence	4
Total spent on New Powers	231
Budget	251
Variance	20

We spent 92% (£231k) of the funding we budgeted to spend on implementing the new PSOW Act.

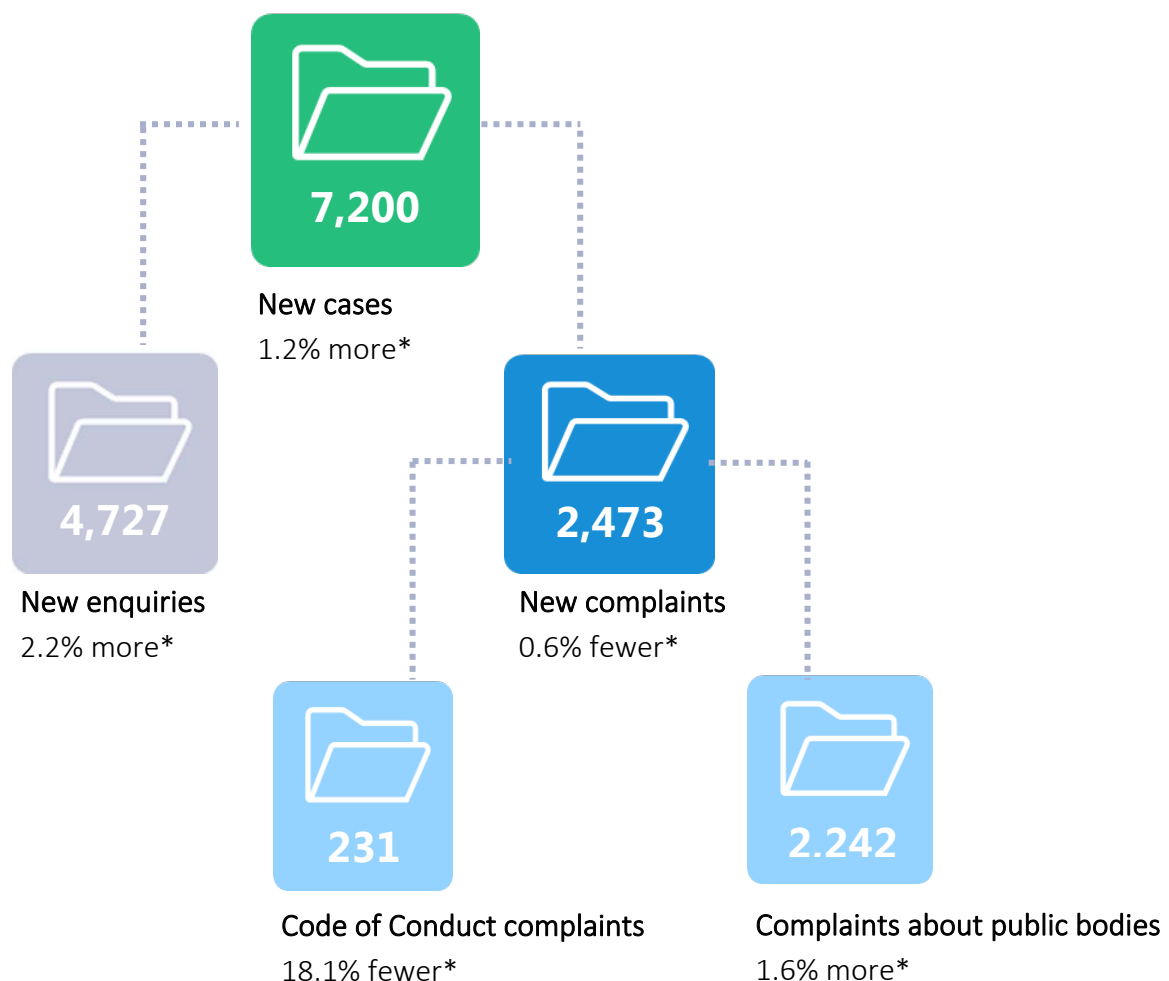
See Appendix B for summary of progress on new powers.

The Complaints Service: Our caseload volumes and trends

New caseload

Every year, we are contacted by thousands of individuals. Continuing the trend over recent years, in 2019/20 **the number of contacts with our office increased by 1.2% to 7200**—the highest since the establishment of the office.

As in previous years, **around 65% of new cases involved enquiries rather than complaints.** We welcome all contacts with our office, and we continue to work to raise awareness of our role and our powers, to help people understand when and how we can help.



* compared to 2018/19

Corporate Plan – 2019/2022

Our Vision for public services in Wales

Services that actively listen and learn from complaints.

Our Mission

To uphold justice and improve public services.

Our Strategic Aims

Strategic Aim 1: Deliver Justice

A fair, independent, inclusive and responsive complaints service.

Strategic Aim 2: Promote Learning, Work to Improve Public Services

Promote learning from complaints and stimulate improvements on a wider scale.

Strategic Aim 3: Use Resources Wisely and Future-proof The Organisation

Identify and adopt best practice. Secure value for money and services that are fit for the future. Support staff and ensure good governance which supports and challenges us.

Projected Casework and Expenditure to 2021/22

- Enquiries and Public Body Complaints are projected to increase by 5% over the next year but the effect of Covid-19 on casework and expenditure is yet to be fully determined.
- Resource expenditure is planned to reduce in real terms compared to 2020/21.

Casework	2019/20	2020/21	2021/22
	Actual	Budget	Estimate
Enquiries (no.)	4,727	4,963	5,211
Complaints - Public Body (no.)	2,242	2,357	2,475
Complaints – Code (no.)	231	240	250
	7,200	7,560	7,936
		5%	5%
	£000s	£000s	£000s
Resource expenditure	£4,871	£5,110	£5,110
Unit Cost	£677	£676	£644

2021/22 Estimate

Background

The Finance Committee of the National Assembly for Wales, now Senedd Cymru Welsh Parliament, developed a Statement of Principles that Directly Funded Bodies should consider when preparing their annual budget proposals. The principles are:

- Budget requests should be set in the context of the long-term financial funding situation in Wales and funding pressures in the wider public sector.
- Requests should show how annual and multi-annual objectives will be prioritised, monitored and achieved.
- Bodies should not assume an increase in funding, regardless of the block grant change as any increase to their funding reduces resources available to other devolved public bodies.
- Bodies should continually seek to improve processes and accrue efficiencies.
- Where any increases in funding are requested, these should be backed by evidence both of the need, benefit and attempts that have been made to reduce such costs. Also, the consequences of not obtaining the requested increase in resource should be made clear and quantified.

Information that will be made available to assist in budget preparation will include the latest guidance on public sector pay remits, GDP deflator forecasts, forecasts of devolved taxes and the Welsh Government's best possible assessment of the overall level of funding available in future years.

Assumptions:

- The effect of Covid-19 on casework and expenditure is yet to be fully determined.
- Staffing levels are assumed to remain at April 2020 levels.
- Any pay award in 2021/22 to be funded by efficiency savings.
- Contractual increments to be funded by PSOW through process improvements and other internal efficiency savings.
- GDP deflator 0.1% as per OBR Fiscal Sustainability Report July 2020.
- IT costs in line with 3-year plan as part of wider Technology Roadmap to 2029/30.
- The outcome of the rent review in August 2020 was to fix the lease at the current rental for 4 years, followed by a modest increase in the 5th year.
- The implementation of IFRS 16 Leases has been delayed to 2021/22 and Welsh Government have requested that the final Estimate submitted to Finance Committee be prepared on a pre-IFRS basis. The overall effect on resource will be minor and reflected in the first Supplementary Budget.

Estimate Summary:

The Estimate for 2021/22 is shown at Appendix A. The Resource and Cash requirements are unchanged from the 2020/21 budget at £5,110k and £5,070k respectively.

The PSOW intends to fund pay and inflation pressures from:

- Staff efficiencies through reorganisation
- Churn
- Changes to working practices such as working from home
- Continuing to bring services such as translation in-house
- ITC efficiencies following investment in hardware and Case Management System
- Improved website including self-serve and signposting facilities
- Paperless office
- Strict budgetary control of key areas, such as professional fees for advice on casework.

Detailed Analysis

Salaries and Related Costs

Staff pay is linked to Local Government NJC pay negotiations. The final pay offer of 2.75 per cent made by the employers' side was accepted in August 2020. This was 0.75% higher than included in last year's Estimate but will be managed within the allocated budget. Any pay increases in 2021/22 will be met from efficiencies. No change to NI and Pensions contributions are anticipated.

Premises and other leases

The major item of expenditure is rental of the premises at Bocam Park, which was subject to a rent review in August 2020. PSOW has negotiated to fix the lease at the current rental for 4 years followed by a modest increase in the 5th year. Photocopiers were purchased outright in 2019/20 thereby reducing leasing charges.

Computer Systems and Support

Major investment in IT hardware and the Case Management System was made in 2018/19 with the aim of increasing efficiencies and resilience. This investment has helped staff to work successfully from home during the pandemic. The budget is increased to £212k to reflect an increase in IT support costs.

Office Costs

The reduction of £19k reflects efficiencies in the use of resources such as paper, printing, postage and courier services, and the purchase of photocopiers in 2019/20. Expenditure has been also been reduced through in-house translation and a move to online library services.

Professional Fees

The figure of £246k includes legal, internal audit and other professional services as well as external advisers. Efficient management of our professional advisers has reduced costs despite an increased caseload.

Travel, Training and Recruitment

The reduction of £15k reflects reduced travelling costs and no plans for significant staff recruitment in 2021/22.

Communications

Reduced activity in organising seminars and conferences, as well as use of in-house translation for communication materials, will deliver savings of £4k.

Depreciation

Depreciation of fixed assets remains unchanged at £60k.

Contingencies

This budget estimate does not include any contingency provision for meeting unexpected items of expenditure, such as legal challenges to my casework decisions.

Appendix A – Estimate 2021/22

Estimate	2020/21	2021/22
PSOW Expenditure	Budget	Estimate
	£000s	£000s
Staff salaries and related costs	£3,889	£3,985
Premises and facilities, including leases	£425	£379
Professional fees	£280	£246
ICT costs	£190	£212
Office costs	£118	£99
Travel, training and recruitment	£90	£75
Communications	£50	£46
Total Revenue Expenditure	£5,042	£5,042
Total Income	(£17)	(£17)
Net Revenue Expenditure	£5,025	£5,025
Capital Expenditure	£25	£25
Total Operational Resource	£5,050	£5,050
Depreciation and amortisation charges	£60	£60
Total Resource Expenditure	£5,110	£5,110
Depreciation and amortisation charges	(£60)	(£60)
Other non-cash movements	£20	£20
Cash Requirement from WCF	£5,070	£5,070

Appendix B- Update on new powers

The Public Services Ombudsman (Wales) Act 2019 gained Royal Assent on 22 May 2019. Some provisions of the Act commenced then, with those relating to the new powers generally coming into force on 23 July 2019.

This annex reports on the progress made to date and the plans for the future. The 2019 Act made a number of changes to previous legislation and in particular gave the Ombudsman power to

1. Accept complaints other than in writing
2. Undertake investigations on the Ombudsman's own initiative
3. Set complaints handling standards for public services in Wales
4. Investigate some elements of private healthcare where these are provided as part of a largely public course of treatment.

Preparations

Additional staff were recruited to Complaints Standards and Own Initiative roles in Summer 2019. On 1 August 2019, consultation on the following commenced:

- Criteria and Procedure for Own Initiative Investigations
- Complaints Handling Principles, Policy and Guidance.

Responses to the consultation were positive, with some comments that resulted in a number of small changes to the documents. The Own Initiative Criteria and Complaints Handling Principles were laid before the National Assembly for Wales on 18 October. The legislation allows for these to be published as agreed documents if there are no Assembly resolutions to the contrary within 40 days. After allowing for Assembly recess, this meant that the Own Initiative Criteria and Complaints Handling Principles were published and took effect in January 2020.

Complaints other than in writing

Our systems have been developed to allow us to record the number of complaints other than in writing. So far these have been oral complaints, and we took 45 oral complaints during 2019/20. These have allowed people who might not otherwise have been able to make a complaint to do so. Whilst it is early days, there is some indication that this has also helped to establish more focused complaints, helping both the complainant and our staff.

We had planned to promote the availability of this service during the current year, but this has been delayed by the Covid-19 pandemic. We will be working on this and are arranging for public bodies to advise those who complain to them that we can consider oral complaints.

Own Initiative Investigations

Once the criteria for Own Initiative Investigations were confirmed, a proposal for the first own Initiative Investigation was prepared for consultation. Following engagement with public bodies, and third sector organisations, the subject selected was the homelessness assessment and review process. With what turned out to be unfortunate timing, the consultation on the proposal was launched on 13 March, not long before the Covid-19 pandemic took hold in the UK. The consultation was paused once lockdown began.

The chosen subject has since been reviewed and refined, to ensure that the investigation remains relevant and takes account of the impact of Covid-19 on homelessness and of the changes made by public services in the light of the pandemic. A consultation on the revised proposal is being undertaken, with a launch at the Chartered Institute of Housing conference on 23 September 2020.

Complaints Handling Standards

Consultation on the general Model Complaints Handling Procedure and Guidance closed in summer 2019, and these documents have now been finalised. They were to be formally introduced in March 2020, but this has been delayed by the pandemic, which has substantially affected the ability of public service to devote additional attention to these areas.

Prior to March, Complaints Standards staff engaged extensively with public bodies in Wales, with visits to 21 Local Authorities and 5 Health Boards. Standardised Complaints Data recording has been established for Local Authorities and 30 training days (worth c.£90k) had been arranged. Regrettably this has been cancelled but virtual sessions (via Zoom/Microsoft Teams) have now been arranged, starting in September 2020.

Complaints Handling Principles, the Model Complaints Handling Policy and Guidance will be issued in September 2020 to Local Authorities, for compliance by April 2021. Health Boards, that must comply already with the requirements of Putting Things Right, will follow.

For 2021/22, quarterly reporting of Complaints Data will extend to Health Boards, and work will be done to engage with Housing Associations to improve complaints handling and gather complaints data. Once this is complete, the public bodies generating 95% of the Ombudsman's caseload will be covered by Complaints Standards.

Elements of Private healthcare

The power introduced under the new legislation allows the Ombudsman to investigate elements of private healthcare where this was relevant to a complaint about healthcare in a predominantly public setting. When the legislation was being developed, it was clear that the power would be used only occasionally. Whilst it is a valuable power to have, and one welcomed at the time, it is not a power that has yet been used.

Costs and Benefits of the 2019 Act

Direct Costs associated with the new powers are being recorded and reported, and work is ongoing to develop analysis of indirect costs (for example opportunity costs affecting public service providers), cost avoidance and benefits. An outline methodology has been developed and is being independently reviewed. This will form the basis for annual reporting on costs and benefits, and this will be included in the Ombudsman's Annual Report & Accounts.

Conclusion

Covid-19 has undoubtedly affected the full implementation of the new powers provided by the 2019 Act. However, substantial progress has been made, supporting the aims of improving social justice and protecting the most vulnerable in society, recognising that they are often those most reliant on public services. Progress will be made this year and in 2021/22 to further these important aims.