

Annual Scrutiny of the Public Services Ombudsman for Wales

November 2021



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**Finance Committee
Welsh Parliament
Cardiff Bay
CF99 1SN**

Tel: **0300 200 6565**
Email: **SeneddFinance@senedd.wales**
Twitter: **@SeneddFinance**

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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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1. Introduction

Public Services Ombudsman for Wales's scrutiny of the Annual Report and Accounts 2020-21 and Estimate 2022-23

Background

1. The Public Services Ombudsman for Wales (the Ombudsman) produces an Estimate of expenditure for each financial year in accordance with the **Public Services Ombudsman (Wales) Act 2019** (PSOW Act). The Estimate must set out the resources required for the Ombudsman to carry out his statutory functions, with the exception of the Ombudsman's own salary (and associated costs) which are directly charged to the Welsh Consolidated Fund (WCF).
2. The Finance Committee (the Committee) is responsible for considering the Ombudsman's Estimate. The **Standing Orders of the Welsh Parliament at 20.23 and 20.24** state that the Ombudsman must submit his 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. In the Fifth Senedd, the Finance Committee considered the Ombudsman's annual Estimate, whilst the Equality, Local Government and Communities (ELGC) Committee scrutinised the Ombudsman in other areas, including the Annual Report. In the Sixth Senedd, the Finance Committee is responsible for all oversight of the Ombudsman (as set out in the **Business Committee's report**, laid before the Senedd on 23 June 2021).
4. The Committee considered the Ombudsman's **initial Estimate 2022-23 on 13 October 2021**, taking evidence from:
 - Nick Bennett, Public Services Ombudsman for Wales
 - Chris Vinestock, Chief Operating Officer and Director of Improvement
 - Katrin Shaw, Chief Legal Adviser and Director of Investigations
5. At this session the Committee also scrutinised the Ombudsman's **Annual Report and Accounts 2020-21** ("the Annual Report"), which was laid before the Senedd under paragraphs 15, 17 and 18 of Schedule 1 of the PSOW Act.

6. Following this evidence session the Committee **wrote to the Ombudsman** seeking clarification on issues and asking him to review his initial Estimate.
7. The **Ombudsman wrote to the Committee on 21 October** to respond to the Committee's concerns and to indicate that he would revise his initial Estimate in line with the Committee's request.
8. Subsequently, on 28 October 2021, the Ombudsman resubmitted his Estimate for 2022-23 which is attached at Annex A.

2. Annual Report and Accounts 2020-21

Financial and Operational Performance

9. The Annual Report noted an underspend of £127,000 (or 2.4 per cent) against the net resource requirement for 2020-21 of £5.27 million, with £20,000 being returned to the WCF.¹

10. The outturn for the net cash requirement was £20,000 less than the budget of £4.1 million (down from £4.9 million in 2019-20, reflecting the in-year reduction to the Ombudsman's net cash requirement for 2020-21 given the refund of £974,000 relating to the Cardiff and Vale Pension Fund surplus).²

Caseload

11. In July 2020, the Ombudsman responded to the previous Finance Committee's request for information about the financial implications of COVID-19.³

12. The Ombudsman notes in the Annual Report that his new caseload decreased by 14.1 per cent in 2020-21, down to 6,183 (from 7,200 in 2019-20). Around 61 per cent were enquiries that the Ombudsman was able to close by providing advice or signposting people to other sources and not requiring any assessment or investigation.⁴

13. The number of complaints against public bodies decreased by 11.1 per cent to 1,874 from 2,109. The reduction is attributed to the effects of the pandemic, with the Ombudsman stating:

"It is possible that some members of the public were more reticent about making complaints, recognising the exceptional pressure that public services were under."⁵

14. The Ombudsman received 535 new Code of Conduct complaints, an increase of 46.6 per cent from 2019-20, of which 308 were investigated (a 33.3 per cent increase, up from

¹ [Delivering Justice, the Public Services Ombudsman for Wales, Annual Report and Accounts 2020/21](#)

² [Public Services Ombudsman for Wales 3rd Supplementary Budget 2020-21 Explanatory Memorandum](#)

³ [Letter from the Ombudsman to the Finance Committee, 3 July 2020](#)

⁴ [Delivering Justice, the Public Services Ombudsman for Wales, Annual Report and Accounts 2020/21](#)

⁵ [Delivering Justice, the Public Services Ombudsman for Wales, Annual Report and Accounts 2020/21](#)

231 in 2019-20). Complaints against Town and Community Councils increased by 32 to 167, up by 23.7 per cent from 2019-20, whilst complaints against County and County Borough Councils increased by 42 to 138, up by 43.8 per cent. The Ombudsman reports that, of these complaints, 35 were about one County Council Member.⁶

15. As a consequence of the pandemic, the Ombudsman temporarily suspended some of the ongoing health and GP investigations during the early weeks of the pandemic, because of the pressure on public services.⁷

16. The Ombudsman expressed that 2020-2021 had been a “challenging”⁸ year for his office but noted that it has been far more challenging for the bodies within his jurisdiction. For the first time in “about 10 years” his office had seen a reduction in the number of complaints received about public services⁹, however, Code of Conduct complaints had increased by 47 per cent.¹⁰

Timeliness of service delivery

17. The Annual Report notes the challenges of delivering a timely service in 2020-21, stating:

“The pandemic affected the ability of public bodies to engage with us on complaints. The switch to our staff working at home was achieved smoothly, but this, coupled with disruption to normal schooling and childcare arrangements of staff, has also affected our ability to progress our casework.”¹¹

18. The Ombudsman said that his management team was able to ensure that his office was “working virtually almost immediately” during the pandemic and that the reduction in public service complaints allowed them to use that time to reduce the “backlog”.¹²

⁶ [Delivering Justice, the Public Services Ombudsman for Wales, Annual Report and Accounts 2020/21](#)

⁷ RoP, Finance Committee, [13 October 2021](#), paragraph 56

⁸ RoP, Finance Committee, [13 October 2021](#), paragraph 10

⁹ RoP, Finance Committee, [13 October 2021](#), paragraphs 10-11

¹⁰ RoP, Finance Committee, [13 October 2021](#), paragraphs 10 - 11

¹¹ [Delivering Justice, the Public Services Ombudsman for Wales, Annual Report and Accounts 2020/21](#)

¹² RoP, Finance Committee, [13 October 2021](#), paragraph 11

- 19.** In his Annual Report, the Ombudsman reports performance against his Key Performance Indicators (KPIs). A number of the KPIs relate to the Ombudsman's casework. The Ombudsman reported that a series of these KPIs had not been met in 2020-21.¹³
- 20.** The Ombudsman said his office had "struggled" with the timeliness of service delivery because of the increased volumes of complaints/enquiries to his office. He explained the reason that the KPI target for Code of Conduct Complaints 'cases closed within 12 months' is "significantly down" (50 per cent) is because his office had reduced the backlog.¹⁴ He added:

*"If we hadn't closed the backlog, then that figure would have been much, much higher. So, we preferred to actually clear the backlog, get as much justice done as possible, so that we could clear the decks for this new year."*¹⁵

- 21.** The Ombudsman explained he did not intend to change the KPIs for the next financial year given that his term of office and the period covered by his corporate plan will shortly be coming to an end. He said it would be for the next Ombudsman:

*"to look at their corporate plan and also perhaps a variation in indicators for the next three years and for the rest of their seven-year term."*¹⁶

- 22.** The Chief Operating Officer added:

"...this is the first time where we've had our annual report and accounts and the estimates scrutinised by the same committee at the same meeting and what we've tried to do is avoid too much overlap and duplication. In the estimates paper, we have included the current year's KPI targets.

Perhaps the other thing, just to add, is that, like everyone else, I think, when we were facing the pressures of the pandemic, we didn't know quite what the future held and how long COVID would be with us. We didn't

¹³ [Delivering Justice, the Public Services Ombudsman for Wales, Annual Report and Accounts 2020/21](#)

¹⁴ RoP, Finance Committee, [13 October 2021](#), paragraph 20

¹⁵ RoP, Finance Committee, [13 October 2021](#), paragraph 12

¹⁶ RoP, Finance Committee, [13 October 2021](#), paragraph 21

feel comfortable changing targets with that uncertainty, so we stuck with those original targets—the targets don't make allowance for COVID.”¹⁷

Unit Cost

23. During its scrutiny of resources requested, the previous Finance Committee explored the Ombudsman’s unit cost figures and the differential costs for the elements of the Ombudsman’s casework. In its report, *Scrutiny of the Public Services Ombudsman for Wales’s Estimate for 2021-22*, the Finance Committee recommended that the Ombudsman report his unit cost “per case in cash and real terms, including sufficient information to ascertain the basis for the calculation, such as which costs are included and the reference year adopted for the trend data”.¹⁸

24. The Ombudsman notes a unit cost of £674 for 2020-21, based on a workload tally of 6,183. This remains below the “target” of £700. The Ombudsman has also presented the unit cost for previous years, “adjusted to 2020/21 prices to allow for meaningful comparisons”.¹⁹

25. In response to why the Ombudsman hadn’t reported his unit cost per case in cash and real terms, he said:

“...we do feel that perhaps unit-cost measurement worked very well for us up to 2019, because we were a reactive service, and I think in terms of giving assurance to this committee, and other stakeholders, it was very easy to measure in terms of, 'Right, we're responding to the public: how much casework is coming in, what are our costs, divide one by the other, you come up with the unit cost.' And we were able to demonstrate ongoing efficiency year after year. One of the complications for us currently—and it’s a logical point, given what I've said about hoping to have less maladministration and better complaint handling from public sector—is that we are now carrying costs in terms of an improvement team, and trying to influence public bodies so that there will be less complaints coming to us in the future. So, inevitably, that measure is a

¹⁷ RoP, Finance Committee, *13 October 2021*, paragraphs 24 - 25

¹⁸ *Finance Committee Report: Scrutiny of the Public Services Ombudsman for Wales’s Estimate for 2021-22*

¹⁹ *Delivering Justice, the Public Services Ombudsman for Wales, Annual Report and Accounts 2020/21*

broken one, because we would hope, in a sense, that if complaint standards work, unit costs would go up, rather than down.”²⁰

26. The Chief Operating Officer added:

“Just on the specific question about cash versus real-terms value, our view is that if you want to look at the period of time—and I think we go back to 2013-14—it is more meaningful to take inflation out of the calculation, so that the figures are comparable. The accounts do include the cash figures, but we've brought everything up to today's prices, so that they are comparable over the number of years of the unit costs. So, I think our intention was to address the previous recommendations of the committee by making sure that the unit costs were as meaningful and represented as possible. You will have seen there are some changes in the way that we're presenting them for the future, but we've presented them in both the previous way and the new way in this annual report.”²¹

27. The Annual Report indicates the Ombudsman's intention to revise the calculation of the unit cost in future since it is “no longer fit for purpose”.²² The Chief Operating Officer said:

“On page 87 of the report we've got the new approach using the old data, and it shows the pattern for total cases—that's complaints and inquiries—and also for complaints only, which is—. Obviously, the complaints are what actually creates the majority of our work and is where we devote the majority of our time.”²³

28. In response to what assurances the Ombudsman can give that the data included in the Annual Report is accurate, the Chief Operating Officer said:

“There are different types of complaints, and code of conduct complaints and service complaints. And for some parts of the report, we combine those; in other parts, we present them separately...I appreciate that sometimes there can be almost too many numbers, but we're trying to make sure that we present as full a picture as we can, taking account of

²⁰ RoP, Finance Committee, [13 October 2021](#), paragraph 43

²¹ RoP, Finance Committee, [13 October 2021](#), paragraph 46

²² [Delivering Justice, the Public Services Ombudsman for Wales, Annual Report and Accounts 2020/21](#)

²³ RoP, Finance Committee, [13 October 2021](#), paragraph 52

the different things that we measure and the need to measure incoming complaints and also the complaints that we complete and close.”²⁴

Committee view

29. This is the first time the Committee has scrutinised the Ombudsman’s Annual Report alongside his Estimate. The Committee welcomes the Ombudsman’s approach to try and avoid overlapping and duplicating information in the Estimate, which was included in the Annual Report. The Committee acknowledges the comments of the Chief Operating Officer on the volume of information contained in the Annual Report. However, the Committee considers the Ombudsman could more clearly and consistently present statistics in his Annual Report to avoid misunderstanding or misinterpretation about his caseload. The Committee also considers it beneficial for the Ombudsman to include data labels in the graphs and infographics in the Estimate, which would assist the Committee in its understanding of the information used to inform the assumptions underpinning his request for resources.

30. The Committee recognises that COVID-19 has been challenging on the Ombudsman’s work and the bodies in his jurisdiction. The Committee supports the approach taken by the Ombudsman to pause work on investigations to ensure additional pressure was not placed on public bodies, particularly in health and social care, during the early days of the pandemic. The Committee welcomes that this approach allowed the Ombudsman’s office time to clear a backlog of cases.

31. The Ombudsman does not intend to change the current KPIs given the continued uncertainty of the pandemic and that his term of office will shortly be coming to an end. However, the previous Finance Committee recommended in its [report on the Ombudsman’s Estimate for 2021-22](#) that he revisit his targets to ensure they are sufficiently ambitious and seek continual improvement in the delivery of his work. The Committee is disappointed that this recommendation was not implemented and believes the Ombudsman’s successor should review KPIs/targets as a priority and subsequently keep them under review.

32. The Committee notes the Ombudsman’s view that the unit cost, as calculated to date, is “no longer fit for purpose” and that he intends to revise the calculation of the unit cost in future. While welcoming the steps taken by the Ombudsman to publish information ahead

²⁴ RoP, Finance Committee, [13 October 2021](#), paragraph 18

of implementing the change, the Committee would welcome further detail about the revised methodology and why it will be a more effective measure.

33. The Committee notes, under the existing and new methodology, the Ombudsman reports unit costs on a real terms basis only. The Committee is disappointed that the Ombudsman has not implemented a previous Committee recommendation in its report on the Ombudsman's Estimate for 2021-22 to report his unit cost "per case in cash and real terms" in his Annual Report and Estimate. This recommendation was made on the basis that, as one of his financial measures, it is important that the calculation of the Ombudsman's unit cost is clear and transparent. The Committee view is that reporting the figures on a cash basis achieves this and it reiterates the earlier recommendation.

34. Historically, the Ombudsman has not formally responded to recommendations made by the Committee. Given the Committee's remit now includes oversight of the Ombudsman's Estimate and Annual Report, the Committee has requested that the Ombudsman should formally respond to any recommendations in future. The Committee welcomes the Ombudsman's commitment to do so.

35. The Ombudsman's term of office ends in March 2022. The Committee thanks the Ombudsman for the constructive way that he has worked with this Committee, and the Senedd, during his time in office. The Committee hopes that this effective working relationship will continue between the Committee and the Ombudsman's successor.

Conclusion 1. The Committee welcomes the Ombudsman's commitment to formally respond to recommendations made by the Committee.

Recommendation 1. The Committee recommends the Ombudsman ensures that the statistics about caseload are presented clearly and consistently and that data labels are included in graphs and infographics so that the information used to inform the assumptions underpinning the request for resources is more clearly presented.

Recommendation 2. The Committee reiterates a previous recommendation that the Ombudsman should revisits the Key Performance Indicators for the next financial year to ensure they are sufficiently ambitious and seek continual improvement in the delivery of the Ombudsman's work.

Recommendation 3. The Committee reiterates a previous recommendation that the Ombudsman should report unit cost per case in cash and real terms, including sufficient information to ascertain the basis for the calculation, such as which costs are included and the reference year adopted for the trend data.

Recommendation 4. The Committee recommends that the Ombudsman provides further information about the proposed new methodology for calculating the unit cost and explains why it will be a more effective measure of performance than the existing approach.

Corporate matters

Staff numbers, pay and diversity

36. As at 31 March 2021, the Ombudsman's office comprised of 75 permanent full and part-time staff, including senior management, up from 73 in 2019-20. Salaries, as reported on page 89 of the Annual Report and Accounts, rose from £2.58 million in 2019-20 to £2.91 million in 2020-21. This increase (approximately £0.33 million) is attributed to a new 2.75 per cent pay award and it being the first full-year for staff employed to dispense with the Ombudsman's new powers, amongst other factors.²⁵

37. The Ombudsman confirmed that normally a staff survey takes place every two years but due to the "unusual circumstances"²⁶ of the pandemic, it was not undertaken in 2020-21. However, his office conducted a "survey of staff on attitudes to returning to the office", which he reported "prompted many positive responses on our handling of the impact of the pandemic".²⁷ He added:

*"We have surveyed staff on a number of questions, but the emphasis has been very much on mental health, coping, support and IT, which has been vital in terms of us all remaining connected."*²⁸

38. The Ombudsman highlighted his office's achievement of maintaining "silver FairPlay/Chwarae Teg employer status".²⁹ He provided details of the feedback:

"95 per cent of staff felt that they have regular and effective communication, 96 per cent of staff said that their working relationships are positive, 96 per cent said that they receive constructive feedback, 100 per cent have a regular review of their performance, and 98 per cent understand their personal contribution to the organisation's broader

²⁵ [Delivering Justice. the Public Services Ombudsman for Wales. Annual Report and Accounts 2020/21](#)

²⁶ RoP, Finance Committee, [13 October 2021](#), paragraph 54

²⁷ [Delivering Justice. the Public Services Ombudsman for Wales. Annual Report and Accounts 2020/21](#)

²⁸ RoP, Finance Committee, [13 October 2021](#), paragraph 54

²⁹ RoP, Finance Committee, [13 October 2021](#), paragraph 64

objectives. And, on the last staff survey that we did, 99 per cent of staff said that they were proud to work for the organisation."³⁰

39. The Annual Report notes that the Ombudsman has reduced the median Gender Pay Gap at the organisation to 5 per cent in March 2020, compared with 21 per cent in March 2019, below the average for the Welsh public sector (7.3 per cent).³¹

40. The Chief Legal Adviser explained that, as a relatively small organisation, quite small changes in staff composition affected the median Gender Pay Gap: "two female members of staff" had joined the organisation at "relatively high-level salaries" and this had reduced the median Gender Pay Gap. She added that the mean or average had also decreased from 23 per cent to 17 per cent. However, she noted that:

*"...the majority of the workforce on the front line in lower-paid roles are female, although we have made some shift as well, because we've had some men join us in those front-line roles."*³²

41. The Chief Legal Adviser said the office had engaged with FairPlay/Chwarae teg to:

*"provide training for some of the women in the office who perhaps need a bit more confidence in going for those development roles, trying to get them to think, 'Yes, I can go for that next step of development' and really encourage them. Those courses have been really well received by those who've attended them. So, I think we'll be looking now, through our performance review and development process—we do them annually and interims are coming up now—to see who needs that encouragement and development, to try and encourage the females to move up".*³³

42. The Annual Report sets out lower sickness rates for 2020-21 than in 2019-20. However, the office had switched to staff working from home during the pandemic and there had been some disruption to staff availability due to caring and home schooling. When asked how the pandemic affected the office, the Ombudsman said:

"I think broadly a real hit in terms of efficiency early on. We were all in a state of national shock, really, in terms of what we could and couldn't do,

³⁰ RoP, Finance Committee, **13 October 2021**, paragraph 64

³¹ **Delivering Justice, the Public Services Ombudsman for Wales, Annual Report and Accounts 2020/21**

³² RoP, Finance Committee, **13 October 2021**, paragraph 74

³³ RoP, Finance Committee, **13 October 2021**, paragraph 75

but we were able to recover fast, make sure that we had a good level of IT networks...

...our sickness level has gone down during the course of the pandemic. There are efficiencies. Who really wants to spend 40 minutes a day on the M4 when you could be working straight after breakfast? That is an efficiency. There have been positive environmental issues there, again, I'm sure. So, there have been some gains, and flexibility, I think, increasingly."³⁴

Committee view

43. Given that a full staff survey was not undertaken in 2020-21, the Annual Report does not contain any data on staff wellbeing. However, the Committee welcomes the feedback from staff, as reported by the Ombudsman, that he has communicated well with them and that they felt supported throughout the pandemic. The Committee notes that sickness absence has also reduced. The Committee congratulates the Ombudsman on maintaining silver FairPlay/Chwarae Teg employer status and the positive feedback received from this.

44. The Committee welcomes the reduction in the median Gender Pay Gap and encourages the Ombudsman to continue to introduce measures, such as training to encourage women to develop, to try and eliminate it.

Recommendation 5. The Committee recommends that the Ombudsman undertakes a full staff survey in 2022 with a particular focus on staff wellbeing to ensure that the impact of the pandemic on the organisation is understood and that lessons are being learnt to improve work practices.

³⁴ RoP, Finance Committee, **13 October 2021**, paragraphs 68 - 69

3. Public Services Ombudsman (Wales) Act 2019

Costs

45. All provisions in the Public Services Ombudsman (Wales) Act 2019 (PSOW Act) have been in force since 23 July 2019, with new powers conferred upon the Ombudsman, including the ability to:

- accept complaints orally;
- undertake own initiative investigations;
- investigate private medical treatment, including nursing care, in a public/private health pathway; and
- undertake a role in relation to complaints handling standards and procedures.³⁵

46. The Ombudsman's first wider own initiative investigation into homelessness services began in January 2021 (having been delayed from March 2020 because of the COVID-19 pandemic), with four extended own initiative investigations also commenced, one of them having concluded at the time of the Annual Report.³⁶

47. The Ombudsman said:

"We launched the own initiative on homelessness last week. It did find examples of systemic maladministration, but also, it's important to say, examples of good practice within the local authorities, and has made other recommendations that I hope will be taken up by the Local Government and Housing Committee, and could be used by the Senedd to hold the Government to account, and I hope by the Government when it comes to reviewing homelessness legislation."³⁷

48. The Annual Report notes the actual cost of implementing the new powers in the PSOW Act in 2020-21, totalling £330,000.³⁸

³⁵ [Public Services Ombudsman \(Wales\) Act 2019](#)

³⁶ [Delivering Justice, the Public Services Ombudsman for Wales, Annual Report and Accounts 2020/21](#)

³⁷ RoP, Finance Committee, [13 October 2021](#), paragraph 28

³⁸ [Delivering Justice, the Public Services Ombudsman for Wales, Annual Report and Accounts 2020/21](#)

49. The outturn figure of £330,000 compares with estimated recurrent or ongoing costs of £332,000, reflected in the Estimate for 2019-20. While the overall expenditure was below the total estimated cost, there were some differences in the categories of spending. Staff costs were more than budgeted, standing at £305,000 compared with a budget of £278,000 for the year; 9.7 per cent higher than the original estimate.³⁹

50. The Chief Operating Officer said the reason that staff costs were around 10 per cent higher than budgeted is because the staff costs were estimated at the start of the year. He continued:

“There were a number of changes during the year, and particularly our investment in the own-initiative work, and one of the things we found was that it was perhaps more difficult to get data that would support the investigation than we'd originally thought, and, obviously, recognised that local authorities were under their own pressures; we didn't want to add to those. So, we did incur additional staff costs as part of the own-initiative investigation—actually gathering homelessness data from local authorities and looking into individual case records.”⁴⁰

51. The Chief Operating Officer said that some existing members of staff were moved from their normal casework to support the own-initiative investigation work, to ensure “we weren't putting an undue pressure on local authorities in our data gathering”.⁴¹

52. The Ombudsman also highlighted the work he has been undertaking in relation to complaints standards. He said virtual training events had been held so:

“nearly all local authorities, health boards and soon, housing associations, will receive complaints standards training. This is a value, I hope, because 14 per cent of the complaints that we receive are about bad complaint handling from these public bodies.”⁴²

Committee view

53. The Committee welcomes the work and progress made by the Ombudsman in implementing the new powers conferred on him by the PSOW Act. The Committee notes

³⁹ [Delivering Justice, the Public Services Ombudsman for Wales, Annual Report and Accounts 2020/21](#)

⁴⁰ RoP, Finance Committee, [13 October 2021](#), paragraph 39

⁴¹ RoP, Finance Committee, [13 October 2021](#), paragraph 41

⁴² RoP, Finance Committee, [13 October 2021](#), paragraph 31

the Ombudsman's first use of the own-initiative investigation powers to consider homelessness in Wales. The Committee hopes that the Ombudsman's use of this power will allow widespread systemic maladministration or service failure to be addressed coherently, especially as vulnerable groups may be reluctant to make a complaint.

54. The Committee notes that 14 per cent of complaints received by the Ombudsman relate to how the complaint has been handled. The Committee hopes that the training provided by the Ombudsman and the model complaints handling policy will lead to a decrease in the number of complaints that are received specifically with regard to how a complaint has been handled.

55. The Committee welcomes the reporting by the Ombudsman of the cost of the implementation of the PSOW Act against the budget. During 2020-21 staff costs were around 10 per cent higher than budgeted due to existing staff being moved from their normal casework to support an own-initiative investigation into homelessness. The Committee acknowledges the Ombudsman's reasons for using in-house staff to gather information on data gathering, rather than relying on local authority staff because of the pressures they were under as a result of the pandemic. The Committee believes that the Ombudsman should ensure that resources to support own-initiative investigations are not prioritised at the expense of dealing with his caseload. The Committee acknowledges the Ombudsman's evidence about the effect of the pandemic on quantifying the impact of the PSOW Act on workload.

56. While a review of the PSOW Act 2019 will take place in 2024, the Committee will continue to monitor the impact through its scrutiny of the Ombudsman's Annual Report. It is important that the Ombudsman continues to report the costs of implementing the new powers and data about them. The Committee hopes to see evidence of efficiencies and improvements in complaints handling and demonstrable cost avoidance benefits arising from the legislation.

Recommendation 6. The Committee recommends that the Ombudsman continues to quantify the cost of the new powers in the Public Services Ombudsman (Wales) Act 2019 and data about them in the Annual Report.

Recommendation 7. The Committee recommends that the Ombudsman provides evidence on the cost avoidance benefits arising from the Public Services Ombudsman (Wales) Act 2019 in future Annual Reports and Accounts; and Estimates. This should include additional evidence on efficiencies and improvements arising from the legislation, as part of future disclosures.

Recommendation 8. The Committee recommends that the Ombudsman ensures that resources to support own-initiative investigations are not prioritised at the expense of dealing with the Ombudsman’s caseload.

4. Estimate 2022-23

Context

57. The Finance Committee of the Fifth Senedd issued a Statement of Principles⁴³ it expects directly funded bodies ('DFBs')⁴⁴ to have regard to when formulating budget requests. The current Committee agreed that these principles should continue to be applied by DFBs in the Sixth Senedd at its meeting on 8 July 2021.

Statement of Principles for DFBs:

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

58. The Minister for Finance and Local Government's ("the Minister") letter to support the forward financial planning for directly funded bodies was noted by the Committee on 29 September 2021 and circulated to DFBs.⁴⁵

59. This letter confirms that overall budget for the Welsh Government will remain highly uncertain until the Spending Review on 27 October 2021. The Minister states that "it is

⁴³ Finance Committee, *Statement of Principles that the Finance Committee of the Senedd Cymru expects Directly Funded Bodies to have regard to when making budget proposals*, May 2019

⁴⁴ The directly funded bodies are those funded directly from the Welsh Consolidated Fund and includes: the Wales Audit Office; the Public Services Ombudsman for Wales, the Senedd Commission.

⁴⁵ *Letter from the Minister for Finance and Local Government, 2 August 2021*

worth noting that HM Treasury has asked UK Government departments to make plans which set out where they might achieve substantial efficiency savings by 2024-25". She also highlights that it is not clear whether a public sector pay freeze will extend into next year and if that were to happen, it would impact on available funding.⁴⁶ The UK Government subsequently confirmed in its **autumn budget on 27 October 2021** that the pay freeze will be lifted.

Change between Estimate 2022-23 and the Budget 2021-22

60. The Ombudsman's initial Estimate 2022-23 requests TME and a net cash requirement from the WCF of £5.40 million and £5.35 million, respectively.⁴⁷

61. The requested TME in the initial Estimate was £293,000 more than the original budget for 2021-22, an increase of 5.7 per cent. The cash requirement from the WCF compares with £5.07 million in the Budget for 2021-22 (an increase of £283,000 or 5.6 per cent) and £4.10 million in 2020-21 (reduced by the repayment of a £974,000 pension surplus).⁴⁸

62. At the time of submitting his initial Estimate, **the Ombudsman wrote to inform** the Committee of his intention to submit a supplementary budget for 2021-22 to cover increases in staff salaries and related costs; and for investment into cyber security.

63. In preparing his initial Estimate, the Ombudsman said he had "tried to apply the statement of principles" and that:

"our approach has been a cautious one, so you'll see that 5 per cent is really stepped between the—it's a mezzanine approach, if you like—between the supplementary budget and then the estimates, where, despite the fact that we are experiencing complaint growth of 70 per cent, I think to be looking at 5 per cent there is a careful, cautious figure. We are very aware that this is public money, but our emphasis is very much reflective of where we are in terms of risk."⁴⁹

⁴⁶ **Letter from the Minister for Finance and Local Government, 2 August 2021**

⁴⁷ **Public Services Ombudsman for Wales Initial Estimate 2022/23**

⁴⁸ **Public Services Ombudsman for Wales Initial Estimate 2022/23**

⁴⁹ RoP, Finance Committee, **13 October 2021**, paragraph 77

64. The Ombudsman highlighted that the “risk register has had much more impact” when preparing his initial Estimate “rather than simply looking at trends within public expenditure.”⁵⁰

Assumptions

65. The initial Estimate is based on a series of assumptions, including:

- An increase in the Ombudsman’s casework of 20 per cent in 2022-23;
- An increase in staffing levels;
- The office being open to staff with a blend of home and office working;
- A pay award of 1.75 per cent for 2021-22, in line with the Local Government pay offer⁵¹, and an estimated 1.5 per cent pay award for 2022-23;
- Contractual increments to be funded by the Ombudsman through process improvements and other efficiencies;
- The GDP deflator being around zero, with Inflation (CPI) at 3.2 per cent at August 2021;
- IT costs include implementing recommendations made by the Ombudsman’s new IT provider in 2021-22 (noted in the Ombudsman’s **covering letter** for inclusion in a future Supplementary Budget for 2021-22) resulting in £12,000 of additional recurring costs;
- The initial Estimate forecasts that resource expenditure will be 2.2 per cent more than the figure originally budgeted for 2021-22.⁵²

Casework projections

66. The Ombudsman’s Estimate refers to a “20% projected growth” in his casework for 2022-23. This compares with a decrease of 14 per cent in 2020-21 and a forecast increase of 5 per cent during 2021-22 when compared with 2019-20, as noted in the **Estimate for 2021-22 (October 2020)**.

⁵⁰ RoP, Finance Committee, **13 October 2021**, paragraph 78

⁵¹ At the time of publication of this report, the pay offer had not been agreed by trade unions

⁵² **Public Services Ombudsman for Wales Initial Estimate 2022/23**

67. The Annual Report's **Risk and Control Framework** identified increased case volumes because of the impact of COVID-19 as a risk facing the organisation with "possible delays in securing responses from public bodies" making workload management more difficult. It reports complaints numbers in March 2021 as being "exceptionally high" and categorises the residual risk as being "red".

Staff Costs

68. The initial Estimate assumes two new caseworkers will be recruited, with vacant posts also filled to manage the projected increase in casework. It also assumes a reduction in corporate services support staff (part-time), to be redirected to a new part-time post focussing on improving service quality and customer service.⁵³

69. The increase in National Insurance contributions (an increase of 1.25 percentage points for from 2022-23) is not factored into the initial Estimate and will instead be dealt with in a Supplementary Budget. The Ombudsman estimates the change will cost approximately £38,000 more per annum.⁵⁴

70. The Ombudsman said that the increase in the initial Estimate was "based upon actual costs". He added:

"80 per cent of what we're looking for here is staff related, so we can be very, very precise in terms of those numbers. Clearly, though, there are ongoing issues, and there are some issues that are not in there in terms of additional national insurance for future years that should come through Treasury at the right time. But I think we've factored in every relevant cost that we can, so that these are real numbers and that we have again tried to use those principles."⁵⁵

71. The Chief Operating Officer said that for the purpose of the initial Estimate they have predicted a 10 per cent increase in workload. He continued:

"It doesn't have any implications in terms of staffing in the current year; we're not looking for additional staff in the current year. What we are, though, is identifying the need for two further staff for next year, and that

⁵³ [Public Services Ombudsman for Wales Initial Estimate 2022/23](#)

⁵⁴ [Public Services Ombudsman for Wales Initial Estimate 2022/23](#)

⁵⁵ RoP, Finance Committee, [13 October 2021](#), paragraph 96

*equates to what we anticipate will be a 10 per cent increase overall this year, and repeated again next year.*⁵⁶

72. The Committee explored why the Ombudsman’s staffing levels will need to rise, and sought a breakdown of the increase in staff costs of £222,000. The Chief Operating Officer explained:

*“It is two extra staff, and the remaining costs are our estimates—and they are estimates—of pay awards. So, the one is the 1.75 per cent estimate of pay award for the current year, and we have included in the estimate a further 1.5 per cent pay award for next financial year. Of course, both of those are things that we don’t control. Our staff, as I said, are connected to the local government pay award, so we’re not part of that negotiating body, so I guess that can change, but that is the best estimate we have. So, it’s the two pay awards and two extra staff—front-line staff.”*⁵⁷

73. The Chief Operating Officer confirmed the breakdown of the £222,000 as “pay award 1, £70,000; pay award 2, £60,000; casework staff plus additional employment costs, £92,000.”⁵⁸ He said that the two new staff would be undertaking complaints investigations.⁵⁹

Driving efficiencies

74. In relation to code of conduct complaints, the Chief Legal Adviser said a “public interest test” is used and they focus resources on the “serious, high-level complaints”. Last year facing a 47 per cent increase in these complaints:

*“we had to do something different really and respond. So, we’ve now moved the assessment and investigation of the code complaints to one specialist team, and that really is looking much better in terms of our targets, but also our ability to move through those cases. So, we are better placed than ever, I think, to deal with this inevitable rise in those complaints.”*⁶⁰

⁵⁶ RoP, Finance Committee, **13 October 2021**, paragraph 94

⁵⁷ RoP, Finance Committee, **13 October 2021**, paragraph 98

⁵⁸ RoP, Finance Committee, **13 October 2021**, paragraph 100

⁵⁹ RoP, Finance Committee, **13 October 2021**, paragraph 107

⁶⁰ RoP, Finance Committee, **13 October 2021**, paragraph 122

75. The Committee asked whether the efficiencies and new powers arising from the PSOW Act could meet the increased demand on the Ombudsman’s staff and at what point these powers will lead to cost avoidance benefits for the Ombudsman and the public purse. However, the Ombudsman said it was still “early days” in terms of efficiency savings.⁶¹

76. The Chief Legal Adviser added that own-initiative investigation powers:

“...gives us far more discretion to really focus the resources. And I think it is more efficient then, rather than us having all these individual complaints coming at us, and so us saying to the body, 'Look, go away, we're making a recommendation, you go and investigate these things'. We can confidently widen our recommendations to really try and drive the improvements. And likewise with oral complaints. We're taking them on the phone much better this year now we've got everything up and running—they're straight on the system, and more efficiencies will come, I'm sure, there as well.”⁶²

77. Section 73 of the PSOW Act, requires the Senedd to prepare and publish a report after the legislation has been in force for five years on the operation and effect of the Act. The Ombudsman hopes by the time of the review there will be evidence of efficiencies. However, he highlighted that the pandemic has “affected delivery” and impacted different trends.⁶³

78. The Ombudsman said that the PSOW Act had modernised and made his office more progressive. He explained the importance of the complaints standards powers in the Act stating that last year the number of complaints that his office received about complaint handling was 11 per cent. In relation to complaints handling he said:

“Since September last year, we've provided 174 free training sessions to local authorities, at an estimated value of £87,000. We've had great feedback. We're extending this to health boards as well and, I hope, housing associations. And I think, through doing that, I would hope, by year 5, we can evaluate not just the benefits to the office—. It's a small office, in the scheme of things. With the £24 billion level of public

⁶¹ RoP, Finance Committee, **13 October 2021**, paragraph 129

⁶² RoP, Finance Committee, **13 October 2021**, paragraph 130

⁶³ RoP, Finance Committee, **13 October 2021**, paragraph 133

expenditure in Wales, it really is a drop in the ocean. But we will have provided complaints standards for 95 per cent of the universe of complaints that we receive. So, if you add up the budgets of local government, the massive and growing budgets of health boards and of housing associations as well, if they can demonstrate better complaints handling then there should be, I would hope, a massive gain for them—an improvement in front-line provision, a greater efficiency and responsiveness to their customers that they can demonstrate, and that that would be of additional value to public service provision in Wales.”⁶⁴

79. The Ombudsman said that if the initial Estimate was not supported by the Committee he would find efficiencies and may need to look at a redundancy programme. He added:

“Now, you would be sending out a message if we have to draw up the bar a bit in terms of what we look at. There are some schemes in the UK, actually, currently that are under so much pressure, they have a huge backlog—we don’t have that at the moment, and we don’t want one—and some of them are only considering the most serious complaints. They’ve put that bar up. We don’t want to do that either. We want to be open, we want to be transparent, we want to be at the service of all the public.”⁶⁵

80. Following the evidence session, the Committee **wrote to the Ombudsman** asking him to review his initial Estimate. The Committee’s concerns related to the level of the increase in TME sought by the Ombudsman compared with the original Estimate for 2021-22 (an increase of 5.7 per cent). The Committee also sought clarification of some information included in the initial Estimate and the Ombudsman’s evidence relating to the following:

- The increase in staff costs, which included an element for the pay award in 2021-22. However, the Committee noted the Ombudsman’s original Estimate for 2021-22 said “Any pay increases in 2021/22 will be met from efficiencies”.
- An assumption of a projected growth of 20 per cent in casework since the initial Estimate for 2022-23 included a caseload of 7,200 for the ‘Budget 2021/22’. This was lower than the projection for that year set out in the original Estimate for

⁶⁴ RoP, Finance Committee, **13 October 2021**, paragraph 134

⁶⁵ RoP, Finance Committee, **13 October 2021**, paragraph 144

2021-22⁶⁶ (7,936), which the Committee noted this was broadly in line with what the Ombudsman was currently forecasting for 2021-22 (7,919).

81. In his letter of response, the Ombudsman notes that he had not expected a pay award in 2021-22 given the expected freeze in public sector pay but notes salary costs would increase anyhow given his staff are on incremental scales. He assumed, if there was a pay award "it would be small and could therefore be met from efficiencies". He notes:

*"On reflection, the intention to meet the pay award from efficiencies should have been qualified, rather than absolute, and this will be borne in mind for future submissions."*⁶⁷

82. In response to the Committee's query about the assumed projected growth of caseload, the Ombudsman noted that he will ensure the presentation of this information is clearer in the modified Estimate. He says:

*"At the start of the current financial year, we revisited our forecast of complaints and enquiries in the light of 2020/21 actual workloads and we forecast 7,200 for the 2021/22 year. The table on page 7 of our Estimate submission shows this, but also shows our latest forecast of 7,919. Our forecast now is 7,919, which is 10% more than we anticipated on 1 April 2021, but similar to our September 2020 forecast. However, it is 28% more than 2020/21 actuals, which is the comparison we have used in the past. A column was included for the 2021/22 Budget because of the difference this year between the financial budget and our financial forecast, but I will ensure that the presentation in my revised submission is clearer about this."*⁶⁸

83. The Ombudsman submitted his revised Estimate on 28 October and reduced it in line with the Committee's request to £5,337,000. This represents an increase of £227,000 compared with the Budget for 2021-22, a percentage increase of 4.4 per cent. The data for the Ombudsman's caseload for the '2021/22 Budget', is not included in the revised Estimate.

⁶⁶ [Public Services Ombudsman for Wales: Corporate Plan – 2019/2022](#)

⁶⁷ [Letter from the Ombudsman, 21 October 2021](#)

⁶⁸ [Letter from the Ombudsman, 21 October 2021](#)

Committee view

84. The Committee's Statement of Principles that DFBs should follow when making budget proposals provide direction in terms of increasing transparency and demonstrating prudent financial planning. The Ombudsman told the Committee he had "certainly tried to apply" these principles when preparing his initial Estimate, as well as other factors highlighted in his risk register. The Committee believes that the Ombudsman must clearly demonstrate how he adheres to the Statement of Principles when formulating future Estimates, and, in particular, should not assume an increase in funding from one year to the next.

85. Wales has seen over a decade of austerity and constraints on public sector finances and strongly believes that the Ombudsman should not be treated differently to other public sector organisations in being shielded from the financial pressures caused by these factors. As such the Committee felt it would not be appropriate to support the proposed increase and requested the Ombudsman modify his initial Estimate.

86. The Committee notes the letter from the Ombudsman in relation to a forthcoming supplementary budget for 2021-22 to cover increases in staff salaries and related costs; and for investment into cyber security. The Ombudsman also reports he will seek additional resources via a supplementary budget in 2022-23 to cover the increase in National Insurance contributions. Although the Committee recognises the challenges in dynamically managing the budget in response to external factors and changing priorities, it believes that the Ombudsman should focus in the first instance on making savings and efficiencies to cover in-year pressures, and only use supplementary budgets as a last resort.

Recommendation 9. The Committee notes the detail in the revised "Public Services Ombudsman for Wales: Estimate 2022-23" and considers the Estimate acceptable. Subject to the comments and recommendations in this report, the Committee supports the overall request for resource.

Recommendation 10. The Committee recommends that the Ombudsman must clearly demonstrate how the statement of principles are adhered to when formulating future budgets beyond 2022-23, and that, in particular, the Ombudsman should not assume an increase in funding from one year to the next.

Recommendation 11. In line with the statement of principles, the Committee recommends that the Ombudsman should fund in-year pressures by making in-year savings and efficiencies, rather than through supplementary budgets.

Recommendation 12. The Committee recommends that the Ombudsman provides an update bi-annually on the efficiency savings made in-year.

Annex A: Public Services Ombudsman for Wales - Estimate 2022/23

Public Services Ombudsman for Wales Estimate 2022/23

Introduction

This Estimate submission is intended for consideration by the Senedd Cymru Finance Committee. We normally include extracts from our Annual Report & Accounts in our Estimate submission, but since the Committee is considering our Annual Report & Accounts for 2020/21 at the same meeting and to avoid undue repetition, we have reduced references to our Annual Report in this submission. We have included information on the 2021/22 year so far.

Whilst the presentation of our Estimate is therefore changed from last year, financial analysis is consistent. This Estimate should be considered in the context of the Annual Report & Accounts.

2021/22 Update

In May 2021 we published, following consultation, our new Guidance on the Code of Conduct for members of County and Community/Town Councils.

In June 2021 our model complaints handling policy for health boards and trusts came into full effect. This followed the local authority model complaints handling policy which took effect in September 2020.

In July 2021 we published a Public Interest Report on serious failings by Cwm Taf Morgannwg University Health Board.

In August 2021 we published a Public Interest Report on misdiagnosis and significant failings by Betsi Cadwaladr University Health Board and Denbighshire County Council.

In the same month we launched 'Our Findings' on our website. This new facility provides browsable and searchable summaries of all cases we investigate. This replaces the previous Casebooks and should help public bodies in their improvement work and encourage learning from others. Cases can be searched by date range, relevant body, subject or outcome.

In September 2021 I published a Public Interest Report on the handling of prostate cancer cases by Betsi Cadwaladr University Health Board. This resulted from a single complaint, but I used the powers granted to me by Senedd Cymru to extend the investigation to consider other patients in a similar position. The report identified concerning and systemic issues with patients referred for treatment in England facing delays in treatment without appropriate monitoring and review.

In September we also published, for the first time, data on complaints handled by each local authority in Wales.

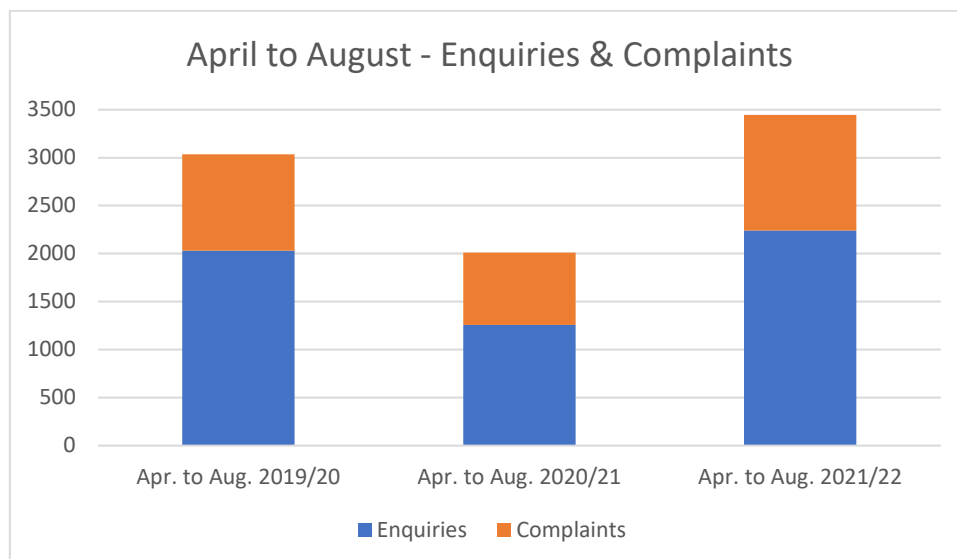
In October 2021 we also plan to publish the report of our own initiative investigation into homelessness.

2021/22 Update - Workload

The coronavirus pandemic has presented real challenges for everyone. For us, our initial priority last year was to put in place arrangements to support staff to work safely and effectively at home, whilst allowing service users to access our services as normally as possible. I am proud of what we achieved, and we have continued to accept new complaints and handle enquiries throughout the pandemic. The Finance Committee's previous support for investment in IT and telephony to allow this has proved invaluable.

We saw reductions in enquiries and complaints in 2020/21 (particularly in the early months), and this allowed us to complete our work on older cases and to reduce our year-end open caseload by 16% (from 489 in 2019/20 to 410 in 2020/21).

However, this year (figures to the end of August) new enquiries are 79% higher and complaints are 60% higher than for the same period last year. If we look back to the same period in 2019/20 as a more 'normal' year, our new complaints workload this year is up 20.5%. This is shown in the chart below.



Whilst we do not, of course, know what future months will bring, comments from health board colleagues to my Complaints Standards team suggest that numbers will remain high for the remainder of the year. Complaints require considerably more staff time and resource than enquiries, and health complaints are, almost invariably, more complex than local authority or housing complaints. An indication of the impact of these pressures is that our open caseload in mid-September 2021 stands at 611, 49% higher than in April. As a result, the ongoing increases in new complaints are of particular concern.

2021/22 Update – Cost pressures

When we submitted our Estimate in September 2020, the GDP deflator for 2021/22 suggested that pay and prices would be static, and there was talk of a public sector pay freeze.

Our staff employment contracts link staff pay awards to those agreed for local government staff in England, Wales and Northern Ireland by the National Employers organisation. The current offer (which would be backdated to 1 April 2021) is for an increase of 1.75%. Whilst the offer has not been accepted by the relevant trade unions (and so may increase), this 1.75% figure represents the lowest likely increase.

We do not link our estimates to CPI increases, but CPI influences future local government pay negotiations as well as affecting our non-staff costs. CPI for the 12 months to August 2021 was 3.2%. Our Estimate submission therefore also includes an estimated pay award, from April 2022, of 1.5%. If CPI continues at a high rate, the April 2022 pay award agreed by local government employers may be higher.

Supplier contracts, including IT, typically include annual CPI indexation to reflect inflation. Whilst we will continue to seek best value prices from other suppliers, cost pressures make price increases likely.

Ofgem's recent approval of 12% increase in standard electricity tariffs are indicative of future cost pressures on customers.

Business rates have been frozen for the current year but may increase for 2022/23.

We pay our clinical advisers an hourly rate, which has not increased in recent years. Continuing increases in cost of living and in general rates of pay for such work will create pressure for rates to be increased in the year ahead.

Recent announcements indicate that there will be a 1.25% increase in employer's national insurance contributions in 2022/23. This equates to an annual cost of approximately £38,000. Like the Senedd Commission, **we have not included this late additional cost pressure in our estimate.** In previous years, such changes have been handled in the aggregated Welsh budget through in-year supplementary budget allocations.

2021/22 Update - Performance

We monitor and report our performance against key performance indicators. The August 2021 position is shown below. The results show pleasing improvement in investigated cases closed within 12 months (KPIs 2 and 4), though we are not quite reaching our targets. KPI 1c., which shows how quickly we are able to complete our assessments on few complaints and start an investigation is affected by case volumes and staff resources. We continue to work to improve this, but there remains a gap between our performance and our target.

KPI 1: Complaints - Decision Times	Target	August 2021	March 2021
a. Decision that a complaint is not within jurisdiction < 3 weeks	90%	90%	94%
b. Where we seek Early Resolution, decision within 9 weeks	90%	93%	88%
c. Decision to investigate and start investigation within 6 weeks of the Date Sufficient Information is Received (DSIR)	80%	66%	65%
d. Decision taken not to investigate a complaint (after making initial enquiries) < 6 weeks	90%	85%	85%
KPI 2: Complaints of maladministration/service failure which are investigated – cases closed	Target	August 2021	March 2021
12 months	85%	80%	52%
KPI 3: Code of Conduct Complaints - Decision Times	Target	August 2021	March 2020
a. Decision taken not to investigate within 6 weeks	90%	100%	90%
b. Decision to investigate and start investigation within 6 weeks of the Date Sufficient Information is Received (DSIR)	90%	89%	76%
KPI 4: Code of Conduct Complaints which are investigated - Cases Closed	Target	August 2021	March 2021
Within 12 months	90%	82%	50%

Financial Management

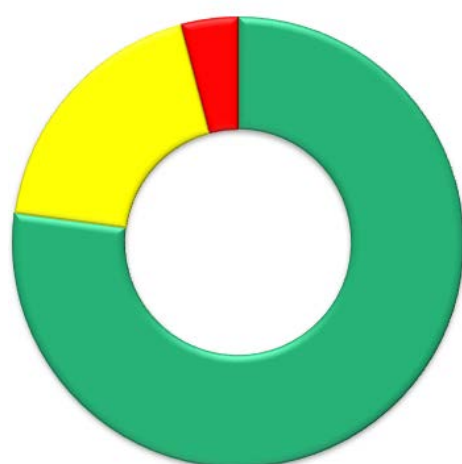
As reported in our 2020/21 Annual Report & Accounts, overall resource expenditure increased compared to 2019/20, whilst our overall cash requirement was reduced by the repayment of the £974,000 pension fund surplus in December 2020.

Resource Out-turn	2020/21	2019/20	Change
	£000s	£000s	£000s
Total Resource	5,143	4,871	+272
Cash Requirement	4,096	4,836	-740

The arrangements for financial management and internal control have been independently reviewed by Deloitte as the PSOW's internal auditors. Their Annual Report for 2020/21 stated: 'Based on the conclusions of our work, we can provide the Ombudsman with **substantial assurance** in relation to the organisation's arrangements for risk management, governance and internal control.'

The Auditor General for Wales gave the annual accounts for the year 2020/21 an unqualified audit opinion in keeping with previous years.

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



- Complaints Service 77%
- Improve Public Services 19%
- Accountability and value for money 4%

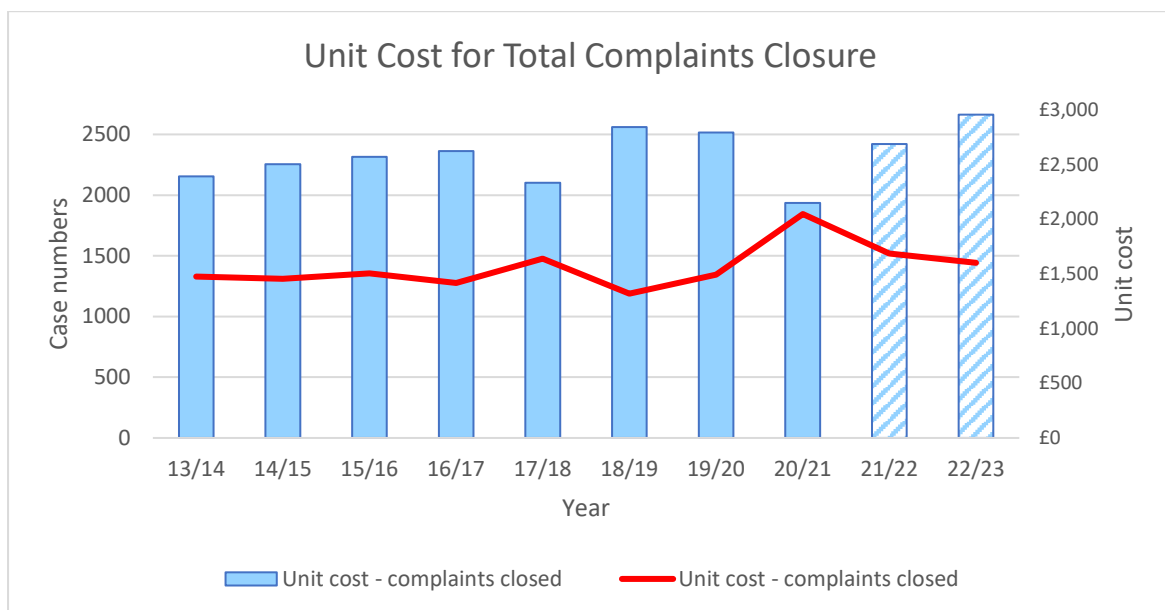
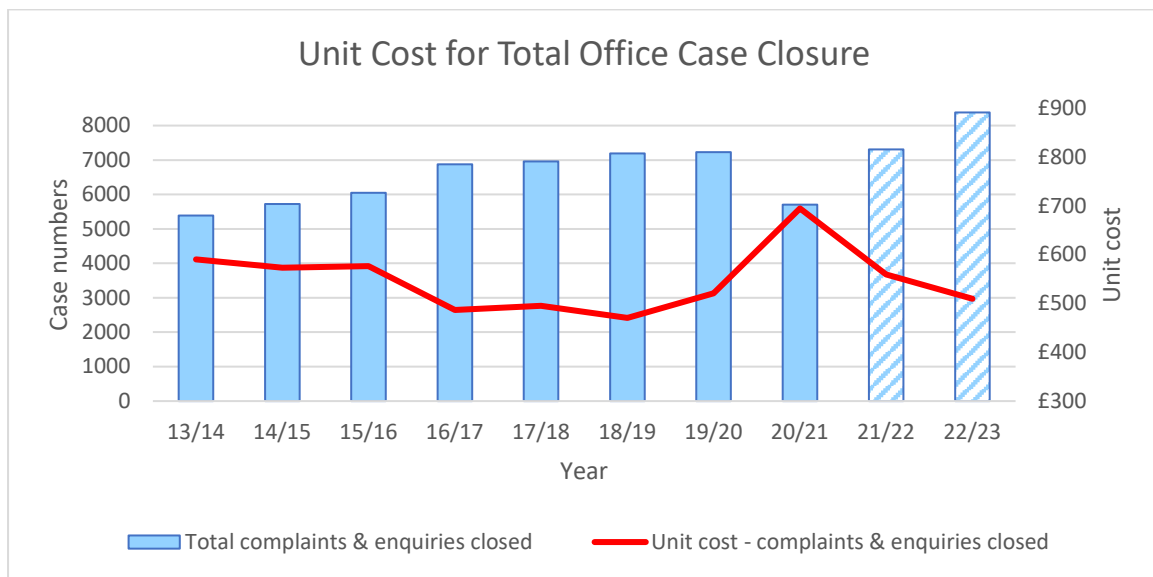
The majority of our resources (77%) continue to be applied to complaints handling.

Our Estimate seeks to allow us to deliver our agreed Strategic Aims, with a focus on providing resources for our complaints handling function and our work to drive public service improvement.

Unit Costs

Our Annual Report & Accounts explains a change in unit cost analysis to provide more meaningful information. We now 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 will use the figures for Operating Costs by Strategic Aim, presented within the audited accounts.

The graphs below show firstly unit cost for the full enquiry **and** complaints work completed in the year and secondly for complaints cases completed in the year. Projections for the current year and next year are included for completeness.



Projected Casework and Expenditure to 2022/23

Enquiries and Public Body Complaints are projected to increase by 10% over the next year but the continued effect of Covid-19 on casework and expenditure is yet to be fully determined.

	2020/21	2021/22	2022/23
Casework	Actual	Forecast	Estimate
Enquiries	3,774	5,199	5,719
Complaints – Public Body	1,876	2,320	2,552
Complaints - Code	529	400	440
Total	6,179	7,919	8,711
% increase (projected)			10%
Resources	Actual	Budget	Estimate
Resource Expenditure (£000s)	£5,143	£5,110	£5,337
% increase		-1%	+4.4%
Cash requirement from WCF	£4,096*	£5,070	£5,287

* Cash requirement reduced by repayment of the pension fund surplus of £974,000.

We propose to submit a Supplementary Budget for 2021/22 to reflect part of the cost of the larger than expected 2021/22 pay award, as well as priority investment in IT as recommended by PSOW's IT Support provider.

2022/23 Estimate

The Finance Committee of the Senedd has developed a Statement of Principles that Directly Funded Bodies should consider when preparing their annual budget proposals.

The principles are:

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

We have endeavoured to address these points in this submission.

Our assumptions are:

- Staffing levels increase slightly (1 caseworker post) in the light of growth in casework in 2021/22 and 2022/23.
- Our office will be open to staff with a blended mix of home and office working
- Pay award of 1.75% for 2021/22 in line with Local Government pay offer (not accepted by trade unions) and an estimated 1.5% pay award for 2022/23.
- Contractual increments to be funded by PSOW through continued process improvements and other internal efficiency savings
- IT costs include implementation in 2021/22 of recommendations by PSOW's new IT provider (for which a supplementary budget submission is being made). This results in £12k of additional recurring costs.
- IFRS (International Financial Reporting Standards) 16 is scheduled to be implemented from April 2022 but is not reflected in this Estimate as per Welsh Government guidance.
- We will continue to share internal audit services with Commissioners, to provide payroll services to the Future Generations Commissioner and to share resources with other public bodies where appropriate.

The estimate does not include a contingency, so if the pay awards for 2021/22 and/or 2022/23 exceed 1.75% and 1.5% respectively, a Supplementary Budget submission may be required in 2022/23.

Update – Efficiencies

Our enquiries and complaints caseload looks set to increase to around 8,000 this year – an increase of around one third in 6 years. There has not been a commensurate increase in staff numbers dealing with complaints and enquiries. Instead we have successfully worked to increase efficiency and manage the growing caseload. With current increases in both costs and workload, we are no longer able to do this.

We acknowledge and welcome the additional powers under the Public Services Ombudsman (Wales) Act 2019, and the additional posts created and funded as a result. These posts will help improve complaints handling by public bodies and, in time, to turn the curve of increasing complaints to this office.

PSOW has looked to fund most pay and inflation pressures 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
- Making changes to working practices such as working from home
- Bringing services such as translation in-house
- ITC efficiencies following investment in hardware and Case Management System
- Improving our website including introducing self-serve and signposting facilities
- Moving to a paper-light office
- Strict budgetary control of key areas such as professional fees

PSOW did not seek a budget increase last year on the assumption that there would be a public sector pay freeze and that other cost increases would be met by efficiencies. We will continue to seek efficiencies, though pay increases and inflation pressures will need to be resourced.

Consequences of Estimate not being approved

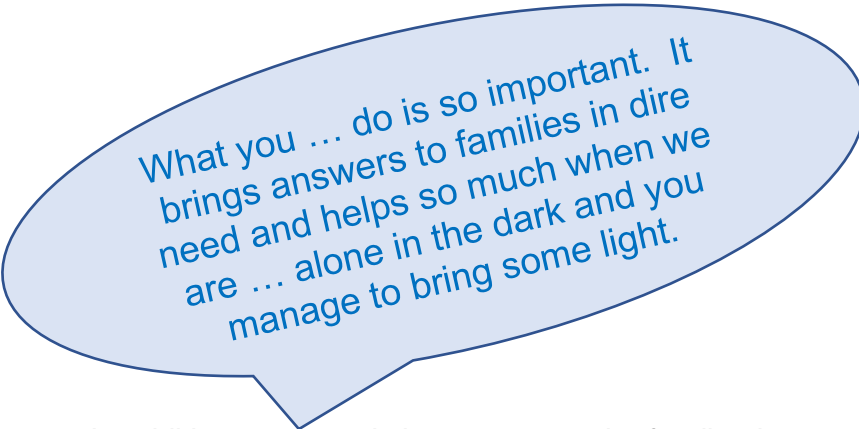
Our estimate takes account of a number of efficiencies, as we seek to maximise the proportion of our budget spent on casework. We are also looking to secure ongoing savings from maintaining some changes in working practices made during the pandemic.

In a people-based organisation, where nearly 80% of our costs relate to staff, if the estimate is not approved, we would have to reduce staff numbers. We would look to do that, as far as possible, through normal staff turnover to minimise potentially significant redundancy costs. Reducing staff numbers would reduce capacity and increase delays. This would be a concern to complainants as well as to staff and Councillors who actions are complained about. We are mindful of the impact that concerns and complaints about public services can have on all those involved. Particularly in health complaints, our involvement tends to come at the end of what can be a long complaints journey. Further delays would be a cause of real concern.


The increases in complaints we receive has increased pressure on staff, with each member of staff carrying a larger caseload than we would wish. This affects the quality and timeliness of the service we can provide, but also affects staff wellbeing. We are acutely aware of our responsibilities, as a responsible employer, to manage stress at work and to avoid putting staff in a position where they cannot succeed, affecting health, attendance and staff turnover.

If the Estimate is not approved, backlogs would quickly develop – and the current workload has already increased significantly since April. Consideration would have to be given to changing our approach so that only the most serious complaints are investigated. For this to be successful, and to avoid debate with complainants as to whether a complaint was sufficiently serious, we would look to increase on-line complaints screening. This would run counter to our efforts, and recent 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 that it becomes clear that a single complaint, that might not necessarily be considered very serious, highlights systemic issues that could have very serious consequences for others.



What you ... do is so important. It brings answers to families in dire need and helps so much when we are ... alone in the dark and you manage to bring some light.



You've made change happen for the better, and that's a wonderful thing. Thank you!

In addition to systemic improvement, 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, nor to delay resolution or closure.

Estimate Summary

The Estimate for 2022/23 is shown in Appendix A. The Resource and Cash requirements are £5,337k and £5,287k respectively.

Detailed Analysis

Salaries and Related Costs

PSOW staff pay is linked to Local Government NJC pay negotiations. The Estimate builds in a 3.25% pay award over 2 years (representing a forecast 1.75% pay award in 2021/22 and an estimated 1.5% award in 2022/23). £81k of efficiencies elsewhere in the budget meet part of the cost of the 2021/22 pay award.

Caseworker staff numbers will increase by 1 post and we expect to fill staff vacant posts to help manage the projected growth in casework. We are also reducing the number of corporate services support staff by one (part-time) and directing this to a part-time post focusing on improving our service quality and customer service. In the light of public service budget constraints, we have not been able to include cover for staff taking maternity/adoption leave.

The increase in employer's National Insurance contributions from April 2022 is, as indicated above, not included.

Premises and other leases

The major item of expenditure is rental of the premises at Bocam Park that was subject to a rent review in August 2020. Most photocopiers were purchased during 2019/20, reducing future leasing charges. The implication of the implementation of IFRS (International Financial Reporting Standards) 16 Leases are, as indicated above, not included. Premises costs have fallen as home working has meant the North Wales office lease has not been renewed.

Professional Fees

Increased caseload would generally increase the need for professional advice on our casework. The budget for professional fees, which includes clinical advice on our casework, has however been reduced by £12k to £234k. We will work to contain costs within this budget, through focused advice requests and control of costs.

Computer Systems and IT Support

Major investment in our IT hardware and the Case Management System was made in 2018/19 with the aim of increasing efficiencies and resilience. A subsequent review by our new IT Support provider identified further recommendations to improve security and

resilience. These generate one-off costs in 2021/22 and £12k recurring annual costs. Contractually committed price increases of £26k are also included in this Estimate.

Office Costs

The allocation of £119k reflects a predicted return to some office working by April 2022. There continue to be efficiencies in the use of resources such as paper, printing, postage and courier services.

Travel, Training and Recruitment

This budget has been reduced by £15k and we will work to reduce travel associated with casework and meetings.

Communications

The change reflects an increase in translation costs resulting from the Welsh Language Standards and increased outreach work.

Capital

Capital costs have been reduced to reflect investment in IT in 2021/22.

Depreciation

Depreciation has increased, reflecting the capital investment in 2021/22 in new IT equipment to increase security and resilience.

Appendix A – Estimate 2022/23

Estimate	2021/22 £000s	£000s	£000s	2022/23 £000s
PSOW Expenditure	Original Budget	Cost & caseload pressures	Efficiencies	Estimate
Staff salaries and related costs	3,985	+197		4,182
Premises and facilities, including leases	379		-10	369
Professional fees	246	+20	-32	234
IT costs	212	+38		250
Office costs	99	+24	-4	119
Travel, training and recruitment	75		-15	60
Communications	46	+19		65
Total Revenue Expenditure	5,042	+298	-61	5,279
Total Income	(17)			(17)
Net Revenue Expenditure	5,025	+298	-61	5,262
Capital Expenditure	25		-20	5
Total Resources Required	5,050	+298	-81	5,267
Depreciation and amortisation charges	60	+10		70
Total Resource Expenditure	5,110	+308	-81	5,337
Depreciation and amortisation charges	(60)	-10		(70)
Other non-cash movements	20			20
Cash Requirement from WCF	5,070	+298	-81	5,287