

Finance Committee
Scrutiny of Public Services
Ombudsman for Wales's
Estimate for 2017-18

November 2016



National Assembly for Wales
Finance Committee

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Finance Committee

To carry out the functions of the responsible committee set out in Standing Order 19; the functions of the responsible committee set out in Standing Orders 18.10 and 18.11; and consider any other matter relating to the Welsh Consolidated Fund.

Current Committee membership:



Simon Thomas AM (Chair)
Plaid Cymru
Mid and West Wales



Mike Hedges AM
Welsh Labour
Swansea East



Steffan Lewis AM
Plaid Cymru
South Wales East



Eluned Morgan AM
Welsh Labour
Mid and West Wales



Nick Ramsay AM
Welsh Conservative
Monmouth



Mark Reckless AM
UKIP Wales
South Wales East



David Rees AM
Welsh Labour
Aberavon



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Recommendations

Recommendation 1. The Committee recommends that the Ombudsman informs the Committee of developments in clinical advice collaboration with other ombudsmen and its impact on costs. Page 10

Recommendation 2. The Committee recommends that, following the full actuarial three-year evaluation in March 2017, the Ombudsman should update the Committee on any decisions taken in relation to the Local Government Pension Scheme, such as moving to a no-risk pension fund..... Page 12

01. Introduction

The Public Services Ombudsman for Wales's estimate

1. The Public Services Ombudsman for Wales (“the Ombudsman”) produces an estimate (“the estimate”) for each financial year in accordance with the Public Services Ombudsman (Wales) Act 2005,¹ as amended by the Government of Wales Act 2006.² 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 on the Welsh Consolidated Fund.³

2. Standing Order 20.23 sets out that:

“The Ombudsman must submit the estimate of income and expenses required under paragraph 15 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005 to the responsible committee as soon as practicable but in any event no later than 1 November in each financial year.”⁴

3. The estimate for 2017-18 was submitted to the Finance Committee on 22 September 2016.

4. The Committee is responsible for reporting on this estimate. Standing Order 20.24 sets out:

“The responsible committee must consider and lay before the Assembly, no later than 22 November, the estimate, with any modifications which the Committee, having consulted and taken into account any representations made by the Ombudsman, considers appropriate.”⁵

5. The Committee considered the Public Services Ombudsman for Wales’s estimate on 5 October 2016 (Annex B).

Conclusion 1. The Committee notes the detail in the “Public Services Ombudsman for Wales: Estimate 2017/18” and, subject to the comments and recommendations in this report, supports the overall request for resource.

¹ [Public Services Ombudsman \(Wales\) Act 2005](#)

² [Government of Wales Act 2006](#)

³ [Public Services Ombudsman \(Wales\) Act 2005, Schedule 1, paragraph 9\(6\)](#)

⁴ [National Assembly for Wales, Standing Orders of the National Assembly for Wales](#)

⁵ *ibid*

02. The Ombudsman’s overall estimate for 2017-2018

Overall changes to the Ombudsman’s estimate for 2017-2018

6. The estimate for 2017-18 seeks a 3.9 per cent increase in Total Managed Expenditure (TME) for 2017-18. This amounts to an additional net cash requirement of £158,000 and compares to a 4 per cent increase in Welsh Government TME.⁶

Sufficiency of the estimate to meet the Ombudsman’s statutory obligations

7. The estimate states that the Finance Committee in the Fourth Assembly asked the Ombudsman not to alter the criteria for taking on complaints due to the increasing number of complaints and budget constraints.⁷ Therefore, the Ombudsman notes that the net level of expenditure sought for 2017-18 is that required to “provide the current level of service”.⁸

8. The estimate highlights that the Ombudsman’s workload has continued to rise. Between 2010-11 to 2015-16 the total caseload comprising of Enquiries, Public Body Complaints and Code of Conduct Complaints increased by 112 per cent, with a caseload increase of 4 per cent in the last year (2014-15 to 2015-16).⁹

9. It also notes that the number of complaints is forecast to increase further in 2016-17 and 2017-18 while unit costs continue to fall. When asked how he has facilitated the reduction in per-unit costs, despite the increasing number of complaints, the Ombudsman explained:

“I do believe that that reflects the investment that we have made when it comes to technology, for example. Also, of course, we are trying to put a greater emphasis on improving public services for the future and ensuring that some of the bodies—there are about five or six that are responsible for about a quarter of the complaints that we receive—learn lessons and manage things better in terms of complaints handling in the future.”¹⁰

10. The Ombudsman emphasised the importance of safeguarding current staffing levels and ensuring that they can cope with any future increases - anticipated at 10 to 12 per cent in the next year and 5 to 6 per cent the year after.¹¹

Committee View

11. The Committee recognises the continuing increase in workload and the need to protect the current number of staff in order to manage this upward trend. The Committee also welcomes the Ombudsman’s efforts to reduce the cost of dealing with complaints, despite the consistent caseload increase.

12. The Committee considered the Ombudsman’s estimate for 2017-18 to be both prudent and acceptable, and welcomed the evidence provided by the Ombudsman in both his written evidence and at Committee.

⁶ [Welsh Government draft budget 2017-18](#)

⁷ [Public Services Ombudsman for Wales: Estimate 2017/18, Paragraph 5.10](#)

⁸ *ibid*

⁹ [Public Services Ombudsman for Wales: Estimate 2017/18, Paragraph 5.2](#)

¹⁰ Record of Proceedings, 5 October 2016, Paragraph 6

¹¹ Record of Proceedings, 5 October 2016, Paragraph 22

03. Innovation and collaboration

Complaints workload

13. The Ombudsman’s 2015-16 annual report¹² contains an analysis of the number of complaints by public body sector. It shows that County Councils generate the most complaints, followed by NHS bodies and then social housing. In terms of the change in the number of complaints County Councils have seen a 3 per cent decrease in the last year, NHS bodies have seen a 4 per cent increase and social housing bodies have seen an 18 per cent decrease.

14. When questioned about the public bodies that generate the most complaints, the Ombudsman confirmed:

“I’m happy to say that, although the number of complaints may have increased, the numbers that we have found to be valid have reduced. We’re also seeing local solutions being found and earlier solutions being used to a greater extent. The number of early resolutions has increased from 160 to about 230 over the past year. That’s the greatest increase that we’ve had—”¹³

15. Whilst health complaints have increased by 4 per cent in the last year, the Ombudsman acknowledged that there has been a reduction in the number of upheld complaints.¹⁴

16. The Ombudsman confirmed that out of a total of 662 complaints in the past year:

- five section 16¹⁵ reports were upheld;
- 102 reports were upheld in whole or in part; and
- 113 complaints reached an early resolution.¹⁶

Improvement Officers

17. The annual report notes the introduction of an improvement officer role to engage with “certain bodies in jurisdiction as well as subject leads for areas which continue to affect quality public services”.¹⁷ The Ombudsman indicated his plans to introduce the improvement officer role in his 2016-17 estimate, which led to the previous Fourth Assembly Finance Committee making the following recommendation:

Recommendation 2: The Committee recommends that the Ombudsman monitors the impact of this strategy to reduce the number of complaints and reports back to the Committee in his next estimate. In particular, the Committee would like to see what impact his strategy has on the public bodies that generate the most complaints.¹⁸

¹² [Public Services Ombudsman for Wales Annual Report 2015-16, Page 17](#)

¹³ Record of Proceedings, 5 October 2016, Paragraph 9

¹⁴ Record of Proceedings, 5 October 2016, Paragraph 38

¹⁵ [Public Services Ombudsman \(Wales\) Act 2005, Section 16](#)

¹⁶ Record of Proceedings, 5 October 2016, Paragraphs 66-71

¹⁷ [Public Services Ombudsman for Wales Annual Report 2015-16, Page 25](#)

¹⁸ [Fourth Assembly Finance Committee Report: Scrutiny of Public Services Ombudsman for Wales’s Estimate for 2016-17](#)

18. The Ombudsman explained that the improvement officers currently work with six bodies - five health boards and one local council. Alongside this, some also lead on certain themes: health; planning; and housing.¹⁹

19. When questioned on the impact of his investment in terms of improving complaints handling by those public bodies generating the most complaints, the Ombudsman stated:

“It’s early days, but I am very happy that the six bodies have accepted that there’s work to be done and we’re seeing improvements. Some of those bodies have seen the numbers of complaints they receive coming down. Unfortunately, with one or two, the trend is still going upwards, but even with those, the number of complaints where we find that they are to blame are reducing, and they’re more prepared to seek early resolution, and that’s vital for the people who use those services.”²⁰

Collaboration

20. The Finance Committee in the Fourth Assembly commended the Ombudsman’s efforts to collaborate with other public bodies and recommended that he continued to explore further opportunities to share resources, where appropriate.²¹

21. He told the Committee that “there have been some modest savings”²² in terms of savings from collaboration with other organisations. Namely, a joint tendering exercise for internal audit services with the offices of the Children’s Commissioner and the Older People’s Commissioner.²³ The Ombudsman’s Financial Adviser said:

“It’s impossible to know exactly what would’ve happened if we’d all gone out individually. I think that there must be some economy of scale, to hold it at the prices they were five years ago.”²⁴

22. The Ombudsman confirmed that assurances were sought from the Auditor General for Wales in relation to the joint tendering exercise for internal audit services, as the statutory limitations of the current Public Services Ombudsman (Wales) Act 2005 prevents collaboration directly with Government.²⁵

23. He also highlighted savings for the Future Generations Commissioner, as his office administers payroll for the Commissioner’s office.²⁶

24. At the Committee’s request, the Ombudsman agreed to provide benchmarking information against relevant organisations in Wales and other ombudsman schemes in the United Kingdom (see Annex C).

¹⁹ Record of Proceedings, 5 October 2016, Paragraph 48

²⁰ Record of Proceedings, 5 October 2016, Paragraph 27

²¹ [Fourth Assembly Finance Committee Report: Scrutiny of Public Services Ombudsman for Wales’s Estimate for 2016-17](#)

²² Record of Proceedings, 5 October 2016, Paragraph 82

²³ *ibid*

²⁴ Record of Proceedings, 5 October 2016, Paragraph 85

²⁵ Record of Proceedings, 5 October 2016, Paragraph 82

²⁶ *ibid*

Committee view

25. The Committee supports the Ombudsman’s targeted approach to improving relationships with certain public bodies, within the confines of his adjudication role. The Committee accepts that it is too early to evaluate the success of the improvement officer role in terms of improving the processes and cultures within those bodies, given that it has only been in place for just over a year.

26. The Committee welcomes the increase in the number of early resolutions and the positive impact this has had on reducing costs for the Ombudsman. However, the Committee is concerned by the growing number of health complaints and the administrative burden this is placing on the NHS, given that the majority of complaints are not upheld.

27. The Committee acknowledges that opportunities to share resources are limited due to the independent statutory nature of the Ombudsman’s role and welcomes his ongoing commitment to exploring collaborative opportunities with legal entities distinct from the Welsh Government.

Conclusion 2. As a result of the Committee’s role being limited to scrutinising the Ombudsman’s estimate only, the Chair has written to the Equality, Local Government and Communities Committee and the Health, Social Care and Sport Committee to raise its concerns regarding levels of health complaints (Annex D).

04. Professional advisors

28. The estimate includes funding of £294,000 for “Advisory and legal fees”, a fall from £310,000 in 2016-17 but an increase from £250,000 in 2015-16.²⁷ The Ombudsman explains that some reliance is placed on advisers engaged through an arrangement with the Office of the Parliamentary and Health Service Ombudsman (PHSO), which charges his office.²⁸ He also states:

“The PHSO has advised that they may no longer be able to provide this service and as a consequence there are likely to be increased costs to my office to obtain alternative advice. This is not currently accounted for in this estimate.”²⁹

29. During the evidence session, the Ombudsman clarified that the expected increase in costs were not included in the estimate as they are currently unknown. He said:

“...I can reassure the committee that I expect them to be small and modest. We are currently working through a revised system of clinical advice, not just with the Parliamentary and Health Service Ombudsman but also with our other partner ombudsmen in Northern Ireland, Gibraltar and Scotland as well. Now, there could be considerable costs to all those jurisdictions if we were to see a non-collaborative approach, shall we say, from the PHSO, but I’m pleased to say that we’ve had assurances that there will be a co-productive approach to us coming up with a new system during the rest of this financial year.”³⁰

30. The Ombudsman stated that his aim would be to contain clinical advice costs within the existing level of funding. If this is not possible, he indicated that he may need to come back to the Committee with a supplementary budget.³¹

Committee view

31. The Committee notes that the Ombudsman does not anticipate requiring a supplementary budget for costs associated with seeking clinical advice, but remains concerned given the continued rise in the number of health and social care complaints.

Recommendation 1. The Committee recommends that the Ombudsman informs the Committee of developments in clinical advice collaboration with other ombudsmen and its impact on costs.

²⁷ [Public Services Ombudsman for Wales: Estimate 2017/18, Appendix A](#)

²⁸ [Public Services Ombudsman for Wales: Estimate 2017/18, Paragraph 7.2](#)

²⁹ *ibid*

³⁰ Record of Proceedings, 5 October 2016, Paragraph 57

³¹ Record of Proceedings, 5 October 2016, Paragraph 58

05. Pay and pensions

Pensions of former Ombudsmen

32. In the Ombudsman’s previous estimate for 2016-17, he stated that his office had absorbed higher than expected costs relating to the pensions for the former Ombudsmen.³² This liability relates to three local government commissioners who were paid pensions by their organisations, rather than via the pension scheme. The Ombudsman continues to have a liability for life to pay their pensions and the costs are met from within the Ombudsman’s budget allocation.

33. The Committee queried whether the pensions of former Ombudsmen are still placing additional cost pressures on the budget. The Ombudsman’s Financial Adviser confirmed that the liability had fallen by £140,000 due to the death of the last surviving former local government commissioner and also one of the surviving spouses.³³

Local Government Pension Scheme

34. In his estimate, the Ombudsman states that some members of staff are members of the Local Government Pension Scheme (LGPS) and a deficit has been identified since 2010/11. The LGPS deficit was £230,000, as of 31 March 2016.³⁴

35. When asked if the remaining pension deficit is still expected to be fully repaid by 2017-18, the Ombudsman said “we can’t guarantee it, but, certainly, recent trends would indicate that we’re on target”.³⁵ The Ombudsman’s Financial Adviser added:

“There’s a full actuarial three-year evaluation taking place in March, which is a very thorough evaluation. I will meet with them to see where we are with this scheme and go through various options. One of those is—because the different bodies that are in that scheme are compartmentalised, it’s possible that, because we’ve such a small value then, we can move into a no-risk pension fund within their fund...”³⁶

Committee view

36. The Committee notes the significant reduction in pension payments for former ombudsmen and the indication that the Ombudsman’s liability for the remaining pensions will continue until 2024-25, based on life-expectancy tables. The Committee also recognises that the Ombudsman is unable to guarantee settlement of the LGPS pension deficit, but is encouraged by the projection that it is on target to be fully repaid by 2017/18.

³² [Fourth Assembly Finance Committee Report: Scrutiny of Public Services Ombudsman for Wales’s Estimate for 2016-17 - Annex C, paragraph 9.3](#)

³³ Record of Proceedings, 5 October 2016, Paragraph 111

³⁴ [Public Services Ombudsman for Wales: Estimate 2017/18, Paragraph 6.1](#)

³⁵ Record of Proceedings, 5 October 2016, Paragraph 103

³⁶ Record of Proceedings, 5 October 2016, Paragraph 104

Recommendation 2. The Committee recommends that, following the full actuarial three-year evaluation in March 2017, the Ombudsman should update the Committee on any decisions taken in relation to the Local Government Pension Scheme, such as moving to a no-risk pension fund.

06. Technology

37. The Ombudsman is seeking an increased allocation for “Computer systems and support” from £149,000 in 2016-17 to £191,000 in 2017-18, which “includes additional funding to progress procurement”.³⁷

38. During the evidence session, the Ombudsman indicated that he was seeking £50,000 to carry out a root-and-branch review of IT systems.³⁸ He explained:

“We’ve made a number of piecemeal reforms, but we’ve got to make sure that we’re fit for the future. We’re determined to do that, but we don’t want to do it in a piecemeal way. We’ve got to be strategic, and that’s why we’re seeking that additional resource this year—so that we procure intelligently, we make sure the system is as effective as it possibly can be in equipping all our valued staff, but also that we don’t lose out on any opportunities to either develop further data analysis or data trends that would inform broader public policy issues, and we engage as best we can with the public, because, of course, technology’s always one step ahead of us, isn’t it, in terms of what people’s expectations are and in terms of what they can do using web-based IT devices? So, it’s a big area, there’s risk associated with it, but that’s why we would seek this specific resource, because if we get it right, everything else will be right as well.”³⁹

Committee view

39. The Committee recognises the need to keep pace with ICT developments and welcomes the Ombudsman’s commitment to share the outcome of the review with the Committee, in order to inform future estimates.

³⁷ [Public Services Ombudsman for Wales: Estimate 2017/18, Paragraph 7.3](#)

³⁸ Record of Proceedings, 5 October 2016, Paragraph 123

³⁹ Record of Proceedings, 5 October 2016, Paragraph 125

Annex A – List of oral evidence sessions

The following witnesses provided oral evidence to the Committee on the dates noted below. A [transcript](#) of the oral evidence session can be viewed on the Committee’s website.

Date	Name and Organisation
5 October 2016	Nick Bennett, Public Services Ombudsman for Wales
	Susan Hudson, Policy and Communications Manager for the Public Services Ombudsman for Wales
	David Meaden, Financial Adviser for the Public Services Ombudsman for Wales

**Public Services Ombudsman for Wales
Estimate for the Financial Year 2017/18**

**Submission to the Finance Committee meeting
of the National Assembly for Wales
5 October 2016**

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1. Introduction

- 1.1 I submit this budget estimate as required by paragraph 15 of Schedule 1 of the Public Services Ombudsman (Wales) Act 2005, as amended by the Government of Wales Act 2006. It sets out the resources required from the Welsh Consolidated Fund to carry out my statutory functions.
- 1.2 This is the first submission of the Public Services Ombudsman for Wales's (PSOW) estimates to the Fifth Assembly and it sets out the resources sought for the financial year 2017/18. The Finance Committee is responsible for considering this estimates submission. The Equality, Local Government and Communities Committee is responsible for considering the work of the office. The PSOW also appears before the Public Accounts Committee as and when required by that Committee. The information provided in this paper relates particularly to those matters within the remit of the Finance Committee.
- 1.3 The Public Services Ombudsman (Wales) Act 2005 establishes the office of the Ombudsman as a 'corporation sole'. The Ombudsman is accountable to the National Assembly for Wales, both through the mechanism of the Annual Report, and as Accounting Officer for the public funds with which the National Assembly entrusts the Ombudsman to undertake his functions.
- 1.4 The resources sought within this paper are aligned with the aims and objectives of my strategic plan, recognising also the level of enquiries and complaints that my office is now dealing with (together with a projected increase over the next year, based on trends since 2010/11). I discuss these further later in this submission.
- 1.5 The net resource expenditure sought for 2017/18 is £4,248k, with a net cash requirement of £4,460k. This represents the funding required to manage the workload of the office at the projected 2017/18 levels and maintains my budget at no more than 0.03% of the Welsh Block.

2. The Role of the Public Services Ombudsman for Wales

2.1 As Ombudsman, I have two specific roles. The first is to consider complaints about public service providers in Wales; the second role is to consider complaints that members of local authorities have broken the Code of Conduct. I am independent of all government bodies and the service that I provide is free of charge.

2.2 Complaints about public service providers

2.2.1 Under the PSOW Act 2005, I consider complaints about bodies which, generally, are those that provide public services where responsibility for their provision has been devolved to Wales. The types of bodies I can look into include:

- local government (both county and community councils);
- the National Health Service (including GPs and dentists);
- registered social landlords (housing associations);
- and the Welsh Government, together with its sponsored bodies.

I am also able to consider complaints about privately arranged or funded social care and palliative care services.

2.2.2 When considering complaints, I look to see whether people have been treated unfairly or inconsiderately, or have received a bad service through some fault on the part of the service provider. Attention will also be given to whether the service provider has acted in accordance with the law and its own policies. If a complaint is upheld I will recommend appropriate redress. The main approach taken when recommending redress is, where possible, to put the complainant (or the person who has suffered the injustice) back to the position they would have been in if the problem had not occurred. Furthermore, if from the investigation I see evidence of a systemic weakness, then recommendations will be made with the aim of reducing the likelihood of others being similarly affected in future.

2.2.3 My Complaints Advice Team also provides the Complaints Wales signposting service, which is an independent and impartial telephone and web based service. It offers advice to members of the public on how to complain about a public service and signposts their complaint to the organisation that provides the service that they wish to complain about, or to the appropriate independent complaint handler or ombudsman.

2.3 Code of Conduct complaints

2.3.1 Under the provisions of Part III of the Local Government Act 2000 and also relevant Orders made by the National Assembly for Wales under that Act, I consider complaints that members of local authorities have breached their authority's Code of Conduct. I can consider complaints about the behaviour of members of:

- county and county borough councils
- community councils
- fire authorities
- national park authorities and
- police and crime panels.

All these authorities have a Code of Conduct which sets out in detail how members must follow recognised principles of behaviour in public life.

3. Corporate Governance

3.1 The constitutional position of a corporation sole means that responsibility and accountability for the activities carried out by my office must remain with me.

3.2 Whilst bearing in mind the constitutional position of a corporation sole, I have established an Advisory Panel which provides both challenge and support to me as Ombudsman. There is also an Audit & Risk Assurance Committee, a sub-committee of the Panel, which provides particular support to me in relation to my responsibilities as Accounting Officer. The work of both these fora over the past year has been addressed in greater detail as part of the Governance Statement within my Annual Accounts for 2015/16, published in July 2016.

4. Financial Performance

4.1 The arrangements for financial management and internal control have been independently reviewed by Deloitte as the PSOW's internal auditors. The work of Deloitte has been planned on the basis of their overall needs assessment. Their reports have highlighted the satisfactory internal control framework within the organisation and made recommendations for improvement where necessary.

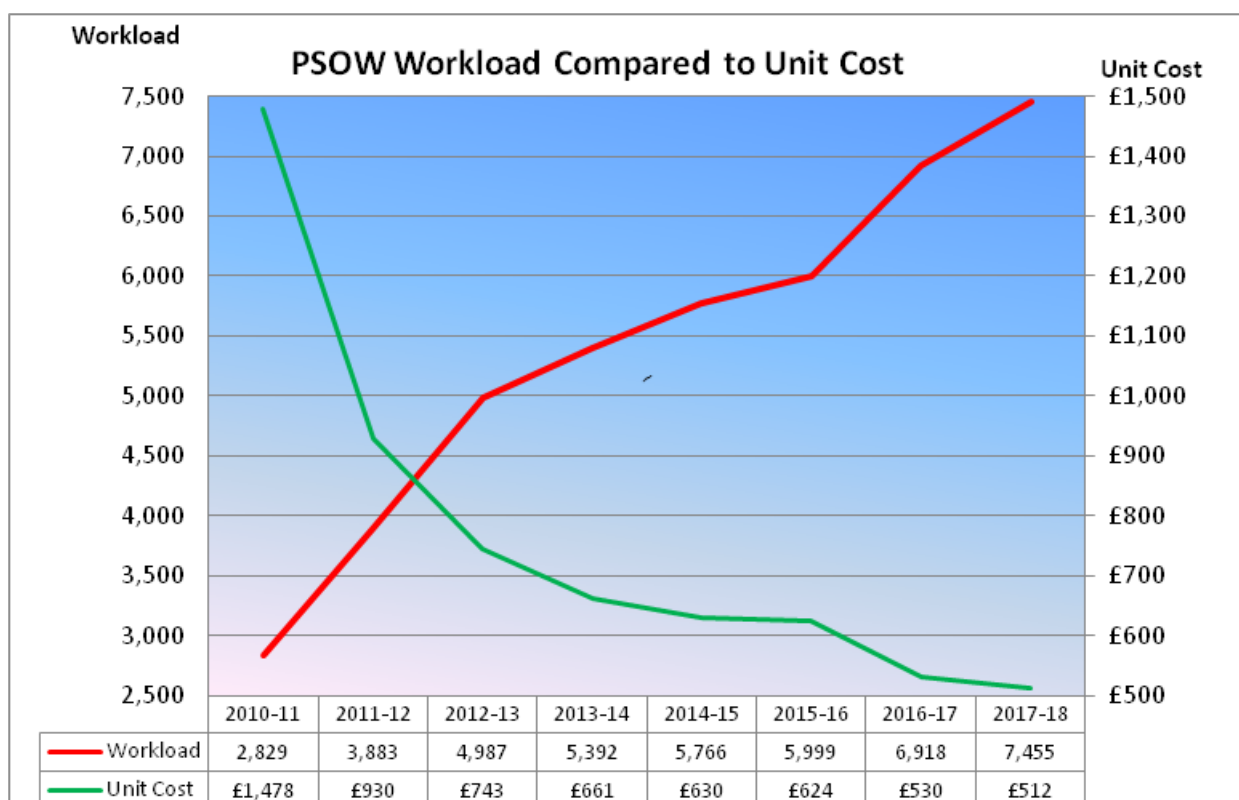
4.2 The Deloitte Internal Audit Annual Report in respect of the year 2015/16 stated: “Based on the work we have undertaken during the year we are able to conclude that the Public Services Ombudsman for Wales (PSOW) has a basically sound system of internal control, which should provide **substantial assurance** regarding the achievement of PSOW’s objectives.” Their reports highlighted the satisfactory internal control framework within the organisation and made recommendations for improvement where necessary.

4.3 The Auditor General gave the annual accounts for the year 2015/16 an unqualified audit opinion in keeping with all previous years.

5. Efficiency and Effectiveness

5.1 The PSOW has previously reported to the Finance Committee on the concerted effort made to provide a more efficient and effective service at the early stages of the complaints handling process, together with streamlining the investigation stage. These arrangements have continued to be crucial in the context of dealing with the ever increasing number of enquiries and complaints received by my office.

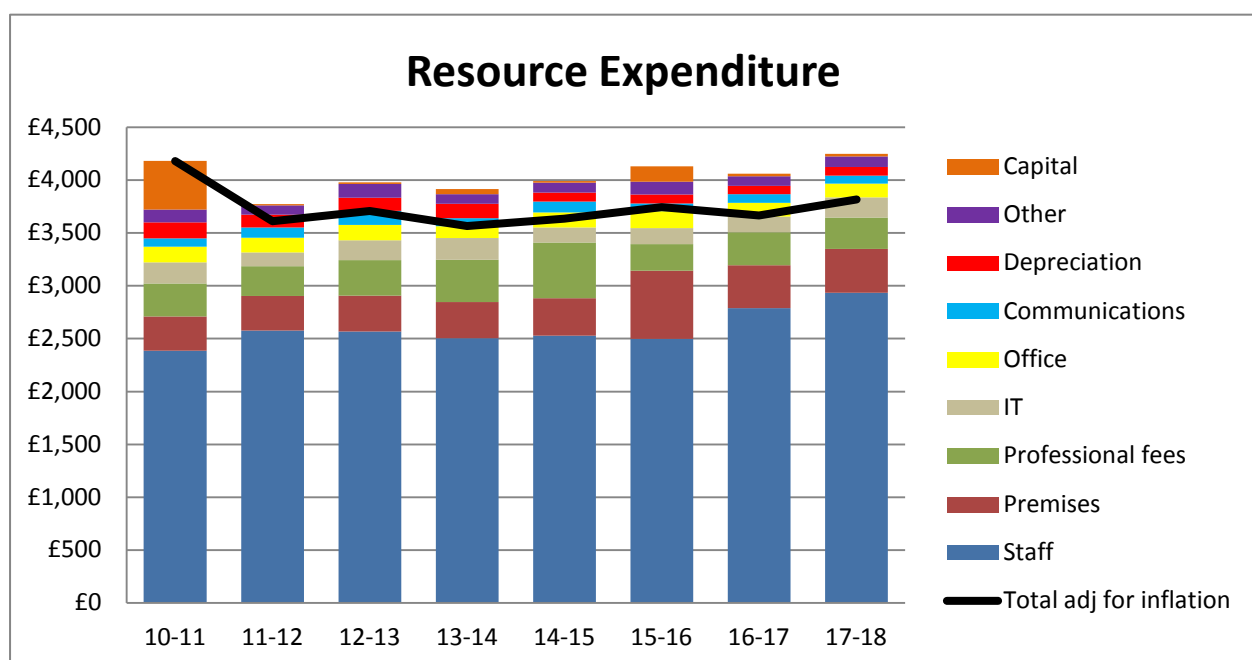
5.2 That upward trend continues. Since the beginning of the decade (2010/11) the workload has already increased by 112% (to 31 March 2016). Furthermore, this is projected to increase to 164% by 31 March 2017. Unit costs have fallen by 65% over the same period, as illustrated below:



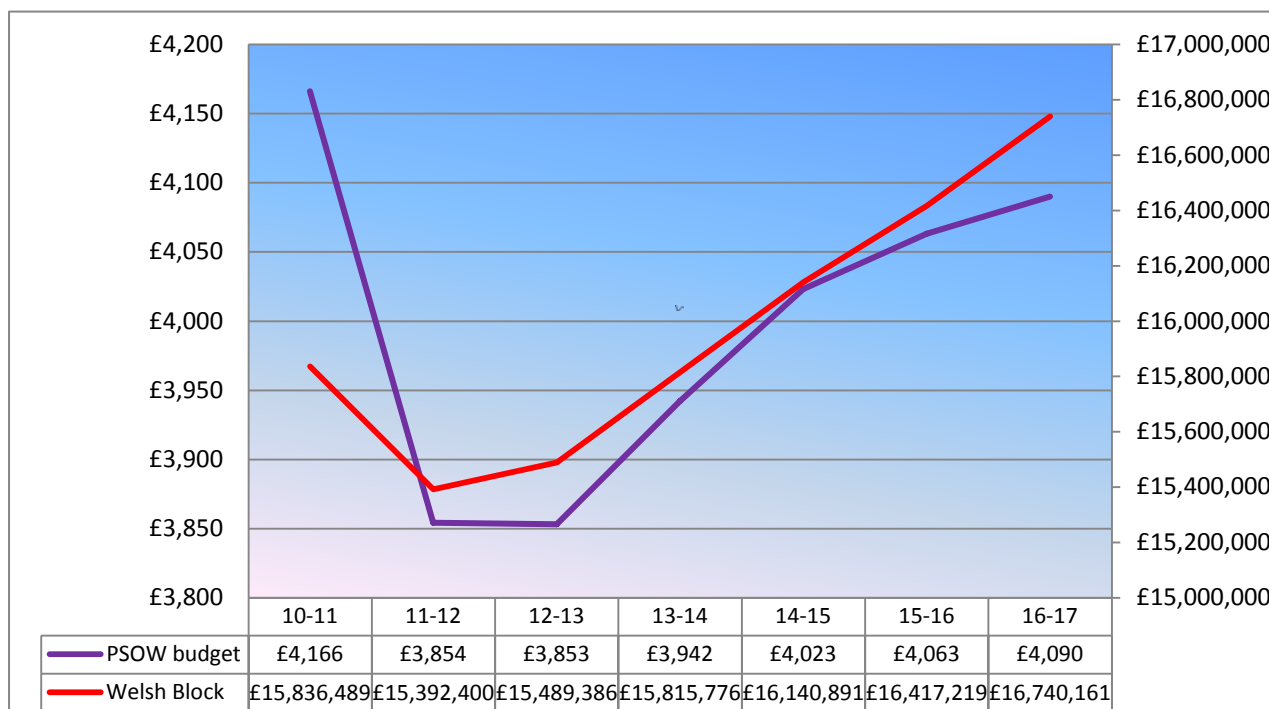
5.3 Over the six year period 2010/11 to 2015/16 the actual number of enquiries and complaints received more than doubled and workload is forecast to increase in 2016/17 and 2017/18. This is summarised in the table below, with further details in Appendix B.

	Actual 10-11	Actual 11-12	Actual 12-13	Actual 13-14	Actual 14-15	Actual 15-16	Forecast 16-17	Estimate 17-18	% change 10-11 to 17-18
Enquiries	1,127	1,866	2,906	3,234	3,470	3,731	4,365	4,736	+320
Public Body Complaints	1,425	1,605	1,790	1,932	2,065	1,992	2,191	2,301	+61
Code of Conduct Complaints	277	412	291	226	231	276	362	418	+51
Total	2,829	3,883	4,987	5,392	5,766	5,999	6,918	7,455	+164

5.4 The funding sought within this estimate is similar to that in 2010/11. In real terms (i.e. adjusted for inflation) it is 9% lower than in 2010/11. This is despite the increase in workload illustrated above. The detail of expenditure is illustrated in the chart below (the bars in the chart illustrate actual expenditure, whilst the line shows what the figures would be like if they were adjusted for inflation). In other words what this demonstrates is that the true value (spending power) of the PSOW budget, as shown by the black line, has declined by £475k in the years 2010/11 to 2016/17. The 2017/18 submission would reduce this to £349k.



5.5 A number of years ago, the office gave the undertaking to limit its financial resource to 0.03% of the Welsh block. It is worth noting that as well as the office budget running below inflation, the PSOW's resources as a proportion of the Welsh block has reduced from 0.026% to 0.024% (all figures in £000s). This is shown below:



5.6 Against the background of efficiencies achieved against the historic increase in cases and the financial resources received by the office, I clearly have to give serious consideration as to the implications of these trends for the future. Finance Committees of the past have been made aware of innovations introduced into the office, including the streamlining of the PSOW's complaints handling processes, etc. Over the past year in particular, we have been working with selected bodies in jurisdiction with a view to improving their complaints handling, with a long term aim of reducing complaints that come to me. In addition, we have been working to increase the number complaints resolved at an early stage. However, many cases are not suitable for this 'light touch' approach to resolution and require full investigation.

5.7 We have also worked hard to make efficiencies across the range of running costs. For example, we have achieved improved office rent terms, progressed our paperless office project, reduced legal reference material costs and generally secured savings across a range of smaller office support services.

- 5.8 I have also continued to seek opportunities to collaborate, where appropriate, with Wales's Commissioners. In particular, my office led on a joint tender process for internal audit services, which included the offices of the Children's Commissioner and the Older People's Commissioner. Furthermore, I have also during 2016 agreed to provide the Future Generations Commissioner with a payroll service in respect of the staff of her office, on a cost neutral basis and saving the taxpayer money.
- 5.9 The situation explained above has been managed through both the innovations introduced and by operating at staff levels below the office establishment, together with delaying recruitment. I am of the view that my staff are already working at full capacity and that we cannot continue to operate with a reduced level of staff.
- 5.10 Previous Finance Committees have asked the Ombudsman not to change criteria for taking complaints forward in the light of tensions between volumes of complaints and budget constraints, without discussing that with the Committee first. It is against this background that this estimate has been prepared. It is my view that the £4,248k net resource expenditure sought for 2017/18 (net cash requirement of £4,460k) is the level of resource required to enable my office to continue to provide the current level of service.

6. Pensions Deficit

- 6.1 Some PSOW staff are members of the Local Government Pension Scheme and a deficit has been identified since 2010/11. The Cardiff and Vale of Glamorgan Pension Fund shows a deficit of £230k as at 31 March 2016. A process is in place to fund this deficit and it is anticipated that by 2017/18 it will have been addressed.

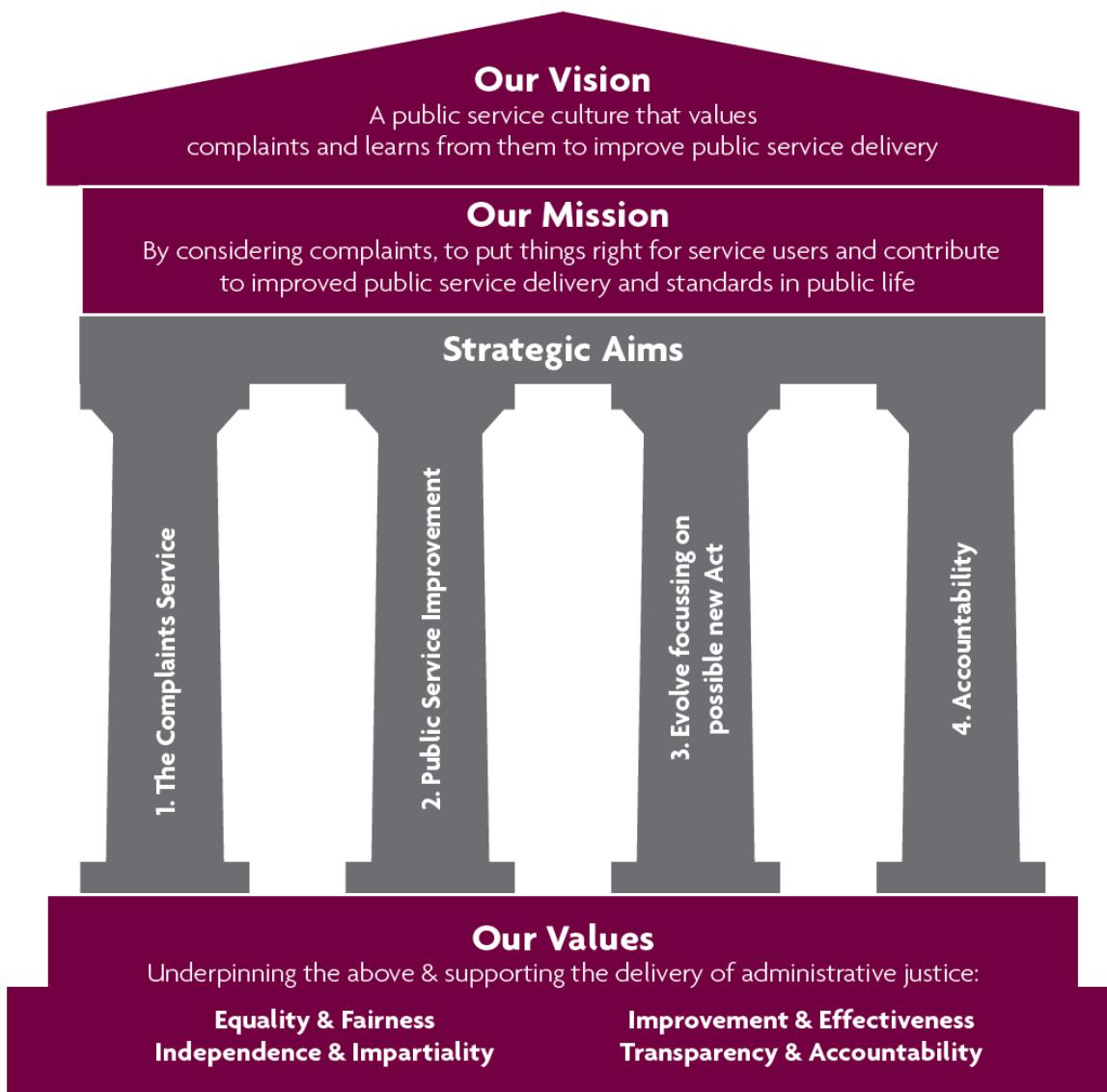
7. Pressures

- 7.1 Staff pay is linked to Local Government National Joint Council pay negotiations. The staff budget reflects a 1% pay increase that has been agreed for each financial year from April 2016 to March 2018 plus the additional costs that arise from the end of contracting out for National Insurance as well as changes to the Civil Service Pension Scheme. This budget will provide full year funding for 58 staff posts, 55 full time equivalents.

- 7.2 I use clinical advisers with expertise in various areas of the health professions to assist me with the consideration of health cases. The office has some reliance on advisers engaged through an arrangement with the Office of the Parliamentary and Health Service Ombudsman (OPHSO), which is subject to a recharge to my office. The PHSO has advised that they may no longer be able to provide this service and as a consequence there are likely to be increased costs to my office to obtain alternative advice. This is not currently accounted for in this estimate submission.
- 7.3 The IT contract will be re-tendered during 2016/17 and there is a need to continue to invest in IT to increase efficiencies. The total cost of £191k includes additional funding to progress procurement.
- 7.4 Finally, I would draw the Committee's attention to the fact that my budget estimate does not include any contingency provision for meeting unexpected items of expenditure, such as legal challenges to my casework decisions.

8. Strategic Planning and to the Future

- 8.1 Last year, under the theme of 'Innovation, Influence and Improvement', I produced a new three year strategic plan, an illustrated summary of which can be found on the following page.
- 8.2 As already demonstrated in this paper, office casework continues on an upward trend and a key focus will remain the office's core complaints service function. We will continue to look to innovate to support our aim of ensuring that we provide a service that is of the highest quality, proportionate and effective. We are also committed to ensuring that the knowledge and insight obtained from the complaints we consider improve complaint handling by public service providers and have an impact in improving public service delivery.
- 8.3 The Strategic Plan also addresses the prospect of a new PSOW Act. A key unknown at the time of presenting this submission to the Finance Committee is the Assembly's intention in relation to taking forward the Draft Public Services Ombudsman Bill produced towards the end of the Fourth Assembly. For the time being, I have not made any provision within these estimates for any additional powers that may be conferred upon the PSOW. However, I draw the Committee's attention to the fact that I may need to submit a Supplementary Estimate should it become clear that a new Act will come to fruition prior to, or during, the financial year in question.



8.4 Needless to say, my staff and I remain committed to being accountable for the service we provide and the public money we spend.

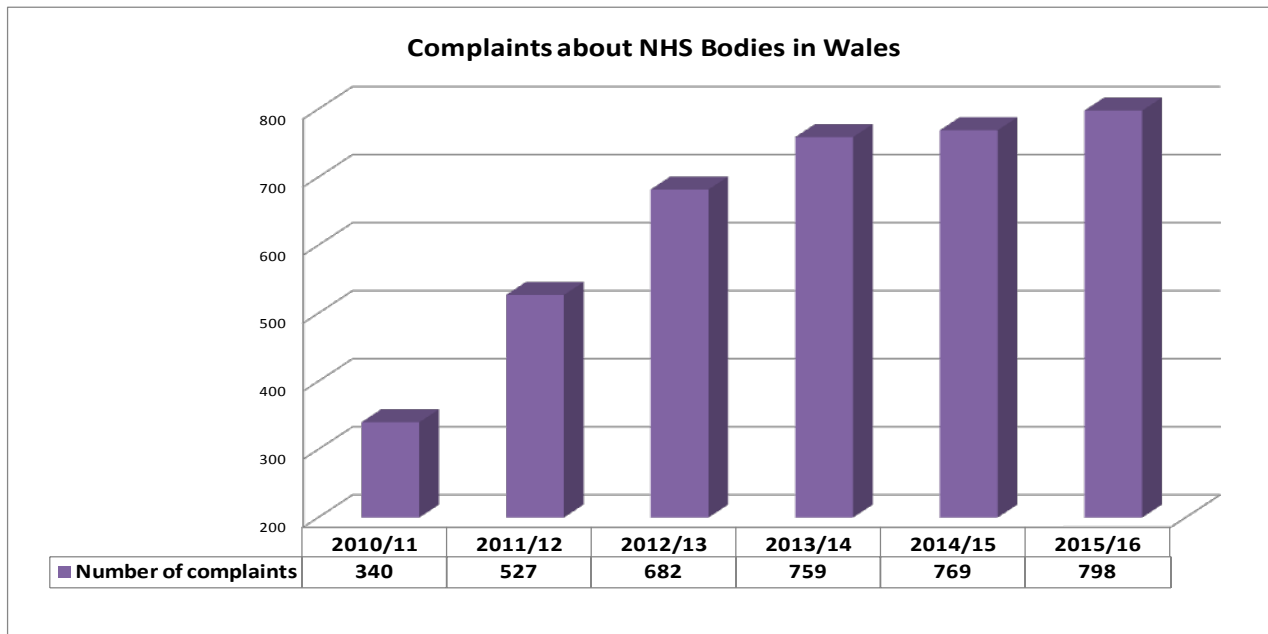
Public Services Ombudsman for Wales
September 2016

Appendix A Estimates 2017/18

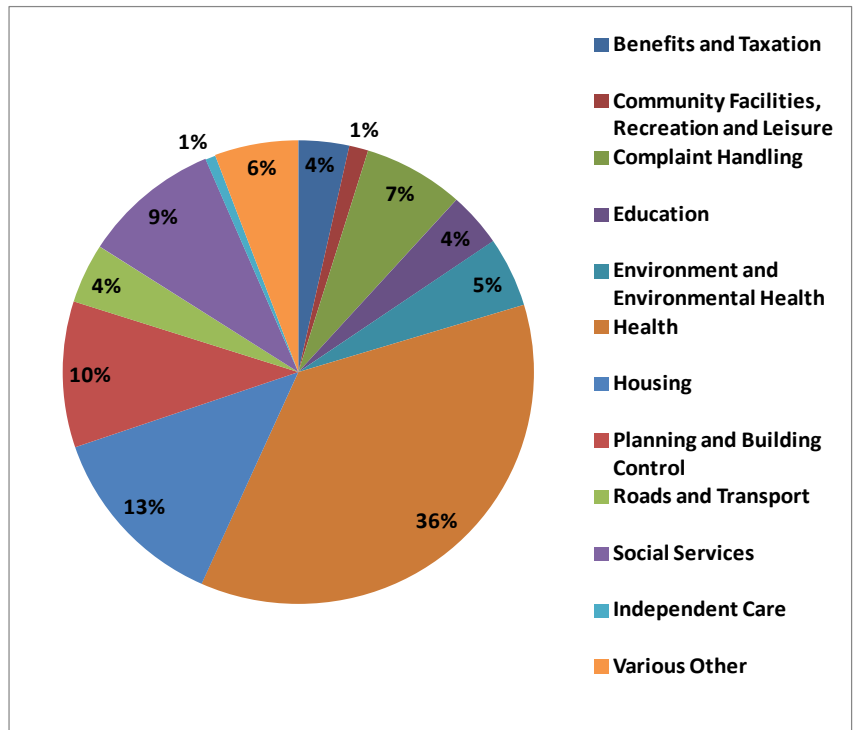
	Actual 2015/16	Budget 2016/17	Estimate 2017/18
	£'000	£'000	£'000
Capital DEL	144	25	25
Fiscal Revenue DEL			
Salaries and related costs	2,498	2,788	2,934
LGPS related costs	266	279	292
	2,764	3,067	3,226
Premises	646	407	416
Computer systems and support	151	149	191
Office costs	161	130	130
Advisory and legal fees	250	310	294
Communications	73	82	78
Training and recruitment	68	40	30
Travel and subsistence	34	29	31
Audit fee	20	20	20
Sub total	4,167	4,234	4,416
Income	0	0	-1
Total Fiscal Revenue DEL	4,167	4,234	4,415
Non cash DEL			
Depreciation	83	80	80
Revenue DEL (B+C)	4,250	4,314	4,495
Total DEL (A+B+C)	4,394	4,339	4,520
Annually Managed Expenditure (AME)			
Movement on LGPS	-266	-279	-292
Provisions movement	11	30	20
Total AME	-255	-249	-272
Total Managed Expenditure A+B+C+D	4,139	4,090	4,248
Resources Required	4,139	4,090	4,248
Depreciation	-88	-80	-80
Change in Provisions	-11	-30	-20
Utilisation of Provisions	266	279	292
Other movements in Working Capital	-93	20	20
Net Cash Requirement	4,218	4,279	4,460

Appendix B Growth in complaints

Within the overall complaints caseload about public service providers, complaints about NHS bodies have increased year on year, and by 135% since 2010/11 as follows:

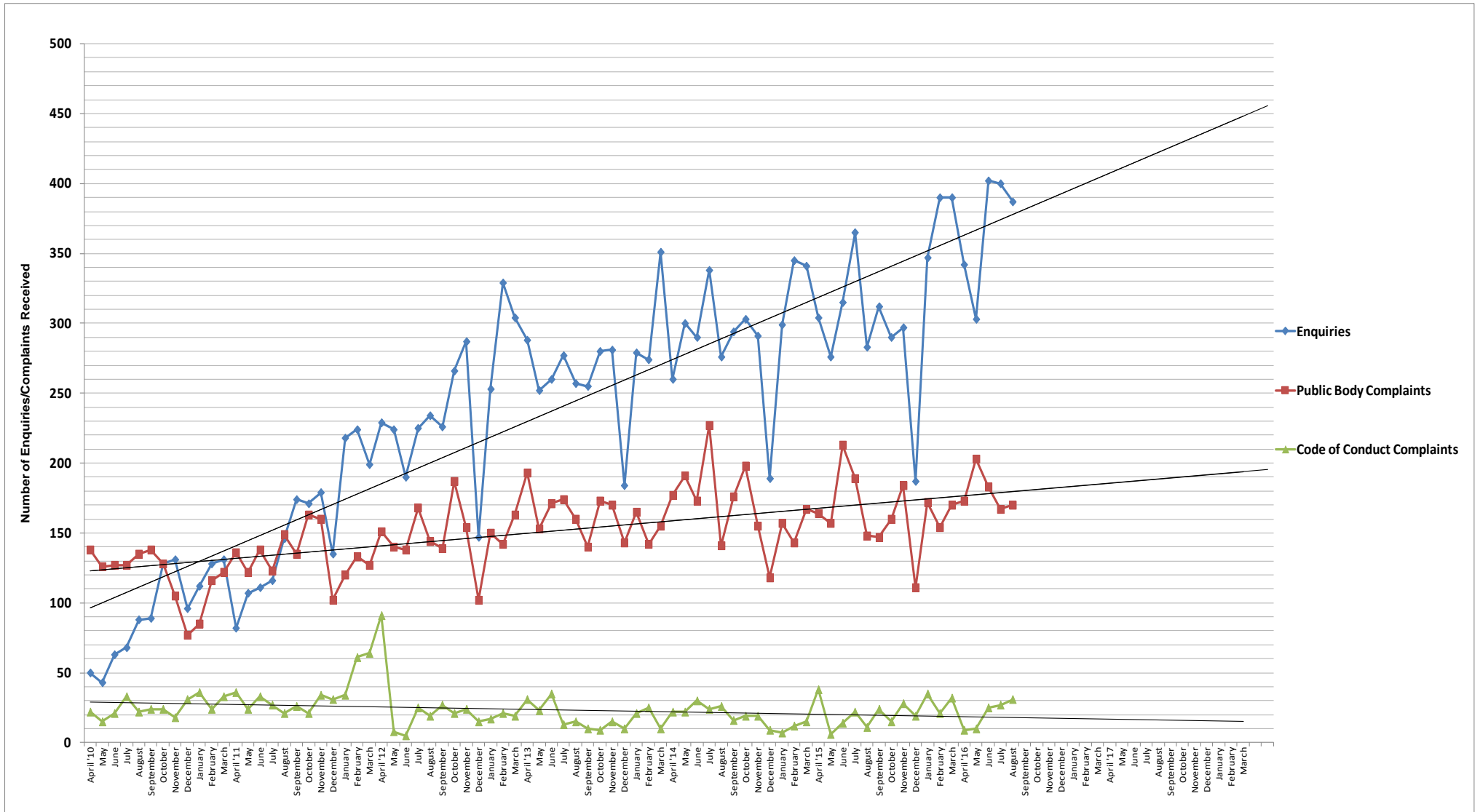



In context of all complaints about public services, health makes up 36% of the caseload as seen in the chart opposite. The growth in health complaints has had particular impact on the work of my office, since complaints about health bodies are invariably the most resource intensive to consider and investigate.



In considering the future implications for my office, and taking data from the beginning of this decade, including the first quarter of 2016/17, the trend lines on the graph overleaf project what the office caseload volume could look like at end March 2018.

Enquiries and Complaints Received per month since 2010/11 to end August 2016 and projected end March 2018





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Our ref: NB/SMH

Ask for:

Your ref:



01656 641150

Date: 13 October 2016



Mr Simon Thomas
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
CARDIFF
CF99 1NA

Dear Chair

Finance Committee – 5 October 2016
Item 4 – Public Services Ombudsman for Wales: Estimate of income and expenses 2017-18

Thank you for the opportunity to give evidence to the Committee on my estimate for 2017/18. I welcomed being able to discuss my estimate submission and I hope that Committee Members found this useful.

I gave an undertaking to the Committee during the evidence session that I would provide further information on the benchmarking information my office had gathered, whereby we have compared operating costs, etc, against relevant organisations in Wales and other ombudsman schemes in the United Kingdom. Accordingly, the information promised is set out in the attached schedule.

Yours sincerely

Nick Bennett
Ombudsman

Public Services Ombudsman for Wales - Benchmarking

	PSOW	Scottish Public Services Ombudsman	Northern Ireland Ombudsman	Parliamentary and Health Service Ombudsman	Local Government Ombudsman	Wales Audit Office	Assembly Commission
2015-16							
Average number of staff	54	48	30	399	159	229	402
Salaries	£1,967,000	£2,000,000	£1,032,000	£15,994,000	£6,471,000	£10,826,000	£14,518,000
NI	£158,000	£156,000	£83,000	£1,260,000	£551,000	£1,095,000	£1,158,000
Pensions	£360,000	£397,000	£221,000	£2,880,000	£2,904,000	£2,339,000	£3,007,000
	£2,485,000	£2,553,000	£1,336,000	£20,134,000	£9,926,000	£14,260,000	£18,683,000
Average salary	£36,426	£41,667	£34,400	£40,085	£40,698	£47,275	£36,114
Average total pay	£46,019	£53,188	£44,533	£50,461	£62,428	£62,271	£46,475
Sick days	5.5	3.5	3.8	6.6	7.6	7.3	8.1
Workload	5,999	5,358	3,057	29,000	20,102	N/A	N/A
Operating Costs	£3,755,000	£3,252,000	£1,953,000	£36,809,000	£12,622,000	N/A	N/A
Unit Cost	£626	£607	£639	£1,269	£628	N/A	N/A

Notes:

Information obtained from published Annual Reports and Accounts

Operating costs adjusted for extraordinary items identified in Annual Accounts

PHSO data is for 2014-15

John Griffiths AM

Chair of the Equalities, Local Government and
Communities Committee

Dai Lloyd AM

Chair of the Health, Social Care and Sport Committee

10 November 2016

Dear John and Dai,

PUBLIC SERVICES OMBUDSMAN FOR WALES: ESTIMATE OF INCOME AND EXPENSES 2017-18

On the 5 October 2016, the Finance Committee considered the Public Services Ombudsman for Wales's estimate for 2017-18.

During the evidence session, we learnt that the number of health complaints received by the Ombudsman continued to rise by 4 per cent last year. Of the 662 Local Health Boards/NHS Trust complaints in the past year:

- Five section 16 reports were upheld;
- 102 reports were upheld in whole or in part; and
- 113 complaints reached an early resolution.¹

The Committee welcomes the increase in the number of early resolutions and the positive impact this has had on reducing costs for the Ombudsman. We also recognise the need to ensure that a robust system is in place to hold public bodies in Wales to account. However, Members are concerned by the growing number of health complaints and the administrative burden this is placing on the NHS, given that the majority of complaints are not upheld.

¹ Record of Proceedings, 5 October 2016, Paragraphs 66-71



As you will be aware, the Finance Committee's responsibilities are limited to considering the Ombudsman's use of resources, or expenditure from the Welsh Consolidated Fund. Therefore, we wanted to draw our concerns to the attention of both of your Committees. We wondered whether this is an area that the Equality, Local Government and Communities Committee can explore further when it considers the Ombudsman's Annual Report 2015-16, or the Health, Social Care and Sport Committee may wish to consider why there are increasing numbers of complaints within the Health Service in Wales

The Finance Committee will include the following conclusion in its report on the Ombudsman's estimate for 2017-18:

As a result of the Committee's role being limited to scrutinising the Ombudsman's estimate only, the Chair has written to the Equality, Local Government and Communities Committee and the Health, Social Care and Sport Committee to raise its concerns regarding levels of health complaints.

The Finance Committee's report will be laid before the Assembly by 22 November 2016.

Yours sincerely,



Simon Thomas
Chair

