

Annual Scrutiny of the Public Services Ombudsman for Wales

November 2024



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November 2024



About the Committee

The Committee was established on 23 June 2021. Its remit can be found at:
www.senedd.wales/SeneddFinance

Current Committee membership:



Committee Chair:
Peredur Owen Griffiths MS
Plaid Cymru



Peter Fox MS
Welsh Conservatives



Mike Hedges MS
Welsh Labour



Rhianon Passmore MS
Welsh Labour

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Recommendations and Conclusions

Recommendation 1. The Committee recommends that future Annual Reports provide an overview of why KPI targets have been adjusted and that KPI data for each year of the Strategic Plan is included to allow for meaningful comparisons between years. Page 24

Recommendation 2. The Committee recommends that the Ombudsman:

- reconsiders how it disaggregates the data in the Annual Report with a side by side comparison of complainant satisfaction levels subject to the outcome of the complaint; and
- provides further information on how it hopes to improve satisfaction levels for those who are not happy with the outcome of their investigation.Page 25

Recommendation 3. The Committee recommends the Ombudsman provides information on any future plans she may have to alleviate workload pressures and the support that is available to staff. Page 25

Recommendation 4. The Committee recommends that the Ombudsman gives early consideration as to how resources can be effectively utilised to ensure the progress made in closing aged cases is maintained alongside the consideration of newer cases. Page 26

Recommendation 5. The Committee recommends that the Ombudsman considers how the case load projection is calculated to ensure that it remains fit for purpose. Page 26

Recommendation 6. The Committee recommends that the Ombudsman updates the Committee on the work being undertaken with housing associations to adopt the model complaints policy. Page 27

Recommendation 7. The Committee recommends the Ombudsman considers how the Estimate is presented to ensure that the information included aligns with the details presented in its Annual Accounts, so that year on year comparisons can be made. Page 33

Recommendation 8. The Committee recommends that the Ombudsman informs the Committee of any proposed or confirmed changes to the April 2025 pay award and confirms whether it intends to submit a supplementary budget to

cover any related increases in costs that cannot be absorbed within its current budget..... Page 34

Recommendation 9. The Committee recommends the Ombudsman considers the impact of the UK Government’s budget on its estimate, including the rise in employers’ national insurance contributions, and provides and update as soon as possible..... Page 34

Recommendation 10. The Committee recommends that the Ombudsman gives further consideration as to how Artificial Intelligence or automation can be used to further increase efficiencies, and provides the Committee with an update on progress..... Page 34

Recommendation 11. The Committee recommends that the Ombudsman engages with staff at a regular basis to gauge how many agree that the PSOW is a good place to work..... Page 35

Recommendation 12. The Committee recommends that the Ombudsman publishes the results of its biennial staff survey as part of its Annual Report and Estimate..... Page 35

Conclusion 1. The Committee welcomes the continued use of the provisions within the Public Services Ombudsman (Wales) Act 2019 including promoting the use oral complaints and undertaking own initiative investigations. Page 27

Conclusion 2. The Committee notes the detail in the “Public Services Ombudsman for Wales: Estimate 2025-26” and considers the Estimate acceptable. Subject to the comments and recommendations in this report, the Committee supports the overall request for resource. Page 33

1. Introduction

Public Services Ombudsman for Wales's annual scrutiny

Background

- 1.** The Public Services Ombudsman for Wales (the Ombudsman) produces an Estimate of the income and expenses for each financial year in accordance with the Public Services Ombudsman (Wales) Act 2019 (PSOW Act).¹ The Estimate must set out the resources required for the Ombudsman to carry out statutory functions, with the exception of the Ombudsman's own salary (and associated costs) which are directly charged to the Welsh Consolidated Fund (WCF).
- 2.** The Finance Committee (the Committee) is responsible for considering the Ombudsman's Estimate. Standing Orders 20.23 and 20.24 of the Welsh Parliament² state that the Ombudsman must submit their Estimate by 1 November each financial year, with the Committee laying it before the Senedd, along with any modifications considered appropriate, by 22 November.
- 3.** The Committee is also responsible for all oversight of the Ombudsman as set out under Standing Order 18A.³
- 4.** On 16 October 2024⁴, the Committee scrutinised the Ombudsman's Annual Report and Accounts 2023-24⁵ ("the Annual Report"), which was laid before the Senedd under paragraphs 15, 17 and 18 of Schedule 1 of the PSOW Act and considered the Ombudsman's Estimate 2025-26⁶. The Committee took evidence from:
 - Michelle Morris, Public Services Ombudsman for Wales;
 - Chris Vinestock, Chief Operating Officer and Director of Improvement; and
 - Katrin Shaw, Chief Legal Adviser and Director of Investigations.

¹ Public Services Ombudsman (Wales) Act 2019

² Standing Orders of the Welsh Parliament at 20.23 and 20.24

³ Standing Orders of the Welsh Parliament at 18A

⁴ Finance Committee, Agenda, 16 October 2024

⁵ Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24

⁶ Public Services Ombudsman for Wales: Estimate 2025-26

2. Annual Report and Accounts 2023-24

Background

5. The PSOW Act sets out the Ombudsman’s powers and the bodies in respect of which the Ombudsman can consider complaints. The current Ombudsman, Michelle Morris, has been in post since 1 April 2022.⁷

6. This was the first Annual Report the PSOW has published since the publication of its report, Strategic Plan 2023-2026: A new chapter (Strategic Plan).⁸

7. The Ombudsman says the Strategic Plan “sets out a vision for our work to have a positive impact on people and public services in Wales”. The Ombudsman goes on to say:

“I am pleased to see, from the evidence we have gathered for this Annual Report, that we have started to make good progress towards achieving this ambition.”⁹

8. This is also the first Annual Report following an Independent Review into the processes and impartiality of the PSOW (Independent Review) as a result of a staff member posting negative political comments on social media. The Ombudsman states:

“... the actions of an individual, which fell far short of the standards of conduct we expect from our staff, prompted questions about our impartiality and marred what has been an extremely productive and positive year. We now must work hard to regain that trust.”¹⁰

9. The Ombudsman went on to say:

“The current independent review, to determine whether our consideration of councillor Code of Conduct complaints has

⁷ Public Services Ombudsman for Wales

⁸ Public Services Ombudsman for Wales, Strategic Plan 2023-2026: A new chapter, April 2023

⁹ Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24, page 6

¹⁰ Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24, page 7

been free from political bias, is a vital step that moves us forward to restoring the reputation and standing of our Office.”¹¹

10. The report of the Independent Review was published on 27 September 2024.¹²

11. The Committee’s report on the Review into the operations, processes and investigations carried out by the Public Services Ombudsman for Wales was published on 8 November 2024¹³ and debated by the Senedd on 20 November 2024.¹⁴

Operational Performance

12. For the first time, the Annual Report measures performance against four Strategic Aims, as set out in the Strategic Plan¹⁵:

- Strategic Aim 1: Delivering justice with a positive impact for people and public services.
- Strategic Aim 2: Increasing accessibility and inclusion.
- Strategic Aim 3: Increasing the impact of our proactive improvement work.
- Strategic Aim 4: Ensuring that we are a healthy, efficient and accountable organisation.

13. The Ombudsman explained that the Strategic Plan informed the planning and operations for the PSOW over the past year, and will continue to do so going forward. The Ombudsman went on to explain that the annual business plan:

“... sets out, for each of those strategic priorities, what exactly we are going to be doing through the year to progress them, and, obviously, sitting alongside that, we developed a new suite of key performance indicators. And that was to ensure that our

¹¹ Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24, page 7

¹² Independent review of investigations by the Public Services Ombudsman for Wales into Code of Conduct complaints, September 2024

¹³ Finance Committee, Report on the Review into the operations, processes and investigations carried out by the Public Services Ombudsman for Wales, November 2024

¹⁴ Plenary, RoP 20 November 2024, paragraphs 304-339

¹⁵ Public Services Ombudsman for Wales, Strategic Plan 2023-2026 A new chapter, April 2023

KPIs were properly reflecting and measuring the new objectives—priorities, sorry—that we'd set in the plan.”¹⁶

14. The Ombudsman explained the purpose of the Strategic Plan was “to make sure everyone in the organisation understands what our focus is, what our priorities are, and what we’re looking to achieve through the year, and what targets we’re trying to achieve collectively”.¹⁷

15. The Ombudsman went on to confirm that performance would be reviewed by the management team at quarterly performance review meetings and by the PSOW’s advisory panel on a quarterly basis.¹⁸ The KPI targets would then be changed annually to enable the PSOW to ensure that:

“... targets reflect the capacity and the resources that we have available to us, but also reflect on the previous year’s performance. So, there may be some adjustment of targets, but the actual KPIs will remain the same.”¹⁹

Key Performance Indicators

16. Information on the Ombudsman’s KPIs is contained in the appendices to the Annual Report and Accounts.²⁰ The Ombudsman does not publish targets for all KPIs.

17. Following the publication of the Strategic Plan 2023-2026, new KPIs have been set for 2023-24. As such, a complete comparison of KPIs from previous years cannot be made.

18. The Ombudsman met or exceeded its target in three of the seven targets relating to Strategic Aim 1.²¹ Of the four that missed the targets the Committee discussed the following KPIs with the Ombudsman:

- proportion of Service Quality reviews marked as satisfactory or better: Target 75 per cent, delivered 67 per cent (new KPI)

¹⁶ Finance Committee, RoP 16 October 2024, paragraph 15

¹⁷ Finance Committee, RoP 16 October 2024, paragraph 16

¹⁸ Finance Committee, RoP 16 October 2024, paragraph 17

¹⁹ Finance Committee, RoP 16 October 2024, paragraph 19

²⁰ [Public Services Ombudsman for Wales: A New Chapter Unfolds. Annual Report and Accounts 2023/24](#), pages 128-130

²¹ [Public Services Ombudsman for Wales: A New Chapter Unfolds. Annual Report and Accounts 2023/24](#), page 128

- proportion of all respondents who were satisfied with the PSOW's service: Target 50 per cent, delivered 40 per cent (2022-23: 48 per cent)²²

19. The Ombudsman met or exceeded its targets in two of the five KPIs relating to Strategic Aim 2. The only KPI to exceed its target was 'levels of awareness of our service' which increased from 43 per cent to 49 per cent, against a target of 45 per cent. Of the three that were missed, these related to:

- proportion of all respondents found getting in touch easy: Target 90 per cent, delivered 83 per cent (2022-23: 87 per cent)
- proportion of respondents who were satisfied with the outcome found the PSOW easy to get in touch with: Target 95 per cent, delivered 86 per cent (2022-23: 95 per cent)
- proportion of complaints within the PSOW's jurisdiction and not premature: Target 65 per cent, delivered 59 per cent (2022-23: 59 per cent)²³

20. The Annual Report notes that two out of the four KPIs relating to Strategic Aim 3, have been exceeded. The Ombudsman reports:

- the proportion of complaints handled by health boards then escalated to the PSOW: Target 5 per cent, delivered 5.5 per cent (2022-23: 5 per cent)
- the proportion of complaints handled by local authorities then escalated to the PSOW: Target 7 per cent, delivered 7.1 per cent (2022-23: 7 per cent)
- the proportion of Code of Conduct breaches the PSOW referred upheld by a standards committee or Adjudication Panel for Wales: Target 90 per cent, delivered 85 per cent (2022-23: 96 per cent).²⁴

21. Regarding Strategic Aim 4, the Annual Report shows:

- sickness absence levels: Target 5 days, delivered 7.7 days (2022-23: 8.59 days)

²² [Public Services Ombudsman for Wales: A New Chapter Unfolds. Annual Report and Accounts 2023/24](#), page 128

²³ [Public Services Ombudsman for Wales: A New Chapter Unfolds. Annual Report and Accounts 2023/24](#), page 129

²⁴ [Public Services Ombudsman for Wales: A New Chapter Unfolds. Annual Report and Accounts 2023/24](#), page 129

- proportion of staff who agree the PSOW is a good place to work: Target 87 per cent, delivered 75 per cent (2022-23: 87 per cent)
- level of variance on expenditure from that set out in our Estimate for the current year (less than): Target 3 per cent, delivered 0.5 per cent (2022-23: 0.01 per cent)
- average cost per case for total casework closure: Target n/a, delivered £432 (2022-23: £473)
- average cost per complaint for total complaints closure: Target n/a, delivered £1,289 (2022-23: £1,279).²⁵

Service Quality Reviews

22. The Annual Report notes that last year the PSOW introduced a new Service Quality process which intends to “provide feedback to our staff, and management, on how the actions of our investigation officers, in their day-to-day handling of complaints, impacted the level of service we provided to the general public”.²⁶

23. In defining Service Quality, the Ombudsman’s official explained the focus was on “providing good customer service and making sure that we meet our published service standards”. They explained:

“And, as the annual report says, it's looking at live cases as well as closed cases, which means that, if there is something that's not quite right, we pick that up earlier. It's done on a sample basis, but we do identify and have identified areas where we can improve, particularly around clearer expectations of updating complainants on where we've got to and more frequent communication.”²⁷

24. The Ombudsman’s official also noted that they are working with staff to make it “clear in how we manage complainants’ expectations”. They went on to say that this includes providing the complainant with information about how the process works and how long it may take.²⁸

²⁵ [Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24](#), page 129

²⁵ [Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24](#), page 130

²⁶ [Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24](#), page 35

²⁷ Finance Committee, RoP 16 October 2024, paragraph 39

²⁸ Finance Committee, RoP 16 October 2024, paragraph 40

25. The Ombudsman confirmed that the KPI for the proportion of Service Quality reviews marked as satisfactory or better was a new KPI and as such there was no experience or data to inform the target.²⁹

26. The Ombudsman went on:

"We didn't achieve it, you're right, but we've continued to track that target through this year, and at quarter 2 of this year—. We've just looked at our performance for the end of quarter 2, and that figure has now gone up to 81 per cent."³⁰

27. The Ombudsman indicated the target for year two would be 80 per cent.³¹ The Ombudsman's official explained:

"... we'll be changing the target each year because we want to get better, you'll be able to track the actual performance in terms of the percentage that have met that threshold."³²

28. The Ombudsman's official added:

"I think we anticipated that the first year would be more difficult, as we were measuring our work in a way that we hadn't done before, and we had a lot of engagement with staff so that they understood what we were looking for in terms of service quality, and gave feedback to staff and managers on where it was falling short, if you like."³³

Complainant Satisfaction

29. The Annual Report notes the number of complainants who were happy with the service they have received has reduced from 48 per cent in 2022-23 to 40 per cent this year.³⁴

30. The Ombudsman expressed disappointment at this score. They went on to explain that:

"... if someone is happy with the outcome they've received, then 98 per cent of those people are satisfied with the service they've

²⁹ Finance Committee, RoP 16 October 2024, paragraph 29

³⁰ Finance Committee, RoP 16 October 2024, paragraph 29

³¹ Finance Committee, RoP 16 October 2024, paragraph 33

³² Finance Committee, RoP 16 October 2024, paragraph 35

³³ Finance Committee, RoP 16 October 2024, paragraph 35

³⁴ [Public Services Ombudsman for Wales: A New Chapter Unfolds. Annual Report and Accounts 2023/24](#), page 128

received from us, and that's actually gone up from the previous year. But those who were not satisfied, either perhaps we couldn't progress their complaint—it wasn't serious enough; it didn't reach the sort of bar, if you like—or perhaps they didn't like the outcome when we did do the investigation, then that figure fell to only 21 per cent of those people were satisfied.”³⁵

31. When asked why the satisfaction score was lower amongst those who were not happy with the service provided, the Ombudsman provided an array of explanations including: taking too long to investigate; not enough resource to investigate; not being listened to. The Ombudsman also noted that some complainants were of the view that the Ombudsman was favouring public bodies at the expense of public voices during investigations. She responded to these views by confirming:

“We aren't. We're independent and impartial; we will base our decision on the evidence in front of us, but people will feel aggrieved if we've not upheld their complaint.”³⁶

32. The Ombudsman explained “the service quality process is very much trying to drive that better practice to help improve this satisfaction level.”³⁷ The Ombudsman also referred to other developments within the IT and digital strategy which might improve the “information flow and communication to our customers to try and improve some of this.”³⁸

33. When asked if the public bodies which are being complained about also had an opportunity to provide feedback on the service provided by the PSOW the Ombudsman explained that they hold an annual sounding board with public bodies to discover if “they're happy with how we manage things, how we deal with them, how we could improve that and make things better.” The Ombudsman also noted the importance of public bodies having a “voice in the process”.³⁹

³⁵ Finance Committee, RoP 16 October 2024, paragraph 59

³⁶ Finance Committee, RoP 16 October 2024, paragraph 60

³⁷ Finance Committee, RoP 16 October 2024, paragraph 59

³⁸ Finance Committee, RoP 16 October 2024, paragraph 61

³⁹ Finance Committee, RoP 16 October 2024, paragraph 68

Caseload

34. The Annual Report notes the PSOW received 9,863 cases this year, 17 per cent higher than the previous year and higher than the 9,328 cases projected for 2023-24.⁴⁰

35. The Ombudsman explained that this increase has “put pressure on staff and on their well-being”.⁴¹ One mechanism the PSOW has implemented to mitigate this pressure it is ensuring that all posts are filled and that temporary staff or bank workers are used where appropriate:

“We don’t keep posts vacant for any longer than we have to. And what we’ve continued to do this past year is to use bank workers and temporary staff to fill those gaps between people leaving and us recruiting permanently to that role, because we have the budget capacity, because that role is empty for a short period of time and we’ve used that to make sure that we’ve got as many members of staff as possible focused on the work.”⁴²

36. The Ombudsman went on to say:

“... investigating officers and the teams they’re in that are either doing assessment work, they’re doing investigation work, or even the team that sits on the front end—our intake team that take all the calls and deal with the initial inquiries—it’s really important that we keep all of those teams fully staffed. So, particularly in those teams, we wouldn’t be holding vacant posts.”⁴³

37. The Ombudsman confirmed that this approach “has helped to ease some pressure, particularly on investigating officers”.⁴⁴

38. The Ombudsman also outlined the “proportionate approach” which they’ve adopted in “assessing complaints and whether we’re going to take complaints forward”. As a result of this approach the Ombudsman indicated there’s been a

⁴⁰ Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24, page 12

⁴¹ Finance Committee, RoP 16 October 2024, paragraph 46

⁴² Finance Committee, RoP 16 October 2024, paragraph 48

⁴³ Finance Committee, RoP 16 October 2024, paragraph 50

⁴⁴ Finance Committee, RoP 16 October 2024, paragraph 48

focus on the more serious cases “where there’s evidence of personal injustice or serious harm to individuals”.⁴⁵

39. Another approach being adopted to mitigate the rise in case numbers is to achieve early resolution. The Ombudsman explained:

“... so, where cases are simpler or where issues are more straightforward, then the early resolution route allows us to try and resolve those for complainants early on. So, if you don’t need to do a detailed investigation, you simply don’t do one.”⁴⁶

40. The Ombudsman explained that not being able to investigate or progress every complaint has led to some complainants being unhappy with the service provided.⁴⁷

41. The PSOW closed 9,711 cases in 2023-24, a 15 per cent increase from the previous year.⁴⁸

42. The Ombudsman explained that last year there had been a focus on closing ‘aged cases’, which are cases that are older than 12 months.⁴⁹ As a result the number of aged cases has reduced by 70 per cent.⁵⁰ The Ombudsman clarified:

“... those were public service complaints, so these are complaints against public bodies in housing, health. If we look at code of conduct cases, there are more aged cases there and we’ve got a bigger challenge there, because of the high level of case load that we’re carrying and the complexity of some of those investigations.”⁵¹

43. The Ombudsman went on:

“So, if you like, that’s one of the obstacles for us. So, I think we feel that we continue to make good progress on the public service complaints, but there are more significant challenges on the code of conduct complaints.”⁵²

⁴⁵ Finance Committee, RoP 16 October 2024, paragraph 46

⁴⁶ Finance Committee, RoP 16 October 2024, paragraph 47

⁴⁷ Finance Committee, RoP 16 October 2024, paragraph 46

⁴⁸ [Public Services Ombudsman for Wales: A New Chapter Unfolds. Annual Report and Accounts 2023/24](#), page 13

⁴⁹ Finance Committee, RoP 16 October 2024, paragraph 81

⁵⁰ Finance Committee, RoP 16 October 2024, paragraph 11

⁵¹ Finance Committee, RoP 16 October 2024, paragraph 81

⁵² Finance Committee, RoP 16 October 2024, paragraph 81

44. The Ombudsman explained that projections indicate that the PSOW will receive an even higher number of complaints in 2024-25, and there are currently 700 open cases across public service complaints and code of conduct complaints.⁵³ As a result, the Ombudsman said that maintaining the progress made in closing cases will become challenging with the “finite recourses” to deal with them,⁵⁴ adding that:

“... I think there's an important point there about capacity, and we feel very strongly, particularly given the performance there was last year, that the organisation is probably at its capacity in terms of dealing with complaints. So, we can't keep absorbing more and more every year, is what I'm trying to say. There comes a point when you say, 'Right, are we there or near capacity?' and I think we feel that we are at the moment, with the improvements that we've made over the last year or two”⁵⁵

45. The Ombudsman went on:

“So, sustaining that with those high case numbers is going to be a continued challenge. And then back to the customer satisfaction conversation, where people don't get their complaints progressed because they're not serious enough, we probably will be disappointing more people and that feeds into satisfaction as well. So, there's a real challenge in trying to manage all of that, but at the moment, yes, fewer than 10 per cent of our public service complaints are aged.”⁵⁶

46. The Ombudsman indicated that there were fewer than 10 aged cases in the public service complaints workload which are being progressed alongside newer cases.⁵⁷

47. With regards to code of conduct complaints the Ombudsman noted the difficulty in progressing cases at pace as they are “quite complex in terms of the investigation” and the push back in trying to organise interviews with witnesses. The Ombudsman confirmed that on average, it will not take longer than 12 months for the Ombudsman to investigate a code of conduct complaint.⁵⁸

⁵³ Finance Committee, RoP 16 October 2024, paragraph 82

⁵⁴ Finance Committee, RoP 16 October 2024, paragraph 84

⁵⁵ Finance Committee, RoP 16 October 2024, paragraph 85

⁵⁶ Finance Committee, RoP 16 October 2024, paragraph 86

⁵⁷ Finance Committee, RoP 16 October 2024, paragraph 88

⁵⁸ Finance Committee, RoP 16 October 2024, paragraphs 89 and 90

48. The Ombudsman’s official indicated there are currently 20-25 aged cases and over 100 investigations within the Code of Conduct team. The official emphasised the need to “close them and progress them as quickly as possible, because we do recognise it’s very stressful when it’s an individual complaint like that.”⁵⁹

49. The official also noted that the events in April and May 2024, which led to the Independent Review, might have negatively impacted staff performance with regards to progressing and closing cases.⁶⁰

50. The official concluded that progress is being made to decrease case numbers by:

- recruiting an additional three bank workers;⁶¹
- re-assigning staff to different teams to accommodate work-load;⁶²
- identifying quick wins where settlements are available.⁶³

51. The amount of complaints about the Ombudsman that were referred to the external review service decreased compared to the previous years.⁶⁴ The Ombudsman clarified that of 38 complaints, 14 were upheld and that these types of complaints were in relation to “delays, not returning phone calls, timely communications, or perhaps not using the preferred method of communication that that complainant has indicated to us.”⁶⁵

52. The Ombudsman highlighted the importance of learning from these complaints and the maintaining of high standards of customer service. The Ombudsman concluded:

“... we do take them seriously, they are important, but, to put them in context, it's a very small number in terms of the overall case load that we have as an office.”⁶⁶

⁵⁹ Finance Committee, RoP 16 October 2024, paragraphs 95 and 96

⁶⁰ Finance Committee, RoP 16 October 2024, paragraph 97

⁶¹ Finance Committee, RoP 16 October 2024, paragraph 97

⁶² Finance Committee, RoP 16 October 2024, paragraph 100

⁶³ Finance Committee, RoP 16 October 2024, paragraph 101

⁶⁴ [Public Services Ombudsman for Wales: A New Chapter Unfolds. Annual Report and Accounts 2023/24](#), page 34

⁶⁵ Finance Committee, RoP 16 October 2024, paragraph 105

⁶⁶ Finance Committee, RoP 16 October 2024, paragraph 106

Office Space

53. Following on from previous discussions between the Committee and the Ombudsman,⁶⁷ the Annual Report confirms that, on 22 April 2024, after the reporting period came to an end on 31 March 2024, the PSOW agreed a new lease for a smaller office space. The Annual report also confirms that the new agreement “has no effect on the financial position as at 31 March 2024 or these financial statements.”⁶⁸

54. The Ombudsman’s official told the Committee that the 44 per cent reduction in office size had resulted in “an annual saving of around £105,000 on rent, VAT, service charge, utilities and rates.”⁶⁹

55. The Ombudsman’s official confirmed that as a result of the reduced office space, they disposed of £137,000 worth of surplus assets in 2023-24, which included computers and furniture. They explained that the assets were “declared surplus the previous year, 2022-23, but the auditors wanted us to retain them in the accounts because we hadn't actually disposed of them.”⁷⁰

56. The official also clarified that these assets had reached end-of-life and for security reasons the computers had to be securely destroyed but that all of the furniture was offered to charities, individuals and community groups.⁷¹

Engagement

57. The Ombudsman incurred more expenditure on communications costs in 2023-24 than in 2022-23, rising from £36,000 to £53,000, due to increased engagement work.⁷² When asked if their communication methods with stakeholders and potential service users are efficient and cost-effective, moving forward the Ombudsman’s official explained:

“... accessibility and inclusion and increasing people's ability to access our service is one of our strategic aims. So, we're keen to

⁶⁷ Finance Committee, Report on the Annual Scrutiny of the Public Services Ombudsman for Wales, November 2023, paragraph 71

⁶⁸ Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24, page 117

⁶⁹ Paragraph 146

⁷⁰ Finance Committee, RoP 16 October 2024, paragraph 132

⁷¹ Finance Committee, RoP 16 October 2024, paragraphs 132-134

⁷² Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24, page 60

make sure that we do engage in more outreach and engagement activity.”⁷³

58. The official noted it was difficult to provide an “exact value-for-money-calculation” but noted that over the life of the strategy plan the PSOW will look to engage with some of the groups that are underrepresented and that this would likely be achieved by:

“... engage with existing groups and tie into existing events, because that means that we've got a ready-made audience, in a way, and also reduces costs. So, we're very much aware of how we best use our resources and how we target some of those groups, but we will be monitoring that during the life of the strategic plan.”⁷⁴

Outturn and Governance

59. The annual report and accounts show a breakdown of resource outturn for 2023-24 and 2022-23, with explanations for the variances between the two years. However, a detailed comparison of the outturn against the estimates for 2023-24 was not included. The Ombudsman’s official explained the presentation reflects the “requirements of accounting standards and financial reporting requirements.”⁷⁵

60. The Annual Report notes that in 2023-24 the PSOW spent 26 per cent less on professional advice that it did in 2022-23.⁷⁶ When asked how the office made these savings the Ombudsman’s official clarified that advice requests are only made for those complaints on “really serious matters forward that meet our proportionality test”. They went on to say:

“But also, as a result of our improvement work that we did with Perago Wales, one of the things that came through from our staff and advisers was that we should go to have a single point of contact in our office. So, one of our casework support officers manages that clinical advice work, and that has helped us to improve times on how we find advisers.”⁷⁷

⁷³ Finance Committee, RoP 16 October 2024, paragraph 127

⁷⁴ Finance Committee, RoP 16 October 2024, paragraph 127

⁷⁵ Finance Committee, RoP 16 October 2024, paragraph 121

⁷⁶ [Public Services Ombudsman for Wales: A New Chapter Unfolds. Annual Report and Accounts 2023/24](#), page 60

⁷⁷ Finance Committee, RoP 16 October 2024, paragraph 118

61. The Accounts set out the value of Trade and Other Receivables at 31 March 2024. This represents the amount due to the Ombudsman at that date. It included cash not drawn down of £37,000.⁷⁸ When asked what this was in relation to the Ombudsman's official explained:

*"The £37,000 related to income that was received during 2023-24, and it was treated as reducing the amount that needed to be withdrawn, and that wasn't the right treatment. It shouldn't have been handled in that way. So, we agreed with Audit Wales and with the Welsh Government that that's how it should be reflected in the accounts. And it will be drawn down as part of the 2024-25 total draw-down."*⁷⁹

62. With regards to contingent liabilities the Annual Report note there are no claims or litigations that would affect the financial statements. However, the Annual Report notes that the outcome of one Code of Conduct case and one Employment Tribunal is still uncertain and the amount of any potential liability is unknown.⁸⁰

63. The Ombudsman's official confirmed the Employment Tribunal has been dismissed as the "claimant did not comply with directions and orders from the tribunal."⁸¹

64. The Ombudsman's official also indicated that a permission hearing regarding the code of conduct was scheduled for 13 November 2024, and that they would need to await the outcome of that process to determine if the PSOW needs to make a financial contingency for this. The official confirmed they would update the Committee once the outcome was known.⁸²

Complaints Standards

65. The Annual Report notes that in 2023-24, the PSOW continued its work to introduce Complaints Standards to public bodies in Wales, with the focus being on Housing Associations.⁸³ The Ombudsman told the Committee:

⁷⁸ [Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24](#), page 112

⁷⁹ Finance Committee, RoP 16 October 2024, paragraph 197

⁸⁰ [Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24](#), page 117

⁸¹ Finance Committee, RoP 16 October 2024, paragraph 194

⁸² Finance Committee, RoP 16 October 2024, paragraph 193

⁸³ [Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24](#), page 43

“Our aim, by the end of this financial year, is to have all housing associations—certainly the big ones—involved in the scheme and signed up to the scheme. So, that's really important, because this is about trying to improve how we handle complaints across the public sector. It's about supporting public sector bodies to make sure that when people come to them with concerns and issues, they're well focused on how to deal with them, and they deal with them properly.”⁸⁴

66. The Ombudsman noted that the training staff at the PSOW have been delivering to organisation to “try and build their capacity to manage complaints within their own organisations” has been welcomed.⁸⁵

67. The Ombudsman explained that by raising the standards of the complaints process within these public bodies, people are less likely to raise complaints with the PSOW as they already had the outcome they are looking for or were satisfied with the service.⁸⁶

68. The Ombudsman indicated that they have already seen a fall in the number of local authority complaints which may be as a result of the roll out of Complaints Standards in previous years and that they hope so see this trend reflected in other sectors.⁸⁷

Accessibility

69. The PSOW Act removed the requirement that complaints can only be made in writing and allows for complaints to also be made orally. The Annual Report notes that the PSOW received 103 oral complaints in 2023-24, which is a lower rate than the previous two years.⁸⁸ The Ombudsman’s official explained the office had made a change to practice last year which could have impacted on the number of oral complaints received.⁸⁹

70. The official went on to explain:

“Instead of automatically taking oral complaints when our staff take a phone call from complainants who indicate they want one, we'll consider whether it is actually something that they

⁸⁴ Finance Committee, RoP 16 October 2024, paragraph 109

⁸⁵ Finance Committee, RoP 16 October 2024, paragraph 109

⁸⁶ Finance Committee, RoP 16 October 2024, paragraph 109

⁸⁷ Finance Committee, RoP 16 October 2024, paragraph 110

⁸⁸ [Public Services Ombudsman for Wales: A New Chapter Unfolds. Annual Report and Accounts 2023/24](#), page 38

⁸⁹ Finance Committee, RoP 16 October 2024, paragraph 114

are raising that we can consider, and often it isn't something that falls within our office's remit. So, instead of automatically taking that oral complaint, we try and signpost people to the relevant organisation and body.”⁹⁰

71. The official indicated this approach has allowed the office to “to rebalance our investigation workload rather than being almost exclusively health driven”. The official went on to say:

“... so that we can do what we've always done, which is to try and resolve matters with public bodies and get them to take action to put things right, but also, then, devote some of our investigation resource to those cases to really try and look at those underlying systemic issues, particularly, as I say, in housing and social care. So, we do aim to increase that over the year, but with that targeted approach so that we can be as efficient as possible with that.”⁹¹

Own Initiative Investigations

72. The PSOW Act includes a provision for the Ombudsman to undertake her own initiative investigations.

73. When asked if the provisions had been used the Ombudsman confirmed she has undertaken three extended investigations within the health sector which made a number of recommendations that have since been delivered. She went on to say:

“... one of those reports actually was a public interest report, because the issues we found were so significant that it warranted being a public interest report. Now, if we had just stuck with the issues brought to us by the complainant we wouldn't have gone there, because they hadn't identified that issues a couple of years earlier had actually caused a problem. So, that's just an example of the benefits there.”⁹²

74. The Ombudsman also provided an update on a follow-up report to a previous wider investigation report on homelessness. The Ombudsman noted that whilst there is still work to be done to deliver on all the recommendations made

⁹⁰ Finance Committee, RoP 16 October 2024, paragraph 115

⁹¹ Finance Committee, RoP 16 October 2024, paragraph 116

⁹² Finance Committee, RoP 16 October 2024, paragraph 111

in the original report there has been improvement, for example in how homeless assessment are conducted.⁹³

75. The Ombudsman also confirmed that a report following an own initiative investigation into the administration of carers' needs assessments would be published imminently.⁹⁴

Committee view

76. The Committee acknowledges that this is the first Annual Report that measures performance against the four Strategic Aims outlined in the Strategic Plan and, as such, there are some areas, such as KPIs, where a complete comparison to measure progress against last year's report can't be made. The Committee notes that KPI targets will be evaluated on an annual basis from now on and will be adjusted upwards or downwards subject to a number of issues including capacity, resources and level of ambition. The Committee's recent report on the review into the operations, processes and investigations carried out by the Ombudsman also calls for a new KPI based on a sample of decisions made by Investigating Officers and Code Team Managers undergoing additional checks,⁹⁵ and we note that this will included in next year's Annual Report.

Recommendation 1. The Committee recommends that future Annual Reports provide an overview of why KPI targets have been adjusted and that KPI data for each year of the Strategic Plan is included to allow for meaningful comparisons between years.

77. Whilst the majority of KPIs were achieved, we note that some KPIs were not met. We acknowledge the difficulties faced by the Ombudsman in measuring work against the new Service Quality process and welcome the steps that have been implemented to improve this process. We also welcome the commitment to increase this target where appropriate in order to improve the service provided. We welcome that early indications show this KPI is currently being met for 2024-25.

78. We note that the Ombudsman is disappointed that the overall number of complainants who were happy with the service received has reduced. However, we note that the satisfaction score was considerably lower amongst those who were not happy with the outcome of an investigation compared to those who

⁹³ Finance Committee, RoP 16 October 2024, paragraph 112

⁹⁴ Finance Committee, RoP 16 October 2024, paragraph 112

⁹⁵ Finance Committee, Report on the Review into the operations, processes and investigations carried out by the Public Services Ombudsman for Wales, November 2024

were satisfied. Whilst it is understandable to an extent that some of those disappointed with a particular outcome will be less satisfied with the service provided by the Ombudsman, we welcome the steps the Ombudsman has implemented as a result of its service quality process to improve these scores. However, we also note the difficulties in improving feedback from those who didn't receive the outcome they had hoped for, and we ask for further information to be provided in this area.

Recommendation 2. The Committee recommends that the Ombudsman:

- reconsiders how it disaggregates the data in the Annual Report with a side by side comparison of complainant satisfaction levels subject to the outcome of the complaint; and
- provides further information on how it hopes to improve satisfaction levels for those who are not happy with the outcome of their investigation.

79. We note, once again, the PSOW's increasing case load and the pressure this is placing on staff and service levels. We welcome the various mechanisms the Ombudsman has put in place to attempt to relieve these pressures, this includes utilising the full staffing allowance and bank workers to ensure the office is running at full capacity. We are also pleased to hear the different ways staff are being encouraged to handle cases, including early resolution, identifying where settlements are available and taking a proportionate approach in assessing which complaints to take forward.

80. We welcome the Ombudsman's approach to engagement work, in particular the commitment to engage with groups that are under-represented. Whilst we agree that everyone should have access to the Ombudsman this will undoubtedly lead to an increase in case load and subsequent increase in workload pressure on staff and consideration will need to be given as to how increased engagement will be accommodated by steps to mitigate these pressures.

Recommendation 3. The Committee recommends the Ombudsman provides information on any future plans she may have to alleviate workload pressures and the support that is available to staff.

81. We commend the Ombudsman on the work which has been undertaken to close 9,771 cases and particularly welcome the focus on closing aged cases. We agree that it is important to progress and close cases as quickly as possible for all those involved, but note that some elements to progress code of conduct complaints processes are outside of the staff's control and are resulting in these

cases taking longer to progress. We understand that the events which led to the Independent Review (referred to in paragraph 76 above) may have impacted performance during that period and hope that the completion of the Independent Review has resulted in return to business as usual .

82. However, we share concerns raised by the Ombudsman with regards to the projections for case numbers rising again during 2024-25 and the impact this may have on the case load and subsequently pressure on staff. We believe this may negate the work that has been done to close the number of aged cases and also note that the likelihood of this happening will increase without careful workload management to ensure the teams are effectively staffed and are aware of the priorities.

Recommendation 4. The Committee recommends that the Ombudsman gives early consideration as to how resources can be effectively utilised to ensure the progress made in closing aged cases is maintained alongside the consideration of newer cases.

83. We note that the Ombudsman received over 500 cases more than was projected for 2023-24. We are concerned that the difference between the projected and received cases is adding to the case load pressures which staff are facing and the subsequent impact on their wellbeing. Should the trend of receiving more than the projected number of cases continue over future years it will undoubtedly put pressure on staff capacity. We are aware that the Ombudsman is looking at ways to introduce automation to the complaints process which may negate some of the impact of the increased case load, however this is yet to be implemented. We therefore ask that the Ombudsman reviews its mechanisms for case load projection to ensure that pressures can be met within existing resources or to determine if additional resource is required.

Recommendation 5. The Committee recommends that the Ombudsman considers how the case load projection is calculated to ensure that it remains fit for purpose.

84. We welcome the Ombudsman's commitment to learn from complaints against the PSOW and are content that, at present, there is not an underlying pattern of issues.

85. The work the Ombudsman is undertaking to expand the introduction of a Complaints Standards to public bodies in Wales is welcomed. We hope to see further evidence of efficiencies and improvements in complaints handling as a result of the take-up.

Recommendation 6. The Committee recommends that the Ombudsman updates the Committee on the work being undertaken with housing associations to adopt the model complaints policy.

86. We note the Ombudsman’s explanation as to why the number of oral complaints has dropped and welcome the proactive approach in signposting those who make oral complaints to relevant organisations in the first instance. We note the positive impact this has had on the caseload of the PSOW.

87. The Committee notes the Ombudsman has undertaken a number of own initiative investigations. We support the Ombudsman in utilising these types of investigations and the benefits that arise as a result of this work. We look forward to receiving the Ombudsman’s reports on her recent follow-up work to the investigation into administration of carers’ needs assessments.

Conclusion 1. The Committee welcomes the continued use of the provisions within the Public Services Ombudsman (Wales) Act 2019 including promoting the use oral complaints and undertaking own initiative investigations.

3. Estimate 2025-26

Overview

88. The Ombudsman’s Estimate 2025-26 (the Estimate) sets out cash and resource requirements of £6,358k and £6,392k respectively. This is an overall cash increase of £122,000, or 2 per cent compared with 2024-25.⁹⁶

89. The Ombudsman identifies £105,000 of efficiencies within the overall increase which are related to the Ombudsman’s office rationalisation project. This efficiency offsets the overall request.

90. The Ombudsman indicated that if the Ombudsman would not receive the full Estimate there would be a negative impact on staff as a result of posts having to remain vacant or compulsory redundancies which would increase pressure on those staff still in post. The Ombudsman also indicated there would be a “lack of ability to invest” on service improvements and cyber resilience.⁹⁷

Staff Salaries and Inflationary Pressures

91. The Estimate states that almost all of the Ombudsman’s budget “continues to be taken up by fixed or semi-fixed costs”.⁹⁸

92. Once again, nearly eighty per cent of the Ombudsman’s costs were staff costs.⁹⁹ Of the overall increase, £107,000 relates to the April 2025 pay award and staff increments £31,000.¹⁰⁰

93. The Ombudsman’s official indicated they are currently estimating a three per cent pay award for 2025-26. The official went on to say:

“I think the greater uncertainty is probably around the current year’s pay award, where the local government pay award that we’re subject to, and obviously we don’t control, is yet to be resolved. I think local government unions are balloting for strike action at the moment, so there may be movement on that.”¹⁰¹

⁹⁶ Public Services Ombudsman for Wales: Estimate 2025/26, paragraph 2.3

⁹⁷ Finance Committee, RoP 16 October 2024, paragraphs 175-176

⁹⁸ Public Services Ombudsman for Wales: Estimate 2025/26, paragraph 5.1

⁹⁹ Public Services Ombudsman for Wales: Estimate 2025/26, paragraph 5.2

¹⁰⁰ Public Services Ombudsman for Wales: Estimate 2025/26, paragraph 5.3

¹⁰¹ Finance Committee, RoP 16 October 2024, paragraph 165

94. The Estimate notes that the April 2024 local government pay award, which applies to PSOW staff, has not yet been settled. The Estimate for 2024-25 allowed for a 5 per cent pay award, however the result of other public sector pay awards may influence the outcome of negotiations local government pay. Should the pay award be greater than 5 per cent the Estimate notes:

“... we will work to contain the additional cost within the approved budget as far as possible but might need to submit a further Supplementary Budget.”¹⁰²

95. The Ombudsman’s official confirmed that the current proposal is to use £51,000 of the £105,000 anticipated savings from the property rationalisation project to meet staff increments and increased IT support costs and that this amount would be committed in budgets for future years:

“So, £51,000 of that £105,000 will be committed, subject to the budget and the estimate being approved, and that will then be gone.”¹⁰³

96. When asked if the PSOW would continue to use these savings to cover future inflationary pressures, the official explained:

“... we couldn't commit to do that on an ongoing basis'. We'll continue to face inflationary pressures, and the pressures that we're under would dwarf the amount that is available.”¹⁰⁴

Efficiencies

97. The Estimate outlines cash-saving efficiencies of £105,000¹⁰⁵ as a result of the Ombudsman negotiating a new lease for the office to reflect the accommodation being reduced by 44 per cent (referred to in paragraphs 53 to 56). The Ombudsman’s official clarified the savings are in relation to reduced rent, VAT, service charge, utilities and rates.¹⁰⁶

98. Following the review of its accommodation the Ombudsman confirms they have completed their project to “reduce our office space by 45%, negotiating

¹⁰² [Public Services Ombudsman for Wales: Estimate 2025/26](#), paragraph 3.7

¹⁰³ Finance Committee, RoP 16 October 2024, paragraph 167

¹⁰⁴ Finance Committee, RoP 16 October 2024, paragraph 167

¹⁰⁵ [Public Services Ombudsman for Wales: Estimate 2025/26](#), paragraph 2.1

¹⁰⁶ Finance Committee, RoP 16 October 2024, paragraph 146

dilapidations costs and an early exit from our lease commitment, and entering a new lease, for the reduced area, in April 2024”.¹⁰⁷

99. The PSOW expects the changes to its accommodation to lead to annual cash-saving efficiencies of £105,000, in the form of reduced rent, VAT, business rates and service charges. This saving will offset some of the Ombudsman’s other cost pressures, specifically the cost of contractual staff increments (£31,000) and the costs of the new IT Support contract (£20,000).¹⁰⁸

100. In relation to the use of Artificial Intelligence (AI) to create efficiencies the Ombudsman’s official explained that AI isn’t currently being used at the PSOW. They explained that advice is being sought from their new IT manager and other ombudsman bodies as to how AI could be used.¹⁰⁹

101. In the interim, the official explained they are looking at other options to introduce more automation which would “make things easier for our staff” and “improves the service to our customers as well.”¹¹⁰

Investment Costs

102. With regards to the remaining £54,000 of the £105,000 saving from the property rationalisation project the Ombudsman’s official explained this would be invested into the PSOW’s IT and digital strategy to improve customer service. This will include a new portal which the PSOW hopes will improve “information flow” between the PSOW, complainants and public bodies.¹¹¹ The official explained:

“As we’ve not got our lead data officer in place, I think that will identify more work that we need to do on our data. And with the ongoing increase in case volumes, we’ll continue to look at developing our case management system, to make it easier for staff to use, and also to try and make it quicker and more efficient.”¹¹²

103. The official also indicated that some of funds will be used to develop the PSOW’s cyber resilience and the development of their data work.¹¹³ The Ombudsman explained with regards to cyber security:

¹⁰⁷ [Public Services Ombudsman for Wales: Estimate 2025/26](#), paragraph 2.6

¹⁰⁸ [Public Services Ombudsman for Wales: Estimate 2025/26](#), paragraph 2.6

¹⁰⁹ Finance Committee, RoP 16 October 2024, paragraph 178

¹¹⁰ Finance Committee, RoP 16 October 2024, paragraph 178

¹¹¹ Finance Committee, RoP 16 October 2024, paragraphs 61 and 173

¹¹² Finance Committee, RoP 16 October 2024, paragraph 173

¹¹³ Finance Committee, RoP 16 October 2024, paragraph 173

“... you never finish it, it’s constant, you’re always developing systems to make sure that we can operate safely. So, it would be a concern that we wouldn’t have the money there to invest in that as well, which, I think, increases some of our operating risks. And ultimately all of that has an impact on the service users.”¹¹⁴

Staff Survey

104. The biennial staff survey showed a 12 per cent reduction in the proportion of staff who consider the PSOW a good place to work compared with last year, which has resulted in the PSOW missing its target on this strategic aim.¹¹⁵ The Ombudsman clarified that of the 63 members of staff who responded to the survey 47 people did agree that it was a good place to work, five people disagreed, and 11 people did not know.¹¹⁶

105. The Ombudsman went on to say:

“We wouldn’t want anyone who works for us to feel that it’s not a good place to work, so we do take this very seriously, and we don’t want to see it reduce further. I think, from the work that we’ve done and the discussions with staff, there are a number of things there.”¹¹⁷

106. The Ombudsman noted four areas that need to be addressed which might improve this score in future surveys. The first issue was the impact increased workloads might be having on the wellbeing of staff. The second and third were in relation to flexible working, with some staff wanting more flexibility than their role allows and others feeling that flexible working has impacted how connected they are as a team. The Ombudsman concluded that managers should provide a consistent approach “across the office, so that people in different teams don’t have different experiences”.¹¹⁸

107. The Ombudsman clarified that any further work undertaken to address the issues noted above, which is anticipated to cost between £7,000 and £8,000,

¹¹⁴ Finance Committee, RoP 16 October 2024, paragraph 176

¹¹⁵ [Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24](#), page 130

¹¹⁶ Finance Committee, RoP 16 October 2024, paragraph 148

¹¹⁷ Finance Committee, RoP 16 October 2024, paragraph 148

¹¹⁸ Finance Committee, RoP 16 October 2024, paragraphs 149 -150

would be funded from the savings made from the ongoing property rationalisation work. She went on to say:

“We haven't completed it yet, but we will obviously be sharing those results with staff and with our advisory panel and the audit and risk assurance committee members.”¹¹⁹

108. The Ombudsman indicated that whilst the results of staff surveys aren't published they would consider publishing the results if the Committee is of the view they should be published as part of the Annual Report and Estimate.¹²⁰

Other Pressures

109. The Estimate states that the cost of the Independent Review of investigations by the Public Services Ombudsman for Wales into Code of Conduct complaints is also expected to be met, in year, through savings in accommodation costs.¹²¹ The Ombudsman confirmed that the one-off costs of “just over £66,000” will be met through savings on property costs. When discussing the cost of implementing the recommendations of the Independent Review the Ombudsman said:

“We're looking at the recommendations and implementation of those at present; we're due to discuss it with our advisory panel next week. Currently, we don't think there's a huge financial implication from the delivery of the recommendations, and we think we'll be able to deal with that within our existing budget.”¹²²

110. The Ombudsman clarified:

“A lot of it's about improving process, changing process and approach. But I think it is reasonable to expect there will be a resource impact, rather than a financial one, and that could be on staff time and back to, again, length of investigations. Some of the recommendations we're going to have to look at closely to make sure they don't further extend the time that we need to investigate code of conduct complaints. So, we think that's

¹¹⁹ Finance Committee, RoP 16 October 2024, paragraph 152

¹²⁰ Finance Committee, RoP 16 October 2024, paragraph 199

¹²¹ [Public Services Ombudsman for Wales: Estimate 2025/26](#), page 4

¹²² Finance Committee, RoP 16 October 2024, paragraph 156

*manageable within our current resources, but it might have an impact on service standards.*¹²³

Committee view

111. The Committee notes that the Ombudsman’s Estimate has been prepared in the context of funding pressures in the public sector. It is also the first Estimate proposed by the Ombudsman since the publication of the Strategic Plan 2023-2026. We acknowledge that the Ombudsman received its highest ever number of public service complaints in 2022-23 and the office is continuing to see year-on-year increases. We are therefore satisfied that with the overall cash and resource requirements of £6,358k and £6,392k and that this is required to support the core business of the organisation, given increasing staff costs and the ongoing inflationary pressures.

Conclusion 2. The Committee notes the detail in the “Public Services Ombudsman for Wales: Estimate 2025-26” and considers the Estimate acceptable. Subject to the comments and recommendations in this report, the Committee supports the overall request for resource.

112. The Committee compared the presentation of the Estimate with that of the Ombudsman’s Accounts. We noted that the breakdown in the Annual Report and Accounts for 2023-24 is not consistent with that set out in the Estimate for 2023-24. This has made it difficult to understand how the costs outlined in the Estimate relates to the information included in the Ombudsman’s annual accounts. To ensure maximum transparency, we urge the Ombudsman to ensure that year on year presentation of the budget is as accessible as possible.

Recommendation 7. The Committee recommends the Ombudsman considers how the Estimate is presented to ensure that the information included aligns with the details presented in its Annual Accounts, so that year on year comparisons can be made.

113. The Committee notes that the Estimate allows for a staff pay award of 3 per cent for the April 2025 award. We are aware that the local government pay award, which applies to PSOW staff under their contracts of employment, has not been settled for April 2024 nor April 2025. We welcome the Ombudsman’s commitment to try and contain any additional costs arising from the April 2024 pay award within the existing approved budget. We also appreciate the difficulties for the Ombudsman estimating these costs given that the pay negotiations are outside her control. We ask that the Ombudsman keeps the

¹²³ Finance Committee, RoP 16 October 2024, paragraph 156

Committee informed of changes to the pay award in light of ongoing negotiations, including its budgetary impact, and ask the Ombudsman to inform the Committee at the earliest opportunity if a supplementary budget is required.

Recommendation 8. The Committee recommends that the Ombudsman informs the Committee of any proposed or confirmed changes to the April 2025 pay award and confirms whether it intends to submit a supplementary budget to cover any related increases in costs that cannot be absorbed within its current budget.

114. On 30 October 2024 the chancellor of the exchequer, Rachel Reeves, delivered the UK Government's budget.¹²⁴ The budget contained a number of tax decisions, including rising the rates of employers' national insurance contributions by 1.2 per cent to 15 per cent. The Committee is aware that this announcement came after the Ombudsman shared their estimate with us and after the evidence session on 16 October, as such the impact of this tax rise hasn't been accounted for. We ask that the Ombudsman gives due consideration as to how this tax rise would impact the budget outlined within the current estimate and any possible supplementary budget requests.

Recommendation 9. The Committee recommends the Ombudsman considers the impact of the UK Government's budget on its estimate, including the rise in employers' national insurance contributions, and provides an update as soon as possible.

115. The Committee welcomes the efficiencies of £105,000 identified in the Estimate which have been realised through reduced rent, VAT, business rates and service charges as a result of a renegotiated lease to reflect the 44 per cent reduction in office space. We note that this saving will offset some of the Ombudsman's other cost pressures.

116. We welcome the Ombudsman's commitment to look at AI and automation to identify efficiencies and agree with the approach of working with other ombudsman bodies to identify how this could be implemented.

Recommendation 10. The Committee recommends that the Ombudsman gives further consideration as to how Artificial Intelligence or automation can be used to further increase efficiencies, and provides the Committee with an update on progress.

¹²⁴ HM Treasury, Autumn Budget 2024: Fixing the foundations to deliver change, October 2024

117. The Committee notes that part of the savings from the property rationalisation project will be used to improve customer service through the creation of a new portal and to develop the Ombudsman's cyber resilience. We agree that both elements play an important part in ensuring the Ombudsman can deliver its services.

118. The Committee notes the concerns raised by the Ombudsman following the reduction in the number of staff who consider the Ombudsman a good place to work. We welcome the Ombudsman's approach in addressing some of the issues which may be contributing to this score. However, we are of the view the Ombudsman should consider measuring the impact of this approach before the next biennial staff survey to determine if these steps are effective in mitigating this issue.

119. The Committee notes that the Ombudsman is in the early stages of implementing the recommendations made following the Independent Review of investigations by the Public Services Ombudsman for Wales into Code of Conduct complaints. We acknowledge the Ombudsman's initial response that the impact of implementing the recommendations may impact resources rather than finances. The challenges and pressures faced by the Ombudsman's staff are considered in Chapter 2 (see Recommendation 3). However, we emphasise again the need for the Ombudsman to consider how staff can be supported during times of pressure and how such demands could be alleviated.

Recommendation 11. The Committee recommends that the Ombudsman engages with staff at a regular basis to gauge how many agree that the PSOW is a good place to work.

Recommendation 12. The Committee recommends that the Ombudsman publishes the results of its biennial staff survey as part of its Annual Report and Estimate.

Annex A: Public Services Ombudsman for Wales - Estimate 2025/26

Public Services Ombudsman for Wales

Estimate 2025/26

1. Introduction

- 1.1 This Estimate submission for 2025/26 has been prepared for consideration by the Senedd Finance Committee. The office's Annual Report & Accounts for 2023/24 provide details of activities and achievements in that year. The Estimate has been prepared in the context of the [Strategic Plan 2023–2026: A new chapter](#) which sets the direction of the office.

2. Executive Summary

- 2.1 Complaints and enquiries received by the Office last year increased 17%, contributing to a 37% increase in the 5 years since 2019. The upward trend has continued into the first 4 months of this year. The Office improved its efficiency over the year and closed 6% more cases, also reducing aged cases (those over 12 months) by 70%. The Office Rationalisation Project has now concluded, delivering annual efficiency savings of £105k. However, the continued increase in caseload, and the pressure that this places on the wellbeing of our staff, is hugely challenging.
- 2.2 This Estimate has been prepared within the context of complaints and enquiries continuing to increase, to reflect the resources needed to support the delivery of the Strategic Aims, set out in our Strategic Plan, whilst also being mindful of the challenges continuing to face public sector finances.
- 2.3 In summary, the Cash and Resource and requirements are £6,358k and £6,392k respectively. This is an overall cash increase of £122k, or 2.0%, as a result of efficiencies being used to offset some significant cost pressures
- 2.4 These pressures mainly arise from increased staff costs - £138k is required to meet the additional anticipated cost of the April 2025 pay award and contractual staff increments.
- 2.5 There are also inflationary pressures of £15k on our non-staff expenditure and £20k is required to meet the necessary costs of external IT support following re-tendering.
- 2.6 We have now successfully completed our project to reduce our office space by 45%, negotiating dilapidations costs and an early exit from our lease commitment, and entering a new lease, for the reduced area, in April 2024. These changes have been managed within existing resources and we expect them to lead to annual cash-saving efficiencies of £105k (in the form of reduced rent, VAT, business rates and service charges). The savings will be used to offset some of the cost pressures above, specifically the cost of contractual staff increments (£31k) and the costs of the new IT Support contract (£20k).

- 2.7 As indicated in previous reports to Finance Committee, the remaining savings will be retained to fund the costs of future investment in technology and service improvement, work which was deferred until these savings materialised. There is also an IFRS 16 accounting technical adjustment as a result of the new lease, but this will impact resource only.
- 2.8 The PSOW Act does not allow a charge to be made for our services and we receive no fee income. We recover the costs of payroll services to the Future Generations Commissioner and of the part-time staff secondment to the Ombudsman Association. We are therefore entirely dependent on funding from the Welsh budget, following the recommendations of the Senedd Finance Committee.
- 2.9 We are mindful of the significant pressure on public finances and the difficulties this presents in balancing the demand for public services and the funding available. We welcomed the Finance Committee's support last year for an additional caseworker and for a new data analyst post to help us get more from our data. These positions will make an important contribution to dealing with the increased workload.
- 2.10 Whilst we remain ambitious, we are phasing investment over the next few years to reflect the current limitations of public sector finances. Investment in technology and service improvement will be funded through savings from our property rationalisation, reducing the funding being requested from the Welsh Consolidated Fund.
- 2.11 In addition to the cash-releasing savings from our reduction in office space, we continue to make volume efficiencies ('doing more with the same') as a result of not increasing our staff numbers in proportion with the increases in casework that we are continuing to experience (see section 6). Whilst these efficiencies do not generate cash savings, they reflect real efficiencies made and the cost per case last year was the lowest reported by the Office.
- 2.12 The proposed budget ambit is shown in Appendix A.

3. 2024/25 Update

- 3.1 Our Strategic Plan for 2023-26 sets out our vision and ambition for public services in Wales. It also sets out our four Strategic Aims:
1. Delivering justice with a positive impact for people and public services
 2. Increasing accessibility and inclusion
 3. Increasing the impact of our proactive improvement work
 4. Ensuring that we are a healthy, efficient and accountable organisation.
- 3.2 We monitor and report on our performance against a number of Key Performance Indicators (KPIs), which aim to support continuous improvement in our performance and capture more accurately the impact of our work. We prepare annual business plans setting out key actions that will help us meet our Strategic Aims.

- 3.3 During 2023/24 we made good progress towards achieving the ambitious goals set out in the Strategic Plan. We saw a record increase in the number of people contacting us with complaints about public services and about the conduct of local councillors. We handled over 10,000 cases, closing more than we ever have done before. We reduced our aging cases, often those that are the most complex and challenging, by 70% by the end of the year. We also reduced the costs for each case and investigation, so the office was the most efficient it has ever been. Performance is set out in detail in the [Annual Report and Accounts 2023/24](#).
- 3.4 Caseload pressures continue to be a significant concern. We have made progress in reducing the number of public service complaints each investigator holds in their current caseload to a more manageable level. However, the increasing pressures of Code of Conduct work mean that each investigator of Code of Conduct complaints continues to hold an excessive number of live cases. 2023/24 was the office's best performance, and we have made substantial efficiencies in recent years, but the office is now operating at, or very close to, capacity.
- 3.5 We need to be mindful of the impact of growing numbers of complaints on staff health and wellbeing. Staff feedback continues to show increasing concerns about workload and reduced satisfaction with PSOW as a place to work. We are reviewing the measures we have in place to support staff and continue to provide a healthy working environment.
- 3.6 In the current year, we have so far received 20% more public service complaints than for the equivalent period last year. Although the numbers of enquiries are slightly down (perhaps as the result of investment in our new website which provides better information and guidance), as are code of conduct complaints, public service complaints account for the majority of our staff time, so the increase is concerning in terms of capacity and impact on staff.
- 3.7 In the current year, there remain three significant financial uncertainties:
- The April 2024 local government pay award, which applies to our staff under their contracts of employment, has not yet been settled. The initial PSOW Estimate for 2024/25 allowed 5% for the April 2024 pay award. There are suggestions that public sector pay awards for the NHS and teachers this year may be around 5.5%, and this may influence the outcome of local government pay negotiations. If the actual pay award is above 5%, we will work to contain the additional cost within the approved budget as far as possible but might need to submit a further Supplementary Budget.
 - The ongoing Code of Conduct case, where leave to appeal the decision of the Adjudication Panel for Wales in the High Court has been sought (by the former Councillor involved), remains current. Permission to appeal was refused by the High Court in April. However, the application has been renewed and this will be considered by the High Court in November. As previously advised to the

Committee, the outcome of this, and the potential legal costs if permission to appeal is granted, remain unknown.

- The Committee is aware of the independent review commissioned by the Ombudsman earlier in the year. The review is considering a number of Code of Conduct case assessment decisions and our processes for investigating Code of Conduct complaints. The Committee will be considering that report separately. Whilst it is expected that the cost of the review, during the current year, will be contained within existing budgets using savings from reduced office accommodation, we are uncertain of the level of additional resources that may be required to meet the costs of implementing any recommendations.

3.8 We were pleased that there were additional resources, provided in our 2024/25 budget, for one caseworker and a data analyst. Once our budget was formally approved, we made appointments to both roles. There will be a period of induction and training for both posts but by the end of the 2024/25 year we expect both posts to be making a difference. One post will help to manage ongoing increases in casework. The other post will start the work to gain greater insight from the data we hold and that we collect. That insight will help with our improvement work with public services and will inform the office's own initiative and thematic work.

3.9 As the Committee will recall, cyber security remains a significant and constant risk in our risk register. We continue to maintain a focus on this and have continued our work to move to cloud-hosted solutions. Following a review, we have identified the need to secure additional external support that includes an annual cyber security audit, monthly internal and external vulnerability scans, support for ongoing Cyber Essentials / Cyber Essentials Plus certifications, penetration testing, training including phishing simulations, device monitoring and, if and when needed, access to expert support in an incident. These are intended to reduce both the likelihood and the impact of any cyber security incident.

3.10 We have also completed our staff survey, which we undertake every two years. The survey results raise concerns, reported previously, about wellbeing and pressure on staff, and while the majority of our staff still consider that we are a good place to work, the proportion has decreased. These results provide an early indication of the impact on staff wellbeing arising from increased work pressures, and we are undertaking further research, with an independent researcher, to gather more detailed thoughts and views from staff to help our understanding of the results and identify any further actions we can take to address key issues.

4. Casework Pressures

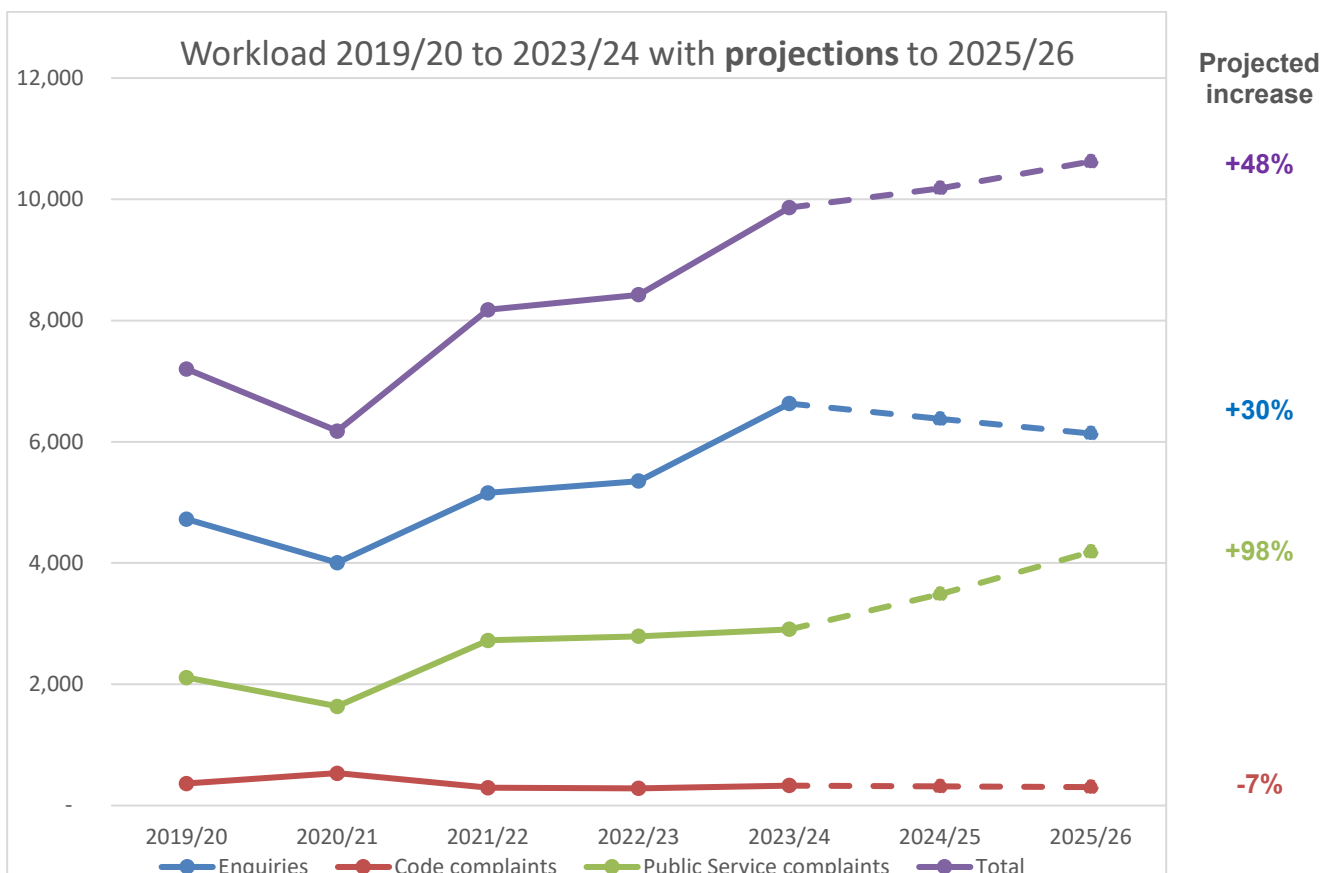
4.1 Last year (2023/24) we again received the highest ever number of public service complaints. This reflects pressures on public services, particularly health services, and increasing public concerns about those services. In the current year (April to June 2024) we have seen further increases in our overall workload, with a further substantial increase in the number of new public service complaints received.

4.2 For the 2025/26 Estimate we have based our projections on the actual number of new cases in the year to date, and applied those to the 2023/24 actual numbers. This is an average annual increase of 3% to 4% overall, but with a large increase in public service complaints only partially offset by small reductions in the numbers of enquiries and Code of Conduct complaints.

Year	Enquiries received	Code of conduct complaints received	Public Service complaints received	Totals
2019/20	4,726 (+2%)	365 (+29%)	2,109 (-4%)	7,200 (+1%)
2020/21	4,006 (-15%)	535 (+47%)	1,638 (-22%)	6,179 (-14%)
2021/22	5,158 (+29%)	294 (-45%)	2,726 (+66%)	8,178 (+32%)
2022/23	5,350 (+4%)	283 (-4%)	2,790 (+2%)	8,423 (+3%)
2023/24	6,630 (+24%)	328 (+16%)	2,905 (+4%)	9,863 (+17%)
2024/25 (projected)	6,378 (-4%)	316 (-4%)	3,486 (+20%)	10,180 (+3%)
2025/26 (projected)	6,136 (-4%)	304 (-4%)	4,183 (+20%)	10,623 (+4%)

Table 1: Workload 2019/20 to 2023/24 with projections to 2025/26

4.3 Graph 1 (below) shows past, current and projected numbers of enquiries and complaints.



Graph 1: Workload 2015/16 to 2023/24 with projections to 2025/26

- 4.4 The cumulative effect of ongoing annual increases is substantial. We seek to provide timely, empathetic and appropriate outcomes to complaints. However, these casework pressures reflect the very real concerns of residents of Wales and increasing caseloads risk delaying resolution and prolonging distress. Good progress has been made in the last year in reducing the percentage of public service complaints, currently being investigated, that have been with the Ombudsman for more than 12 months. This has reduced from 40% of cases to 10% of public service complaints. Further work is required to reduce the number of ageing Code of Conduct cases.
- 4.5 There is also a significant impact on our staff. Since public service complaints account for the majority of staff time, even a small percentage increase results in a significant number of additional work. The projected 98% increase in public service complaints from 2019/20 to 2025/26 (see Graph 1) is therefore particularly challenging. The actual increases in casework from 2019/20 to 2023/24 have been largely managed through efficiencies: from 2019/20 to 2023/24 we received 37% more public service complaints with only 9% more casework staff (4 members of staff). The scale of these efficiencies is significant, and the office is now operating at, or close to, capacity. Whilst no additional staff are proposed in 2025/26, continuing caseload pressures in future years cannot simply continue to be absorbed.
- 4.6 Our Strategic Plan includes a strategic aim to increase accessibility and inclusion in our services. Whilst resources continue to be constrained, this still remains an important aim. We will work to improve access to our services by those groups currently under-represented in our service users. We expect that this will result in more enquiries and complaints from these groups.
- 4.7 We remain committed to driving efficiency, embracing innovation and improving our performance. We continue to focus on staff wellbeing and complainant experience, but in the current public finance context, the Estimate for 2025/26 does not seek an increase in funding beyond contributions towards meeting anticipated pay and price increases. However, the scale of achievements in terms of efficiencies, handling more complaints, closing more cases and reducing the number of older cases, is such that the office is now operating at capacity.

5. Cost pressures

- 5.1 Almost all our budget continues to be taken up by fixed or semi-fixed costs – premises costs and IT costs are largely fixed, and staff costs cannot be varied in the short term, other than through redundancies (which would involve additional one-off costs).

Staff costs

- 5.2 Nearly 80% of our costs are staff costs. We are committed to staff increments of £31k, but our biggest cost pressures arise from pay awards and employer pension and National Insurance contributions. These are not costs that we can directly control, at least in the short term. As indicated above, staff are contractually entitled

to pay awards agreed for local government staff in England, Wales and Northern Ireland by the local government National Employers organisation.

- 5.3 Our Estimate submission assumes a 5% national local government pay award for April 2024. We also need to allow for the April 2025 pay award. We have included provision for a 3% pay award from April 2025. However, if the actual local government pay awards are higher than we have provided for, we may have further funding shortfall(s). We are seeking £107k to help us meet the cost of the national pay award and propose to fund contractual increments of £31k through the efficiency savings from property.

IT Support Contract

- 5.4 The current contract for our IT Support expires at the end of March 2025. We are therefore in the process of a full procurement exercise. We will seek tenders based largely on the existing specification and service levels. However, we are aware of increased cyber security requirements, and the fact that the risk of a cyber-attack has increased significantly since the procurement was last completed in 2020. Furthermore, re-tendered contracts are likely to be more costly than the expiring contracts, especially given the current economic climate of supplier price inflation. We will be allowing for an extra £20k to help us meet this, and this will be funded through the efficiency savings from property.

Price inflation

- 5.5 For the current year (2024/25) we anticipated 6.7% inflation based on the rate of CPI at August 2023. Whilst actual rates of inflation have consistently fallen since then, and these reduced rates are helpful, they still have an impact on utility and other supplies and services costs, including contracts where there is annual indexation. A number of annual costs, particularly IT, tend to increase by more than CPI.
- 5.6 For 2025/26, we have assessed the impact of inflationary increases on a line-by-line basis. Appendix B shows the incidence of these inflationary pressures. Whilst inflation for the year to date has been on average 3%, we have generally worked on the basis of the latest GDP deflator for June 2023 (2%) but have also included excess price increases in 2024/25 where applicable. Whilst we will continue to seek best value prices from suppliers, general inflationary pressures make price increases likely. We are seeking £15k to help us meet these costs of inflation.

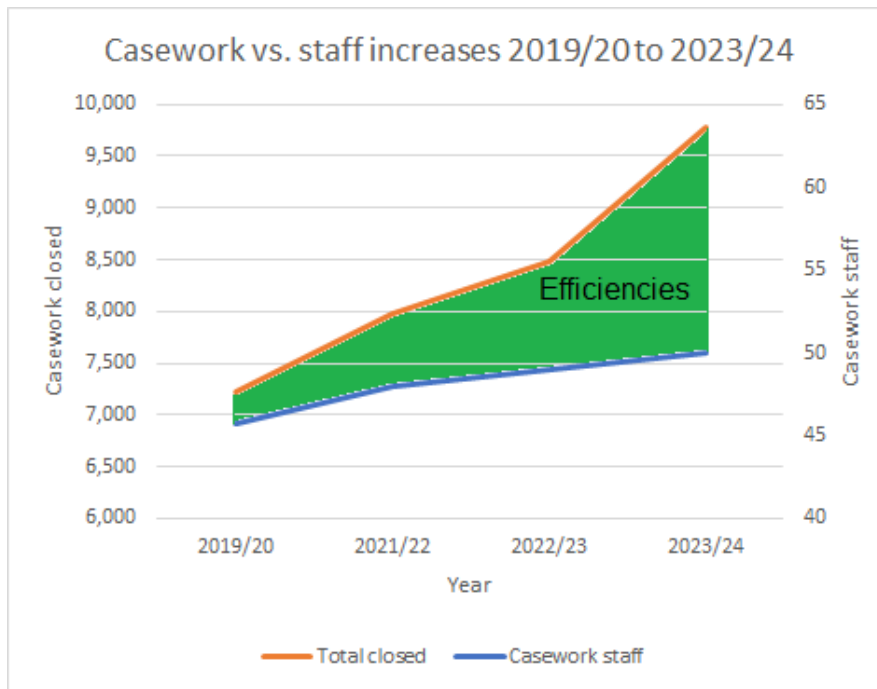
6. Efficiencies

Cost efficiencies

- 6.1 We have continued to deliver substantial cost efficiencies. We have looked to fund many price inflation pressures and staff increments over the past 2 years as a result of process improvements and other internal efficiency savings such as:
- Staff efficiencies through reorganisation and staff turnover
 - IT efficiencies following investment and reduced use of third-party suppliers
 - Procuring IT contracts through Government Commercial Frameworks rather than entering into agreements ourselves
 - Reducing the number of printers/copiers the office now owns
 - Moving our contract management system in-house rather than using a paid third-party supplier.
- 6.2 Since our last Estimate submission, we have successfully negotiated and signed a new lease, effective April 2024. We now only occupy the ground floor and this has resulted in a cash efficiency saving of £105k, being savings made in rent, VAT, service charge, utilities and rates.
- 6.3 We are mindful of the pressures on Welsh public finances and therefore propose to apply £51k (£31k for staff increments and £20k for increased costs of our IT Support contract) of these cash-saving property efficiencies to fund some of the cost pressures outlined above. This reduces our call on the Welsh Consolidated Fund to fund pay and price increases.

Volume efficiencies – achieved

- 6.4 Our actual enquiries and complaints caseload has already increased by 37% since 2019/20 as set out above (and an overall projected increase of 48% to 2025/26). There has not been a commensurate increase in staff numbers dealing with complaints and enquiries – we have had 4 more casework staff where a 37% increase in staff would equate to an increase of 17 to date (and of 22 by 2025/26). This demonstrates our commitment to achieving greater efficiency and our track record of doing so. We have successfully worked to increase volume efficiency and manage this growing caseload by ‘doing more with the same’.
- 6.5 Of course, what is important is not just the number of complaints and enquiries **received** but also the work completed and the number of complaints assessed, investigated and closed. The analysis below therefore considers the cases **closed** each year.



This diagram shows the number of cases we have **closed** each year and the number of casework staff between 2019/20 and 2023/24.

This shows the continued and growing gap between casework staff and the casework we are dealing with, and the efficiency (cost avoidance) savings we have made as a result.

Graph 2 – Closed casework vs. staff numbers

6.6 This green gap between increases in case closures and increases in staff numbers yields an estimated annual volume efficiency of around £750k. These efficiencies do not generate cash savings, but they reflect real efficiencies made.

Volume efficiencies – projected

6.7 Based on caseload projections for 2025/26, with no additional casework staff for 2025/26, our caseload implies an increase in staff numbers of 22 above 2019/20 levels. Over that period, only 4 additional casework posts have been established. The gap indicates an ongoing annual efficiency saving of £1.1m. Whilst we are not seeking funding for any additional staff for 2025/26, if the number of cases continue to increase, then we will certainly have to look at an increase to our casework staff numbers in future years.

7. Investment in Strategic Priorities

- 7.1 Our Strategic Plan sets out four strategic aims. Under the Plan we will be:
1. Delivering justice with a positive impact for people and public services
 2. Increasing accessibility and inclusion
 3. Increasing the impact of our proactive improvement work
 4. Ensuring that we are a healthy, efficient and accountable organisation.

7.2 These strategic aims are ambitious and define a new set of priorities for the office. However, the pressures facing the Ombudsman, and indeed wider public services, are not likely to be resolved quickly – there will be continued cost and caseload pressures, as well as increased expectations. These pressures make the four strategic aims even more important.

- 7.3 We remain concerned that some groups across Wales are less likely to be aware of and use our services. These include some who may be particularly reliant on public services, and we are determined to increase our outreach and accessibility work to reach them. Our outreach and communications work, together with the factors set out earlier when discussing caseload pressure, mean that more will be expected of our service and our organisation. No additional investment has been included for increased outreach work as part of our Strategic Plan, so we will aim to do this by prioritising target groups within existing resources.
- 7.4 We were grateful that in last year's Estimate the Committee supported additional funding to meet the costs of re-tendering for our Case Management System. We made a number of enhancements to the system in 2023/24, such as work to improve dashboards (so staff and managers have a better understanding of current caseloads) and need to complete our enhancement programme through the development of a new portal. This will allow transmission of documents and communications to/from complainants and/or relevant bodies and advisers and was one of the key recommendations identified as part of our digital improvement work with Perago Wales. The cost of this work will be met from the existing service improvement and IT & Digital Strategy budget.
- 7.5 We remain committed to investment in our IT & Digital Strategy and will achieve this by using part of the property savings. As indicated in previous Estimate submissions, investment to improve efficiency was deferred until the property-related savings were achieved. Now that these savings have materialised, this will allow us to make investment in significant change without an additional call on funding from the Welsh Consolidated Fund. In 2025/26 to invest in use of technology to assist in our work, exploring the scope for automation of tasks and improving methods of communicating with complainants and potential complainants. As our Data Analyst becomes established in the role, we will develop and use data analysis tools to improve the insight and understanding we get from the data we collect.

8. 2025/26 Estimate

8.1 In preparing this Estimate we have sought to address the Statement of Principles developed by the Senedd Finance Committee for the preparation of annual budget proposals. Appendix D shows these Principles and how they have been addressed in this Estimate submission.

8.2 Changes between the 2024/25 budget and 2025/26 Estimate are summarised below:

<i>All figures in £000</i>	Cash		Resource
2024/25 budget (after deducting £108k – see note)		6,236	6,250
3% pay award		+107	+107
2% non-pay inflation		+15	+15
<i>Property savings</i>	-105		
<i>Staff increments</i>	+31		
<i>Increased IT support costs</i>	+20		
<i>Investment in service improvement and IT & Digital Strategy</i>	+54		
Net	0	0	0
IFRS 16 changes		-	+20
2025/26 budget		6,358	6,392

Note: The Finance Committee requested that the unused pay award contingency amount from 2023/24 (£108k), was removed from the base budget. This will be done for 2024/25 in the 2nd Supplementary Budget. This amount has therefore been removed from the baseline.

Table 2: Changes between the 2024/25 budget and the 2025/26 Estimate

8.3 The Estimate for 2025/26 is shown in more detail in Appendix B and is prepared on an IFRS 16 basis. Unit costs are included in Appendix C.

8.4 Further detail, together with brief narrative for each area of expenditure group, is attached. The table shows the current year's budget, budget pressures, efficiencies and the proposed Estimate for 2025/26.

8.5 The estimate:

- Includes 5% estimated pay award for April 2024 and 3% estimated pay award from April 2025.
- Includes no contingency. Since we have no contingency or reserves, any significant unexpected costs (such as pay awards above levels allowed for, or significant legal costs arising, for example, from case-related court cases or judicial review) would result in a Supplementary Budget.
- Reflects cash-saving efficiencies of £105k from our property review which will be used to meet the costs of staff increments (£31k) and to meet the expected increased costs of our IT Support contract following re-tendering (£20k).
- Includes no funding request for additional staff, despite the volume of work being dealt with by the office being the highest it has ever been.

9. Consequences of Estimate not being approved

- 9.1 The Estimate seeks to balance the financial pressures and need for investment on the one hand with an understanding of the challenging state of public finances in Wales. In the main, the increases sought are the result of externally generated pay and price pressures. The costs of investment in service improvement and in the delivery of our IT & Digital Strategy are to be met from the balance of property savings.

Consequences of Estimate not being approved

Impact on staff

- 9.2 If the Estimate does not cover the costs of the pay award and inflation, this will result in reductions in staff numbers. If these cannot be achieved through natural turnover of staff, redundancies would be necessary.
- 9.3 If the costs of pay awards and inflation are not included in the approved budget, redundancies would be required, amounting to the loss of 2 full time posts. This would be hugely concerning at a time when demands for our services are the highest they have ever been, the pressures on our staff are the greatest they have ever been, and when the role of the Ombudsman is as important as ever in securing accountability and justice from Welsh public services. Such redundancies would also require the submission of a Supplementary Budget to meet one-off redundancy costs.
- 9.4 Furthermore, our staff are already experiencing significant pressure and increasing the pressures on staff would have adverse impact on staff wellbeing. Increased complaints have put more pressure on our staff and, if the Estimate is not approved, there is a risk that the incidence of lost time through stress will increase.

Impact on service users

- 9.5 Any reduction in staff numbers would also have an adverse impact on service levels, resulting in less time to engage with individual complainants, longer response times and less detailed consideration of some complaints. This in turn would have an adverse effect on complainants, adding to their concerns. Particularly in health complaints, our involvement tends to come at the end of what can be a long complaints journey. A reduced level of service would be a cause of real concern and would increase the distress of complainants.
- 9.6 Going forward we want to continue to assess complaints on their merit and carefully decide whether it is proportionate to fully investigate any complaint. We want to take a proportionate approach and devote our resources to ensure that we remedy injustice in serious cases and where systemic failings may impact on groups of individuals. If the estimate is not approved, these aims will no longer be achievable.
- 9.7 We are already taking a proportionate approach to our casework, investigating only the most serious health cases and cases where our investigations can achieve something further. If the Estimate is not approved, this would reduce the scope to

achieve more representative coverage of the range of public services, to make our service more accessible and to provide greater focus on areas such as housing and social care. The opportunities for identifying improvements in public services would also reduce.

- 9.8 Considering only the most serious complaints would also run counter to our efforts, and the legislative decisions of the Senedd, to make the Ombudsman's services more accessible, for example through acceptance of oral complaints. In many cases, it is only when we start to investigate a single complaint, that might not appear very serious, that we identify systemic issues that could have very serious consequences for others. The feedback we receive makes us acutely aware of the impact of our work on members of the public. We do not wish to deny complainants the opportunity to have genuine concerns investigated.

Impact on technology and organisational efficiency

- 9.9 There is limited scope to cut our non-staff costs – most non-staff budgets are fixed or semi-fixed, with only small savings possible from, for example, a fall in the number of software licence users in the event of reductions in staff numbers.
- 9.10 The estimate anticipates and includes an additional sum (£20k) to cover the estimated increase in IT support costs when the contract is re-tendered, ready to commence on 1 April 2025. The current contract commenced in 2021 and the complexity and scale of this support has increased since then, as have market rates for such support. Strong external IT support is a vital part of maintaining efficient, effective and secure systems and in acting promptly and professionally to address any security or performance issues.
- 9.11 Our work is entirely reliant on technology. We have achieved Cyber Essentials Plus accreditation, and it is vital that we are able to keep our systems and software up to date. This inevitably has a cost, but the consequences of not keeping our systems as secure as possible are potentially huge in terms of the risks of sensitive personal data disclosure, inability to provide a service and the costs of recovering from a cyber incident.

Appendix A – Budget Ambit - Public Services Ombudsman for Wales

This Estimate submission has been completed consistently with Standing Orders 18A and 20.23 of the Welsh Parliament dated June 2024.

Ambit	Resources (£000)	Accruing Resources (£000)
Public Services Ombudsman for Wales	6,392	27

<u>Services and Purposes</u>	<u>£000</u>
Resources other than accruing resources for use by the Public Services Ombudsman for Wales on resource and capital costs associated with the administration of the Ombudsman's office; payments to the British and Irish Ombudsman Association; payments to the International Ombudsman Institute and associated non fiscal items.	6,392

<u>Category of accruing resource</u>	<u>Services and purposes for which income may be retained</u>
Income from commercial sales and other services provided to the public or others.	For use on related services and the administration of the Ombudsman service.
Overall amount of Income (£000)	27

Resource to cash reconciliation for 2025/26 (£000)

Net Resource Requirement	6,387 *
Net Capital Requirement	5 *
Adjustments:	
Capital Charges	(157)
Impairments	-
Movements in Provisions	-
Profit/Loss on sale of assets	-
Movements in stocks	-
Movements in debtors/creditors	20
Use of Provisions	-
Other	103
Net Cash Requirement for issue from the Welsh Consolidated Fund	6,358

* £6,387k + £5k capital = £6,392k Total Resource Expenditure in Appendix B.

Appendix B – Estimate 2025/26

	2024/25	2025/26			
All figures in £000s	Budget 2024/25	Pressures / Inflation 2025/26	Investment in Strategic Priorities	Efficiencies	Estimate
Staff salaries and related costs (note 1)	4,972 *	+107 +31			5,110
Premises and facilities (note 2)	216	+51		(105)	162
Professional fees (note 3)	263	+4			267
IT costs (note 4)	327	+4 +20			351
Investment in service improvement and IT & Digital Strategy (note 5)	50	+1	+54		105
Office costs (note 6)	102	+3			105
Travel, training and recruitment (note 7)	42	+1			43
Communications (note 8)	68	+2			70
Total Revenue Expenditure	6,040	+224	+54	(105)	6,213
Total Income (note 9)	(27)				(27)
Net Revenue Expenditure	6,013	+224	+54	(105)	6,186
Capital Expenditure – DEL (note 10)	5				5
Total Resources Required	6,018	+224	+54	(105)	6,191
Depreciation and amortisation	70				70
Depreciation – leased assets	155			(68)	87
Interest charge – leased assets	7	+37			44
Capital AME – dilapidations	-				-
Total Resource Expenditure	6,250	+261	+54	(173)	6,392
Depreciation and amortisation	(70)				(70)
Depreciation – leased assets (note 11)	(155)	+68			(87)
Interest charge – leased assets (note 11)	(7)			(37)	(44)
Capital AME – dilapidations	-				-
Change in working capital (note 11)	198			(51)	147
Other non-cash movements	20				20
Cash Requirement from WCF	6,236	+329	+54	(261)	6,358

* The Finance Committee requested last year that we return the unused pay award contingency amount from 2023/24 (£108k), and this will be done for 2024/25 in the 2nd Supplementary Budget. This amount has therefore also been removed from the baseline budget.

Notes

1. Salaries and Related Costs

Under our employment contracts, staff salaries are increased annually in accordance with Local Government NJC pay negotiations. The 2024/25 budget figure includes a provision for a 5% pay award. For 2025/26 the table shows pressures of £107k (estimated 3% pay award from April 2025).

Note that pay awards for April 2024 and April 2025 are not yet settled so figures are estimates. Higher pay awards would be contained within existing resources where possible but would be likely to require the submission of a Supplementary Budget. The Committee has previously indicated its preference for this method of Estimate construction, rather than the inclusion of a contingency to cover any potentially higher pay settlement.

The cost of staff increments (£31k) will be met through the use of our property savings.

2. Premises

This major item of expenditure is the lease and running costs of our premises at Bocam Park. Since our last Estimate submission, we have successfully negotiated and signed a new lease, effective April 2024. We now occupy only the ground floor and this has resulted in a cash efficiency saving of £105k, from reductions in rent, service charge, utilities and rates.

Additional resource expenditure is required as a result of the IFRS 16 implications of the new lease (in line with HM Treasury guidance, +£51k), though this has no effect on cash.

3. Professional Fees

Inflationary pressures have increased the costs of professional fees by (+£4k).

4. IT - Computer Systems and IT Support

We have a number of contractually committed IT contract price increases. In 2023/24 we allowed for a 2% inflationary increase, but actual increases for the year are higher (+£4k).

The additional costs following re-tendering for our IT Support contract (+£20k) will be met through the use of our property savings.

5. Investment in service improvement and IT & Digital Strategy

We will be investing the balance of savings from our property rationalisation project (after funding increments and the increase in annual IT support costs) (£54k) in service improvement and implementation of our IT & Digital Strategy.

This investment will support staff in their roles, help develop our systems to support the ongoing efficiencies required in the budget and deliver improvements in our service and in communication with service users.

6. Office Costs

Office costs are subject to inflationary cost pressures of £3k.

7. Travel, Training and Recruitment

These costs are subject to inflationary cost pressures of £1k.

8. Communications

Communications costs are subject to inflationary cost pressures of £2k. We will continue to use low and no-cost options for communications and providing information about our services.

9. Income

The Estimate includes ongoing income from a staff secondment to the Ombudsman Association and for the provision of payroll services to the Future Generations Commissioner. (The staff secondment to the Senedd Commission, included in our 1st Supplementary Budget, ends in December 2024 so does not affect 2025/26.)

10. Capital

The small annual capital allowance of £5k is maintained.

11. IFRS 16

This is the accounting adjustment needed to offset the depreciation and interest charge created by IFRS 16 and provide the appropriate cash requirement from the Welsh Consolidated Fund.

The change is as a result of the new lease signed in April 2024. The depreciation charge has reduced as there is now a longer 10-year lease period over which the asset will depreciate, whilst the interest charge has increased as HM Treasury guidance states that new leases signed in 2024 are subject to a discount rate of 4.72%, compared with the previous discount rate of 0.95% under the old lease arrangement.

Appendix C – Unit costs

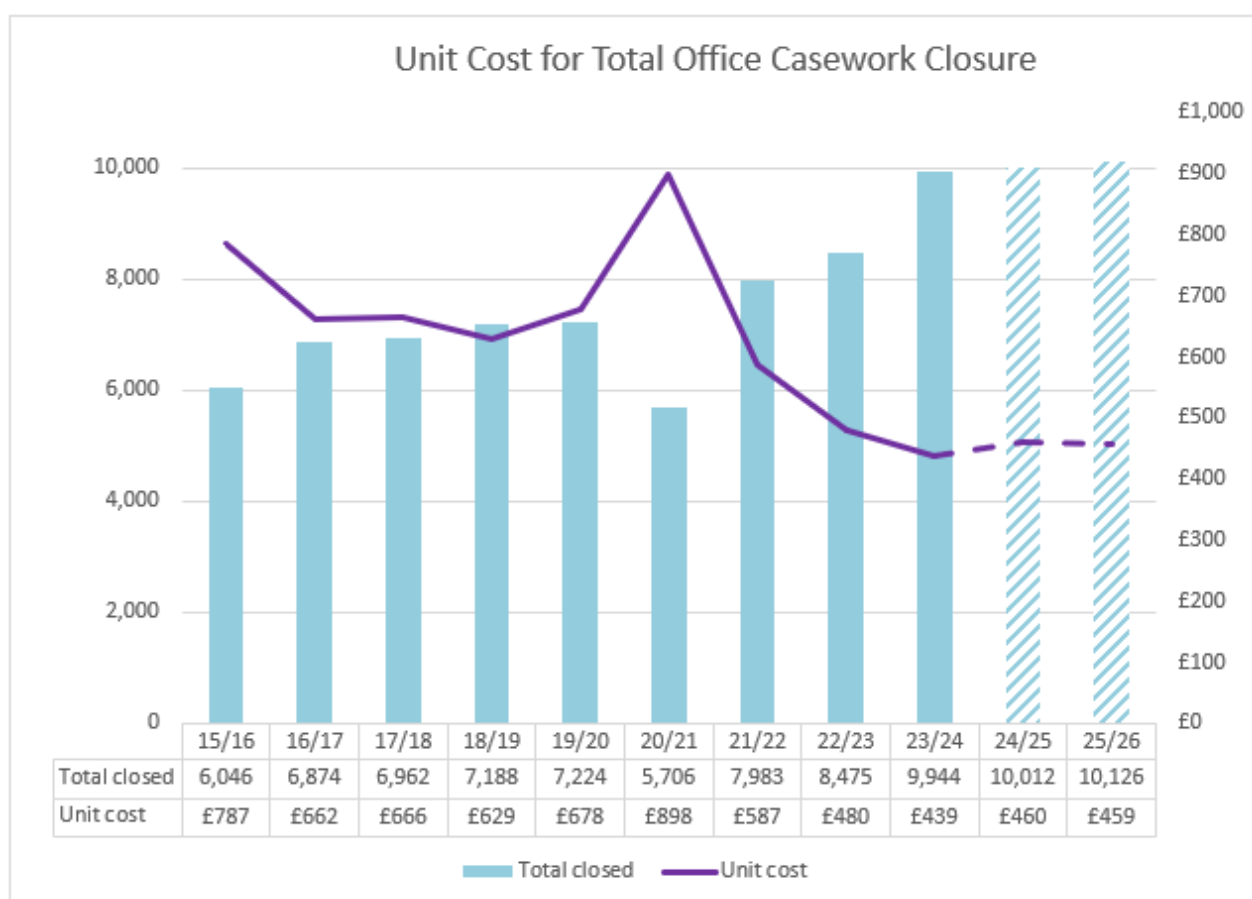
We continue to present unit costs calculated for our main activity – receiving, considering, investigating and responding to enquiries and complaints. This is our activity under Strategic Aim 1, and we use the audited figures for Operating Costs by Strategic Aim, presented within the accounts. Based on our 2023/24 Accounts, Strategic Aim 1 accounts for around 75% of our expenditure, and the main costs here are direct staff costs, costs of our case management system, costs of professional advice and an allocation of overheads such as premises and office costs.

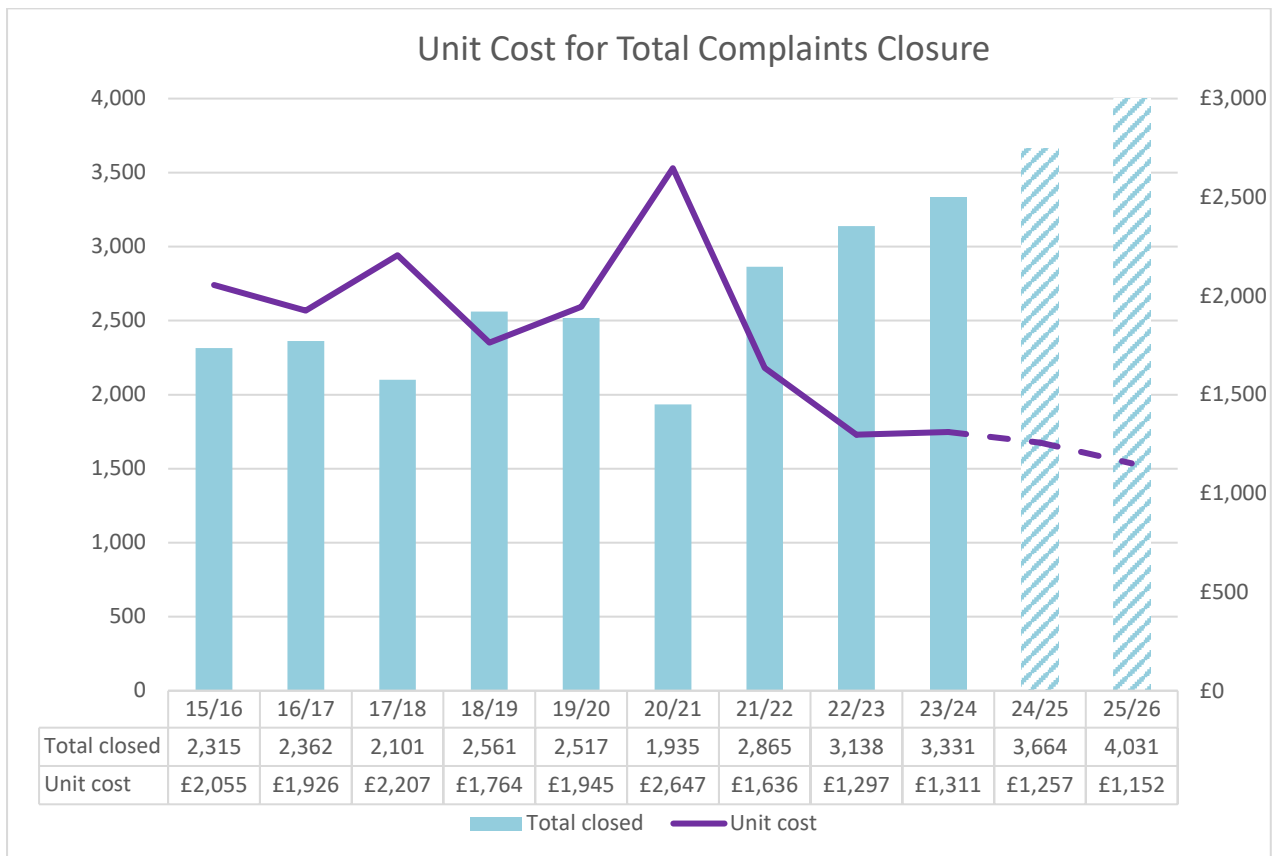
The graphs below show firstly unit cost for the full enquiry **and** complaints work **completed** (closed) in the year and secondly for complaints cases only, **completed** (closed) in the year. Projections for the current year and next year are included for completeness. As indicated in 6.5 above, if cases increase at the rate anticipated we will continue to seek efficiencies but, in the light of ongoing resource constraint, do not anticipate being able to increase the number of cases **closed** in line with the increase in cases **received**.

Real terms

All cost figures here have been adjusted to 2026 prices to allow meaningful comparison.

We have used the actual rates of CPI inflation for 2015/16 to 2023/24. For 2024/25 we have used CPI inflation as of July 2024, and for 2025/26 we have assumed inflation will be 2%.

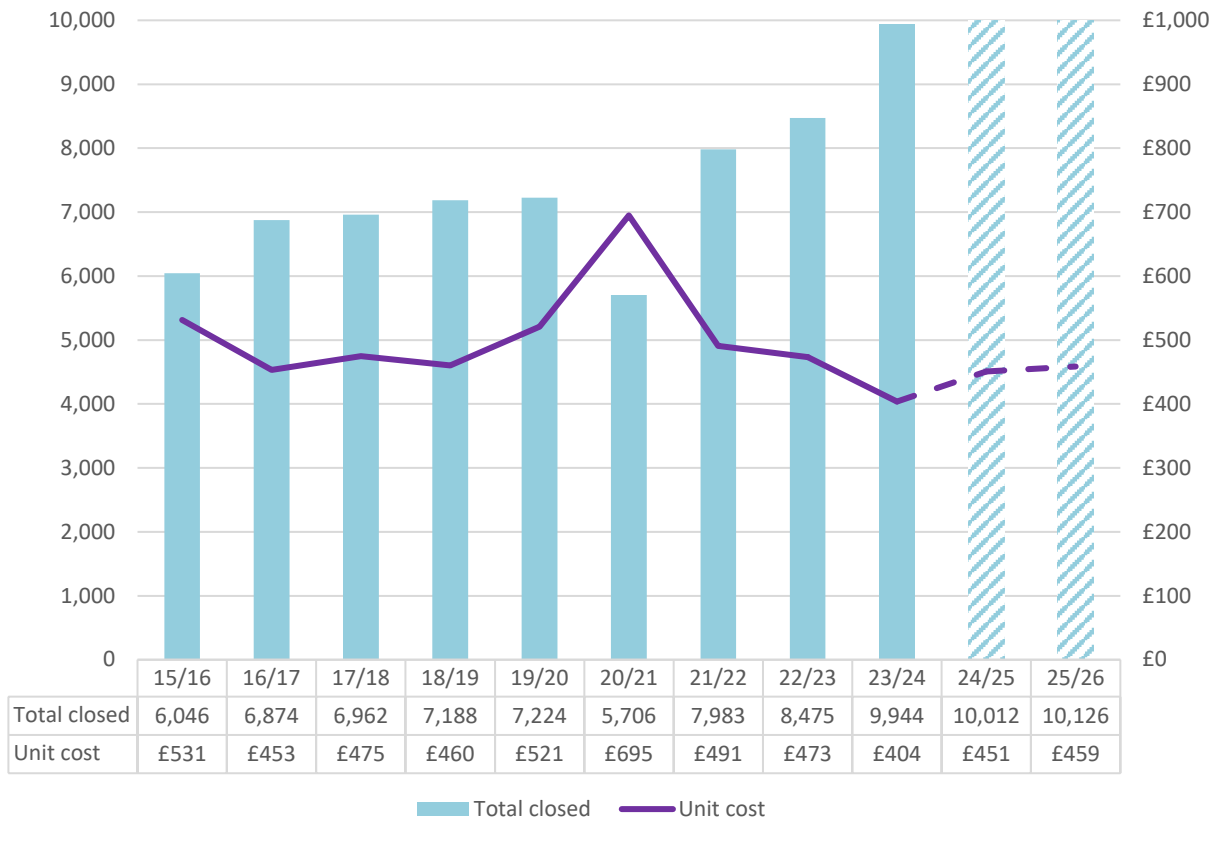




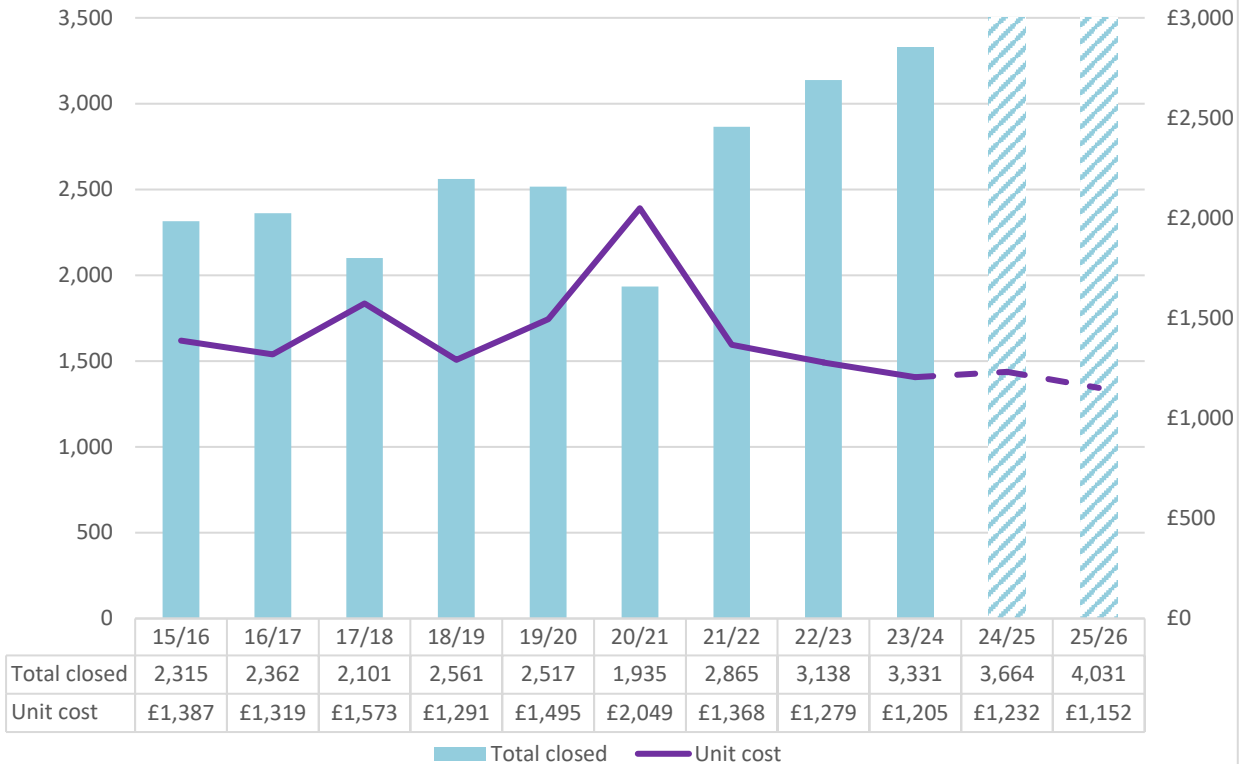
Cash terms

The Finance Committee has previously requested unit cost figures expressed in cash terms. These are presented here for completeness. All cost figures here are the actual costs as reported in the Annual Accounts, not adjusted for inflation.

Unit Cost for Total Office Casework Closure



Unit Cost for Total Complaints Closure



Appendix D – Principles that Directly Funded Bodies should consider when preparing their annual budget proposals

The Finance Committee of the Senedd has developed a Statement of Principles that Directly Funded Bodies should consider when preparing their budget proposals. This Appendix sets out the key principles and shows how they are addressed in the Estimate submission:

Principle	Comment
<ul style="list-style-type: none"> The Finance Committee believes budget estimates should be transparent, prudent and reflect the financial constraints in the public sector. 	<ul style="list-style-type: none"> The Estimate is set out in a transparent way and seeks to be prudent in recognising significant pressures facing the office (sections 4 and 5) and our ambitions (section 7). These ambitions include continued productivity and cost efficiencies (section 6) and better access to our services for all.
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Estimate reflects the financial constraints in the public sector, and includes investment in improvement (section 7), resources to meet unavoidable pressures (sections 4 and 5) and significant cost-saving efficiencies (property savings and volume efficiencies – section 6).
<ul style="list-style-type: none"> Requests should show how annual and multi-annual objectives will be prioritised, monitored and achieved. 	<ul style="list-style-type: none"> The Estimate is intended to support the multi-year aims set out in the Strategic Plan 2023-2026. This sets out our proposed priorities. We will report annually, in our Annual Report & Accounts, on progress in line with our revised Strategic Plan.
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No assumptions have been made about block grant changes. The Estimate reflects workload pressures (section 4), unavoidable cost pressures (section 5), productivity and cost efficiencies (section 6) and investment priorities (section 7).
<ul style="list-style-type: none"> Bodies should continually seek to improve processes and accrue efficiencies. 	<ul style="list-style-type: none"> The Estimate shows (section 6) efficiencies by completing more work since 2019/20 within the resources we have. The Estimate also shows specific efficiencies to be achieved in 2025/26.
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Estimate and the Strategic Plan set out the drivers that influence budget needs, together with the investment sought. Section 9 shows the consequences of the Estimate not being supported.