

Public Accounts Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date:

Tuesday, 7 October 2014

Meeting time:

09.00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

Michael Kay

Committee Clerk

029 2089 8041

PublicAccounts.Committee@Wales.gov.uk

Agenda

1 Introductions, apologies and substitutions (09:00)

2 Papers to note (09:00–09:05) (Pages 1 – 9)

Governance Arrangements at Betsi Cadwaladr University Health Board: Letter from the Minister for Health and Social Services (17 September 2014) (Pages 10 – 26)

National Fraud Initiative 2012–13: Committee Correspondence (Pages 27 – 28)

Assembly Commission Annual Report and Accounts 2013–14: Letter from the Chief Executive and Clerk to the Assembly (26 September 2014) (Pages 29 – 37)

3 Scrutiny of Commissioners' Accounts 2013–14: Older People's Commissioner for Wales 09:05–09:50 (Pages 38 – 107)

PAC(4)–25–14 paper 1

Research Brief

Sarah Rochira – Older People's Commissioner for Wales

Alison Phillips – Director of Finance, Older People's Commissioner for Wales

4 Scrutiny of Commissioners' Accounts 2013–14: Public Services Ombudsman for Wales (09:50 – 10:35) (Pages 108 – 177)

PAC(4)–25–14 paper 2

Research Brief

Nick Bennett – Public Services Ombudsman for Wales

Chris Vinestock – Director and Chief Officer, Public Services Ombudsman for Wales

Dave Meadon – Finance Officer, Public Services Ombudsman for Wales

**Susan Hudson, Policy & Communications Manager, Public Services Ombudsman
for Wales**

5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business: (10:35)

Items 6 & 7 and Item 1 of the meeting on 13 October 2014.

6 Scrutiny of Commissioners' Accounts 2013–14: Consideration of evidence received (10:35–10:45)

7 Senior Management Pay: Consideration of draft report (10:45–11:00)

(Pages 178 – 238)

PAC(4)–25–14 paper 3

Public Accounts Committee

Meeting Venue: **Committee Room 3 – Senedd**

Meeting date: **Tuesday, 23 September 2014**

Meeting time: **09.00 – 10.31**

This meeting can be viewed on Senedd TV at:

<http://www.senedd.tv/Meeting/Archive/6ff09036-15d6-4282-ad95-f7d6e4ca15dc?autostart=True>

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Concise Minutes:

Assembly Members:

Darren Millar AM (Chair)
Keith Davies AM
William Graham AM
Mike Hedges AM
Alun Ffred Jones AM
Julie Morgan AM
Jenny Rathbone AM
Aled Roberts AM

Witnesses:

Peter Black AM, Commissioner
Claire Clancy, Chief Executive & Clerk of the Assembly
Nicola Callow, Assembly Commission
Huw Vaughan Thomas, Auditor General for Wales, Wales Audit Office
Richard Harries

Committee Staff:

Michael Kay (Clerk)
Claire Griffiths (Deputy Clerk)
Richard Bettley (Researcher)

TRANSCRIPT

View the [meeting transcript](#).

1 Introductions, apologies and substitutions

- 1.1 The Chair welcomed the Members to Committee.
- 1.2 Sandy Mewies sent her apologies due to her responsibilities as an Assembly Commissioner (SO 18.9 refers). Keith Davies substituted.

2 Assembly Commission Annual Report and Accounts 2013 – 2014

2.1 The Committee considered the Assembly Commission Annual Report and Accounts 2013 – 2014 questioning Peter Black AM, Commissioner, Claire Clancy, Chief Executive and Clerk to the Assembly and Nicola Callow, Director of Finance.

2.2 Claire Clancy agreed to:

- Provide an outline of the action taken following the fraud incident
- Provide further details of the HR Payroll project slippage
- Agreed to send an extract depicting the gender balance by grade from the Annual Equality Report 2013–14
- Provide an outline of the energy efficiency ratings of Ty Hywel and the Senedd
- Provide detailed information on ICT costs for 2013–14 including normal running costs and expenditure incurred with the project to bring ICT provision in-house

3 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

3.1 The motion was agreed.

4 Assembly Commission Annual Report and Accounts 2013 – 2014: Consideration of evidence received

4.1 Members discussed the evidence received and agreed to revisit the issue on receipt of the additional information from the Assembly Commission.

Public Accounts Committee

Meeting Venue: **Committee Room 3 – Senedd**

Meeting date: **Monday, 22 September 2014**

Meeting time: **13.30 – 16.54**

This meeting can be viewed on Senedd TV at:

<http://www.senedd.tv/Meeting/Archive/2272f82e-3818-469a-9991-09e180641a0a?autostart=True>

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Concise Minutes:

Assembly Members:

Darren Millar AM (Chair)
Jocelyn Davies AM
William Graham AM
Mike Hedges AM
Julie Morgan AM
Jenny Rathbone AM
Aled Roberts AM
Sandy Mewies AM

Witnesses:

Sir Derek Jones, Permanent Secretary, Welsh Government
Gawain Evans, Welsh Government
Lynne Hamilton, Finance and Commercial, Welsh Government
Michael Hearty, Director General for Strategic Planning, Finance & Performance

Committee Staff:

Michael Kay (Clerk)
Meriel Singleton (Second Clerk)
Claire Griffiths (Deputy Clerk)
Richard Bettley
Joanest Varney-Jackson (Legal Advisor)

TRANSCRIPT

View the [meeting transcript](#).

1 Senior Management Pay: Consideration of the draft report

1.1 Members considered the draft report and suggested a number of changes. A revised version will be prepared for consideration at Committee on 13 October.

2 Welsh Government Consolidated Annual Accounts 2013 – 2014

2.1 Members discussed the research brief in advance of the scrutiny session on the Welsh Government Consolidated Annual Accounts 2013–14 with the Permanent Secretary.

3 Introductions, apologies and substitutions

3.1 The Chair welcomed the Members to Committee.

3.2 Apologies were received from Alun Ffred Jones. Jocelyn Davies substituted.

3.3 Jocelyn Davies advised that the Regeneration Investment Fund for Wales LLP was included in her portfolio when she was a Minister.

4 Welsh Government Consolidated Annual Accounts 2013 – 2014

4.1 The Committee scrutinised Sir Derek Jones, the Permanent Secretary at the Welsh Government and his officials on the Welsh Government Consolidated Annual Accounts 2013 – 2014.

4.2 The Permanent Secretary agreed to:

- Send details exit packages awarded and related savings in salary costs and also provide a breakdown of increases in staff numbers within the organisation
- Provide an explanation of the Welsh risk pool provision
- Provide an explanation as to why the use of renewable energy has decreased with an increase in the use of non-renewable energy within the Welsh Government's estate
- Provide a breakdown of the expenditure incurred on official business travel for 2012–13 and 2013–14, on CRC allowances and energy expenditure for 2013–14
- Provide a breakdown on expenditure for travel, subsistence and hospitality in 2013–14
- Provide a detailed explanation for the implication the failure of the Welsh Government to secure £25.6m in non-cash provision. Following the discussion with the Permanent Secretary, Members agreed that they wished to see the lessons learnt report following this incident.

5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

5.1 The motion was agreed.

6 Welsh Government Consolidated Annual Accounts 2013 – 2014

6.1 Members discussed the evidence received and agreed to revisit the issue on receipt of the additional information from the Permanent Secretary.

Public Accounts Committee

Meeting Venue: **Committee Room 3 – Senedd**

Meeting date: **Tuesday, 16 September 2014**

Meeting time: **09.00 – 10.43**

This meeting can be viewed on Senedd TV at:

<http://www.senedd.tv/Meeting/Archive/268f82b9-610c-4e25-9ad9-385443778695?autostart=True>

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Concise Minutes:

Assembly Members:

Darren Millar AM (Chair)
William Graham AM
Mike Hedges AM
Alun Ffred Jones AM
Julie Morgan AM
Jenny Rathbone AM
Aled Roberts AM
Sandy Mewies AM

Witnesses:

Emma Giles, Wales Audit Office
Steve Martin, Wales Audit Office
Mike Usher, Wales Audit Office
Matthew Mortlock, Wales Audit Office
Michael Palmer, Wales Audit Office
Martin Peters, Wales Audit Office
Andy Phillips, Wales Audit Office

Committee Staff:

Michael Kay (Clerk)
Claire Griffiths (Deputy Clerk)
Joanest Varney-Jackson (Legal Advisor)

TRANSCRIPT

View the [meeting transcript](#).

1 Introductions, apologies and substitutions

1.1 The Chair welcomed the Members to Committee.

2 Papers to note

2.1 The papers were noted subject to the following actions:

- Minutes of the previous meeting (15 July 2014): Sandy Mewies requested that her declaration as a fellow of Glyndwr University be added.
- Unscheduled Care: Letter from the Minister for Health and Social Services (24 July 2014): The Committee agreed to revisit aspects of this issue early in 2015.
- Meeting the Financial Challenges Facing Local Government in Local Government: Letter from June Milligan (22 July 2014): It was agreed that the Chair would write to the Minister for Public Services seeking his perspective on collaborative partnerships, local authority reconfiguration and related costs.
- Governance Arrangements at Betsi Cadwaladr University Health Board: Letter from Dr Peter Higson (29 July 2014): It was agreed that the Chair would write to the Vice-Chair at BCUHB asking for further information in relation to improvements relating to healthcare associated infections. Governance arrangements would be considered later in the term and BCUHB revisited in 2015.
- Grants Management in Wales: Letter from Sir Derek Jones (11 August 2014): It was agreed that the Chair would write to the Permanent Secretary asking whether any further consideration of the issues arising from the AWEMA case can be shared with the Committee now that criminal proceedings have concluded.

2.1 Unscheduled Care: Letter from the Minister for Health and Social Services (24 July 2014)

2.2 Meeting the Financial Challenges Facing Local Government in Local Government: Letter from June Milligan (22 July 2014)

2.3 Governance Arrangements at Betsi Cadwaladr University Health Board: Letter from Dr Peter Higson (29 July 2014)

2.4 Memorandum for the Accounting Officer of the Office of Public Services Ombudsman for Wales (PSOW): Letter from the PSOW (4 August 2014)

2.5 Grants Management in Wales: Letter from Sir Derek Jones (11 August 2014)

2.6 Higher education finances: Letter from the Wales Audit Office to Mike Hedges AM (15 August 2014)

2.7 Covering Teachers' Absence: Letter from the Minister for Education and Skills (20 August 2014)

3 Young people not in education, employment or training

3.1 The Committee agreed that the Chair should write to William Graham as Chair of the Enterprise and Business Committee to share the Welsh Government's response and the Auditor General's note to assist their inquiry. The letter will emphasise the Committee's concerns with the proportion of young people considered to be NEET in the 19–24 age group and the collection and sharing of data. The Committee asked that they receive an update from Enterprise and Business Committee when it undertaken its work and will then give further consideration as to whether they wish to undertake any work of their own on this issue.

4 The Well-being of Future Generations (Wales) Bill

4.1 The Committee considered the letter from the Auditor General for Wales and agreed the Chair should write to Alun Ffred Jones as Chair of the Environment and Sustainability Committee, copied to the Minister for Natural Resources, asking that during the Committee's scrutiny of the Bill, the points raised by the AGW relating to his powers and responsibilities be considered.

5 Intra-Wales – Cardiff to Anglesey – Air Service: Consideration of the Welsh Government's response

5.1 The Committee considered the Welsh Government's response and agreed that an update be sought in Spring 2015 by which time the new contract should have been awarded. The Committee also agreed that, in the interim, the Chair should write to the Welsh Government requesting that it shares the information it is able to do with the Committee regarding the full scope, content, methodology and timescale for the ARUP review as well as the tender document for the air service.

6 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

6.1 The motion was agreed.

7 Glastir: Briefing from the Wales Audit Office

7.1 The Committee received a briefing on the Glastir report from the Auditor General for Wales' staff. The Committee agreed to seek a response from the Welsh Government which will be shared with the Environment and Sustainability Committee. The Chair will write to the Chair of the Environment and Sustainability Committee with the Welsh Government's response, when received.

Agenda Item 2.1

Mark Drakeford AC / AM
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services



Llywodraeth Cymru
Welsh Government

Mr Darren Millar AM
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

17 September 2014

Dear Darren,

PUBLIC ACCOUNTS COMMITTEE REPORT INTO GOVERNANCE ARRANGEMENTS AT BETSI CADWALADR UNIVERSITY HEALTH BOARD

I am attaching a short update to the Welsh Government's response to the Public Accounts Committee report into the Governance Arrangements at Betsi Cadwaladr UHB, which I provided to the Committee in February.

*Best wishes,
Mark.*

Mark Drakeford AC / AM
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services

Update to the Welsh Government's response to PAC Report on the Governance Arrangements at Betsi Cadwaladr University Health Board

In February 2014 the Welsh Government submitted its formal response to the PAC recommendations in relation to the Governance arrangements at Betsi Cadwaladr University Health Board. In our response we committed to provide a further update on work to implement some of the recommendation after 6 months. Our original response and the updated position is set out below for the relevant recommendations:

Recommendation 1:

We recommend that to ensure senior leaders are held to account, the Welsh Government reviews and where necessary strengthens the performance management and appraisal process arrangements for Chief Executives and Chairs of NHS organisations to ensure that they are appropriately robust, clearly understood and implemented.

Response: Accepted

Performance review processes are already in place for both Chairs and Chief Executives of NHS Organisations in Wales. However we are taking action to ensure that these processes are robust and clearly understood. Welsh Government and Academi Wales published "Doing it right, doing it better" the Good Governance Guide for NHS Wales Boards in January 2014. This document underlines the importance of the performance appraisal process and, in particular, the appraisal of the Chief Executive by the Chair.

The Minister for Health and Social Services conducts a biannual review of the Chair of each LHB and Trust in Wales. These meetings agree objectives for the coming period as well as reviewing performance over the previous period. Self- assessment evidence is provided by Chairs in advance of the review meeting and the Minister provides feedback in written form following the review. This process identifies issues to be addressed and any development needs. In addition to the formal process, the Minister meets the Chairs as a group on a quarterly basis and informally with individuals as issues arise.

All Chief Executives in Wales have objectives in place which have been agreed with their respective Chair and the Chief Executive of NHS Wales. A review of their performance is conducted formally twice a year. The mid year review is undertaken by the Chair of the LHB and the Chief Executive of NHS Wales receives a copy of the review. The end year review is conducted jointly by the Chair and Chief Executive of NHS Wales.

The Minister also conducts a quarterly meeting with the Chairs and Chief Executives as a single group.

Update as at August 2014

End of year reviews were conducted with all Chairs and Chief Executives. For the performance year 2013/14 the end year review of individual Chief Executives was conducted by the relevant Chair only as there was an interim NHS Wales Chief Executive in place. A copy of the formal record of the discussion were received by Welsh Government and sent to the Permanent Secretary. Objectives for the current year have now been agreed for both Chief Executives and Chairs of NHS bodies and these will be formally reviewed at the mid year point.

A link is also being made to the escalation status of individual NHS bodies and the performance arrangements. A new disciplinary protocol for Chief Executives is also in preparation

Recommendation 2:

We recommend the Welsh Government undertakes an urgent review of the training available to board members across all Welsh NHS bodies. The outcome of this review should inform the development and delivery of a national training programme for board members, participation in which should be a condition of board membership. The programme should develop core competencies, clarify requirements and include training specifically developed for newly appointed board members to attend as part of their induction into board membership.

Response: Accepted

Welsh Government considers effective Board development to be of critical importance. We believe that there is a need to ensure that we have the right blend of consistent national activity and bespoke local arrangements to ensure non-executive Board members full understand their roles and responsibilities and Board functions.

The Chief Executive of the NHS has already written to Chairs of NHS Organisations in Wales restating that effective Board development is of critical importance and reemphasising the need to ensure there is the right blend of consistent national activity and bespoke local arrangements to support non-executive Board members. The letter makes clear that the bespoke local arrangements are for LHBs to define and secure.

David Sissling's letter also advised Chairs of the national support which is available through Academi Wales – which includes:

- Two at the Top – New Chief Executive and Chair pairings to use this support in their first year, existing Chief Executives and Chairs to access when needs arise;
- Board Development Series – all Health Boards and Trusts should undertake the two parts of the programme over the next 2 years;
- The Good Governance Guide for NHS Wales Boards – to be used by all Board Members on an on-going basis;
- Governance Master class Series – Chairs to identify appropriate Board members to attend the series, learning to be shared with Boards on return to organisation;
- Bespoke Development – all Health Boards and Trusts were asked to discuss other development support with Academi Wales as needs arise.

In response to the Chief Executive’s letter all NHS bodies were asked to provide a summary of planned Board development activity for 2014. This information was received in December and has been assessed. Academi Wales are now working with NHS Organisations to fill any potential gaps in the programme.

Furthermore, the recently published Good Governance Guide for NHS Wales Boards – “Doing it right, doing it better” sets out a framework for Board learning and development. The guidance reminds Boards that the strategic challenges facing Boards give rise to the need for specific skills, and this requirement must be kept under review in a systematic way. In order to ensure an effective balance of knowledge, skills and background, the guidance advocates that Boards should undertake regular skills audits of current Board members.

We have also noted the comments by the Commission on Public Service Governance and Delivery on the training of Boards of Public Services and we will be considering what further action is necessary in the light of the Commission’s findings.

Update as at August 2014

The NHS Leadership Development programme designed and delivered by Academi Wales provides a variety of interventions to support individual members and whole boards. As part of this, January 2014 saw the launch of ‘The Good Governance Guide for NHS Wales Boards’ which provides clarity on roles and accountability, performance and development as well as governance and risk management.

A Medical Leadership Programme designed to support North Wales Senior Clinical Medical Leaders with the implementation of major service reconfiguration is now also being delivered to 21 participants from BCU. The programme is delivered through a blended approach which delivering key themes leading improvement, teams and across organisational boundaries.

Meanwhile, bespoke development interventions been delivered for the senior team at Cwm Taf Health Board, the Mental Health Strategy Leaders Group, as well as ABM and Cwm Taf University Health Board (supporting the team of the Chief Operating Officer and support of the new clinical directors respectively). These were part of 131 interventions delivered in 2013-14 under the Leadership and Organisational Development aspect of Academi Wales work.

Following the submission of Board development plans earlier this year, the Welsh Government will also be writing to Board Secretaries formally asking them for an update on what training has been undertaken as a result. This will be used as a mechanism to check progress and identify any areas where further support from Academi Wales may be required.

Recommendation 4:

We recommend that the time commitment required for Independent Members be reviewed to ensure that it is adequate to allow them to fully discharge the functions expected of them.

Response: Accepted

As the *Good Governance Guide for NHS Wales Boards* states – Board Chairs have a key responsibility to plan and manage the time commitment required of Independent Members. Therefore, in the first instance we are writing to the Chairs of NHS bodies in Wales to ask them to review the time available from Independent Members against the requirements of the role. External support will be provided to them in undertaking the review if they require it.

We will consider this matter further following the review by the Chairs and in the light of the findings of the Commission on Public Services Governance and Delivery and provide an update to the PAC on this in 6 months time.

Update as at August 2014

Initial findings from our discussions with Chairs of NHS bodies do indicate that there is a need to more formally review the time commitment of independent members in some NHS bodies. In light of these findings consideration is now being given to whether a formal review of this issue should be undertaken ahead of advice being provided to the Minister.

Recommendation 5:

We recommend that the Welsh Government takes action to enable a more robust and consistent system of appraisal for Independent Members of Welsh Health Boards, including the identification of personal training and development needs, and that a peer mentoring scheme for independent members be developed.

Response: Accepted

Arrangements are in place to ensure Independent Members receive annual appraisals which should identify personal training and development needs Welsh Government. Furthermore, to reinforce this system, *The Good Governance Guidance Guide for NHS Wales Boards* includes a section on Building Board Capacity and Capability which covers Independent Board Member performance appraisals and provides a framework for learning and development of Board members.

Welsh Government already ensures that the information from the performance reviews of independent members is fed into the reappointments process.

We will work with Academi Wales and Chairs of NHS organisations to develop a framework for appraisals and put in place a peer mentoring scheme for independent members. We will ensure that Chairs are held to account for their part in ensuring the appraisal of independent members is robust and considers training and development needs.

We will provide an update to the PAC on this work in 6 months time.

Update as at August 2014

A peer mentoring scheme is now being piloted for some independent members. Initial feedback suggests that this is positive and the intention is to build upon this work including by looking across Welsh Government for opportunities to apply the approach to public appointments in other parts of the public service.

Chairs are also now being held to account for ensuring the appraisal of IMs as part of their own reviews

Recommendation 7:

We recommend that Welsh Government consider providing statutory protection for the role of Board Secretary.

Response: Accepted

Statutory protection for the role of Board Secretary will be looked at alongside the recommendations flowing from the findings of the Commission on Public Service Governance and Delivery.

Update as at August 2014

The role of Board Secretary is already set out in standing orders issued under powers of direction in section 12 (3) of the 2006 NHS Act. Any further indemnity for role of the Board Secretary would require primary legislation. The need for changes to the relevant primary legislation is being looked at as part of the preparation of a NHS Governance and Quality Green paper which we are intending to publish next year.

Recommendation 9:

Having considered the evidence, the Committee welcomes the action being taken by the North Wales Community Health Council to monitor compliance with infection control procedures in hospitals across North Wales. We recommend that the Welsh Government reviews its processes for validating quality and safety, and other critical data from NHS organisations. It is vital that such data is reported accurately if meaningful action is to be taken.

Response: Accepted

We have already strengthened the quality and safety management systems within Welsh Government. We have put in place a group chaired by the Deputy Chief Medical Officer which meets regularly to oversee regularly updated quality and performance information and intelligence about NHS organisations. This enables interaction and, if necessary, escalation with Health Boards and Trusts within the overall delivery framework.

Work is in hand to strengthen data quality and data completeness is already a Tier 1 Measure. We are also ensuring that we triangulate the information from various data sets, including serious incidents, and routinely reported information sources. An example is work in hand in respect of data and reporting of clostridium difficile incidence and associated deaths.

Update as at August 2014

On healthcare associated infections, for example, we now require Health Boards to benchmark their progress against the new *C.difficile* and *MRSA* bacteraemias Tier 1 targets and against other Health Boards. At bi-monthly telecon, infection control specialists, health protection specialists, epidemiologists and executives discuss their data alongside their peers to ensure that everyone is clear about the context of their own position. The first of these telecons took place in July and the Welsh

Government will continue to monitor progress and determine whether there is a need to escalate matters of concern internally and with the relevant organisations.

Recommendation 10:

We recommend that the Welsh Government finalise, introduce and implement a common set of key performance indicators of quality and safety for use by Health Boards. This would assist in improving performance and identifying risks so that swift action can be taken to address them.

Response: Accepted

The existing delivery framework already includes a range of Tier 1 quality and safety indicators such as mortality, infections and pressure ulcers which are monitored at a national level. These are published by Welsh Government on the My Local Health Service website. Performance indicators which relate to timely access are also an important measure of quality and safety

In addition, NHS organisations depending on the make up of their services, are agreeing a set of indicators to track performance across all their services as part of their overall assurance framework. To assist with this, the National Quality and Safety Forum has previously agreed a set of quality trigger questions and associated indicators for use at local level. The 1000 Lives Improvement programme within Public Health Wales is leading work during 2014 on behalf of all NHS organisations to further develop a measurement framework to assist Boards in seeking assurance on quality. The quality improvement work is ongoing.

Update as at August 2014

The suite of service-specific delivery plans now in place also require Health Boards to publish regular progress reports. Outcome measures for these and the required national reports have been developed for each plan. Work is ongoing also to ensure that all deaths in hospital are reviewed consistently with measurement of themes arising. One learning theme already identified is the recognition and care of the deteriorating patient and work is progressing rapidly to develop robust measurement of sepsis diagnosis and management.

Welsh Government continues to monitor the quality and performance data on each LHB on a monthly basis and discusses concerns with the relevant LHB at regular Quality Delivery meetings. Outstanding concerns are escalated to the Welsh Government's Integrated NHS Delivery Board that determines the escalation level for each organisation.

Recommendation 11:

We recommend that the Health Board makes the results of its investigations into the high RAMI scores across hospitals in North Wales publically available, together with

information on the actions that are being taken to address any patient care issues that are identified.

Response: Accepted

This is a recommendation for BCU Health Board. However we would expect them to do this, subject to any necessary caveats to protect any potentially identifiable patient information.

Update as at August 2014

The work undertaken by BCU to investigate risk adjusted mortality (RAMI) data at hospitals was recently reviewed by Professor Stephen Palmer, as part of his Ministerial review of RAMI and Welsh hospitals with higher than average scores. He reported positively on the quality of the work undertaken for each major district general hospital in North Wales and was assured patient care issues were appropriately investigated.

Recommendation 12:

We recommend that the Welsh Government makes information on RAMI scores across all hospital sites in Wales more accessible to the general public, ideally by placing all the data on a single web page, with clear explanations of what the data means.

Response: Accepted

The Welsh Government is now making this data available, together with contextual narrative, through My Local Health Service website. Work will continue to develop a range of mortality measures which better reflect the Welsh NHS and to make those easily accessible to the Welsh public. The proposals will shortly be set out in a statement from the Mortality and Transparency Taskforce which is expected in the Spring. A copy of the statement will be sent to PAC members.

Update as at August 2014

Mortality measures are updated quarterly. Work continues to enable the publication of a wider range of mortality measures which provide more meaningful evidence of NHS service outcomes. It should be noted that RAMI data are not comparable between hospitals with different service configuration.

The Mortality and Transparency Task force is being reconvened to advise on the recommendations made in the Palmer review. One major conclusion of this review is that RAMI data are unhelpful, not meaningful as a measure of quality and their publication is misleading.

Recommendation 13:

The failure to adhere to accepted budget processes is an issue of particular concern. We do not believe that budgets should be signed off with caveats and recommend that assurances should be provided to us that this practice has now been discontinued within the Health Board.

Response: Accepted

The Welsh Government agrees that budgets should be signed off and owned by budget holders at the start of the year, including agreeing and signing off any variations that may be agreed by the Board during the year. All Health Boards should be adopting this practice which is clearly stipulated within the Health Boards Standing Financial Instructions. The Welsh Government is reinforcing this message through the Directors of Finance forum. We will also ensure that evidence is provided through the submission of the Health Boards 3 year plans that all individual Divisions and budget holders have been fully engaged and involved in agreeing relevant savings plans and cost reduction programmes.

Update as at August 2014

In addition to the information provided in the 3 year plans, Welsh Government sought confirmation from each LHB and Trust that their internal budget process for 2014-15 accorded with their standing financial instructions and appropriate processes were in place to ensure budget holders were properly held to account for the management of their delegated budget. Confirmation has now been received from all NHS bodies.

Recommendation 15:

We recommend that the Welsh Government emphasises to health boards that they should wherever possible avoid utilising unsustainable solutions to financial pressures, such as cancelling or postponing operations, which simply defers costs to the next accounting period.

Response: Accepted

LHBs already take action to avoid using unsustainable solutions to financial pressures. Decisions are taken by LHBs to postpone operations for a variety of reasons that are not linked to financial pressures. This includes the LHB taking appropriate action to cope with surges in demand for surgical beds as a result of emergency admissions, unexpected absences of key staff and the need to take infection control measures.

Last autumn all NHS organisations in Wales put in place comprehensive winter plans. These plans are helping to ensure the disruption to services from surges in

demand for unscheduled care is reduced wherever possible. These plans are wide ranging and include:

- Capacity – with up to 490 additional beds (or equivalents) in the plans
- Enhanced staffing and working arrangements
- Reducing delays in discharge - with enhanced partnership working between the NHS and Social Services Departments
- Improved monitoring and intervention arrangements.

We will reemphasise the need for effective communication with public about the reason for the need to postpone operations at the next meetings of the Chief Executives and Chairs.

Update as at August 2014

The winter planning work undertaken at a national and local level resulted in all performance indicators for last winter being better than 2012/13. Cancelled operations were reduced which was a consequence of better managing capacity to balance the increased winter needs in unscheduled care.

Processes are already in place to learn lessons from last winter, share best practice, and help LHB's to refresh plans for the coming year through a series of National Workshops. The final one is planned for late September.

For the current and future years, the IMTP process is ensuring NHS Bodies have clear agreed delivery profiles in this year to which they will be held to account.

Recommendation 16:

We recommend that the Welsh Government ensures that all health boards minimise the inconvenience and distress caused to patients and their families by requiring that Boards communicate with patients as soon as possible following a decision to cancel or postpone elective operations.

Response: Accepted

We will reemphasise the need for LHBs to minimise the inconvenience and distress caused to patients and their families by ensuring more effective and timely communication about cancelled or postponed elective operations. This matter will feature on the agenda for the next meetings of the Chief Executives and Chairs.

Update as at August 2014

NHS organisations are reminded through the regular Quality and Delivery Meeting, as well as periodically through the Chief Executives and Chairs meeting that effective and timely communication on this matter is important.

Recommendation 18:

In relation to the sharing of the findings of external reviews the Committee believes that it is vitally important, that safeguards are in place to ensure that such findings are widely utilised to learn lessons and improve processes within health boards. We recommend that Welsh Government takes this forward.

Response: Accepted

The CMO has already written to all Medical Directors asking them to share the outcomes from any externally commissioned clinical reviews.

The National Quality and Safety Forum also agreed at its last meeting that a key priority of its work and terms of reference going forward in 2014 should be to develop effective mechanisms to share and disseminate wider learning across NHS Wales and with its key partners. A recent Team Wales event, which brings together executives from all organisations and Welsh Government considered the all Wales learning from the Duerden review of infection control arrangements in Betsi Cadwaladr UHB. As part of the work we are undertaking with WAO and HIW (set out against recommendation 20) we will also be sharing and discussing findings from reports and reviews with the WAO and HIW on a biannual basis.

(See also response to recommendation 6 in respect of the sharing of WAO report on Betsi Cadwaladr UHB).

Update as at August 2014

The handling of the Trusted to Care review of care provided to elder patients at the princess of Wales and Neath Port Talbot Hospitals has demonstrated how lessons from one or two areas can be applied for the benefit of the whole of Wales. This report provided by Professor June Andrews and Mark Butler was published on 13th May 2014. The Minister and NHS Chief Executive made it clear this was a report with lessons for all Wales and initiated an assurance process of unannounced spot checks across all Welsh Hospitals. Feedback and publication of the findings are planned on an all Wales basis.

Recommendation 19:

The Committee believes it is vital that senior leaders set a clear vision for their organisations to respond to the three challenges of developing service, workforce and financial plans. Given the issues around governance arrangements at Betsi Cadwaladr University Health Board, it is imperative that the new senior management of the Board renew and reunite the Executive and non-Executive leadership team, and close the gap between the Board and Wards.

Response: Accepted

All NHS organisations in Wales are well advanced in developing 3-year plans which bring together the key elements of service provision, workforce and finance in one document. The statutory requirement for these Integrated Medium Term Plans is now set out in the National Health Service Finance (Wales) Act 2014 and detailed requirements and expectations for Boards specified in the Planning Framework issued in November 2013. These plans, will form the basis of a clear vision for each organisation.

A new Chair and Vice Chair are already in post in Betsi Cadwaladr UHB. The recruitment process for a new Chief Executive is underway. Once the full team is in place we will be setting specific objectives for both the Chief Executive and the Chairs to ensure the Board and the non-executive leadership team operate effectively.

The effectiveness of the new team will also be tested as part of:

- The biannual meetings between the senior executive team in Welsh Government and individual LHBs (ie Joint Executive Team (JET) meetings)
- The regular meeting between the Minister and the Chair.
- The annual WAO Structural Assessment.

Update as at August 2014

The new executive team are now in place in BCU and are taking a range of actions to close the gap between the Board and wards, including reviewing the CPG structure.

Work has progressed well on the introduction of integrated service, workforce and financial plans for NHS bodies. Four 3-year IMTPs have been approved by the Minister. The remaining organisations are finalising one year plans. Detailed discussions are taking place with them as they prepare their plans and move towards 3 year IMTPs. As a result of this process, each organisation will have a clear set of delivery expectations for 2014/15, and to which they will be held

Recommendation 20:

We recommend that Welsh Government work with the Wales Audit Office and Healthcare Inspectorate Wales to develop a clearer set of scales of escalation. This should include a detailed criteria upon which intervention is triggered, the rationale for the type of intervention, and clarity on who should be notified when intervention commences and ceases. We believe that this information should be made accessible to the public.

Response: Accepted

The Welsh Government, Healthcare Inspectorate Wales (HIW) and Wales Audit Office (WAO) have been working together to review and where appropriate enhance the collective arrangements for identifying and handling risks to NHS service delivery or organisational effectiveness.

Work has been undertaken to identify the key sources of information and intelligence on NHS bodies that are held by respective parties, and how these can be shared to ensure that emerging concerns are identified and addressed swiftly and effectively. Arrangements are being developed in which this information can be exchanged in a timely manner, and to identify triggers and prompts for escalation and intervention, and who should undertake those actions. Transparency of the process and the communication requirements arising from it are being considered as part of this. The Welsh Government, HIW and WAO will be engaging with NHS Wales and other interested parties over the next few weeks whilst finalising the arrangements.

The NHS Escalation and Intervention Arrangements will be launched in time for the new Financial Year and will be published.

Update as at August 2014

The new joint Framework was published in March 2014. Internal Welsh Government meetings have been held on a regular basis to share information on NHS bodies.

As part of the new arrangements, a formal meeting was held with HIW and WAO in July to follow on from the 6 monthly series of meetings between Welsh Government and NHS body executive.

Recommendation 21:

We recommend that the Welsh Government gives urgent consideration to the creation of a pool of additional short term leadership capacity, for NHS Wales, that can be drawn upon at short notice and does not impact on other NHS Wales Health organisations.

Response: Accepted

We are already considering this and are at the stage of looking at how to overcome the practical constraints of there being people available with appropriate background and skills at the time needed. This means considering also using the wider UK interim market and putting in place framework arrangements that enable these to be accessed within EU procurement rules in a timely manner when needed.

However, the new escalation arrangements we are putting in place with WAO and HIW are aimed to reduce the risk of us needing to deploy additional support at short notice.

Update as at August 2014

To date, where needed, additional capacity is being provided by drawing in expertise from the Royal Colleges and by providing peer support within NHS Wales.

Y Pwyllgor Cyfrifon Cyhoeddus Public Accounts Committee

Prof Colin Riordan
Chair, Higher Education Wales
2 Caspian Point
Caspian Way
Cardiff CF10 4DQ



1 August 2014

Dear Professor Riordan,

At its meeting on 15 July, the Public Accounts Committee was updated on the National Fraud Initiative 2012-13. The Committee welcomes the contribution the Initiative makes to the reduction of overpayment and fraud, and is supportive of the Auditor General for Wales's efforts in encouraging more publically-funded organisations to participate in the NFI.

While I understand that Cardiff University and Glyndwr University already participate in the initiative voluntarily, the Committee would urge all universities to engage in the next NFI exercise, due to begin in October 2014. Participation in data-matching exercises run by the Auditor General will allow further fraud and overpayments to be detected and prevented.

I am copying this letter to all Vice Chancellors in Wales.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Darren Millar', with a stylized flourish at the end.

Darren Millar AM
Chair

Mr Darren Millar AM
National Assembly for Wales
Cardiff
CF99 1NA

18 September 2014

Dear Mr Millar

I write in response to your letter of 1st August 2014.

I discussed this with colleagues and fellow Vice Chancellors at the last HEW Committee meeting. We recognise the importance of this initiative and I did, as you suggest, encourage all universities to be supportive.

You will be aware that HEW is a membership organisation so I can do no more than encourage, but I very much hope that all universities will indeed take part.

Yours sincerely



Professor Colin Riordan
President and Vice-Chancellor



Darren Millar
Chair of Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

26 September 2014

Dear Darren

Following our appearance at your Committee on 23 September, I am writing with the additional information we discussed. The information is set out in the attached annexes.

As I mentioned at Tuesday's session, the Commission's approach is always to try to operate with openness, transparency and clarity. So if there is anything else that we can provide you with to help your Committee, please do not hesitate to let me know.

Yours sincerely

Claire Clancy
Prif Weithredwr a Chlerc/Chief Executive and Clerk
Cynulliad Cenedlaethol Cymru/National Assembly for Wales

cc Peter Black, Nicola Callow

Bae Caerdydd
Caerdydd
CF99 1NA

Cardiff Bay
Cardiff
CF99 1NA

Ffôn/Tel: 029 2089 8233

E-bost/Email: Claire.Clancy@wales.gov.uk

Croesewir gohebiaeth yn y Gymraeg a'r Saesneg/We welcome correspondence in both English and Welsh

Assembly Commission: Additional information following 23 September 2014 appearance at Public Accounts Committee

1. Provide an outline of the action taken following the fraud incident

Our actions were determined by the need to provide assurance on three points, that:

1. we responded appropriately to the incident;
2. the incident was an isolated one for the Commission; and
3. we changed processes to further mitigate the risk of such incidents in the future.

At the June and July 2014 meetings of the Commission's Audit and Risk Assurance Committee, our approach and evidence in support of the additional assurance work undertaken were confirmed by Committee members and the Wales Audit Office to be satisfactory.

In responding to the incident, we followed our fraud response plan, ensuring that key individuals were immediately alerted to the situation. This included Claire Clancy as Accounting Officer and Chief Executive for the Assembly, the Head of Internal Audit, Director of Finance, Head of Security and South Wales Police. In the days immediately following the incident coming to light, we also contacted the bank, filed the Action Fraud report, provided statements to the Police and informed the Wales Audit Office.

To provide appropriate assurance that this incident was an isolated occurrence within the Commission, we sought third party confirmation for all changes where this type of fraud could have occurred. This involved 2800 active records and 546 actual changes needing verification. Through this verification, we covered 96% of the value of all payments made during the year. WAO reviewed this work and confirmed their view that this was an isolated incident at the July 2014 Audit Committee meeting.

Additional checks have been put into place which provide third party evidence to support changes to standing data and the whole process has been reviewed with additional controls identified and implemented. We have balanced our approach with the need to deliver a timely payment service so we are implementing a tiered approach depending on the type of standing data being changed and the level of payments anticipated over a 12 month period. We also shared information with other bodies – principally WAO and WG to help ensure others do not become victims of the fraud; we alerted our

staff through intranet messages; we changed documents and handling processes; and we updated the fraud response plan to make it easier to use.

2. Provide further details of the HR Payroll project slippage

The HR payroll project is split into 2 phases. Phase 1 replaced the functionality provided by the two existing separate systems for payroll and HR. Phase 1 had two key delivery milestones - August 2013 and March 2014. The first milestone was delivered in November 2013 following a 3 month delay arising from protracted legal negotiations and other issues relating to data migration, project management concerns and the impact of connectivity and licensing issues. The second milestone, albeit with some back office workarounds and excluding bilingual functionality, was delivered by 31 March 2014.

Due to the issues raised during Phase 1, Phase 2 will not progress until the Investment and Resourcing Board is satisfied that the Phase 1 issues have been satisfactorily addressed. As I mentioned at the Committee, I have met with the Directors of Northgate, the contractor supplying the new system, and I am satisfied that they have acknowledged of the issues, and accepted that responsibility lies with them as the contractor. They understand that the release of the bilingual capability in future system patches and upgrades is of paramount importance to us. Our latest project plan reflects these negotiations and we are now expecting bilingual capabilities to be available next summer.

During this whole period, the Investment Resourcing Board and the project's own board have been kept regularly appraised of project progress. In addition, the Commission's Audit and Assurance Committee has also had updates at the majority of its meetings from November 2012 to the most recent meeting in July 2014. Additional external assurance has also been obtained to: ensure all the issues have been identified; validate the actions in place to resolve these issues; and to ensure lessons learned are explicitly stated, transparent and shared across the organisation.

3. Agreed to send an extract depicting the gender balance by grade from the Annual Equality Report 2013-14

The 2013- 14 Annual Equality Report can be found at:

http://www.assemblywales.org/en/abthome/about_us-commission_assembly_administration/equalities/Pages/equalities.aspx

The following extract gives the data on gender balance:

Table 10: Sex Profile of Workforce Disclosure Rate; 100%

Grade	Total staff	Women		Men		% Split 2013-14	% Split 2012-2013
	number	number	%	number	%	women / men	women / men
Apprentices	6	4	66.7	2	33.3	67/33	---
TS	127	47	37.0	80	63.0	37/63	32/68
M3	68	35	51.5	33	48.5	52/48	46/54
M2	96	70	72.9	26	27.1	73/27	68/32
M1	50	27	54.0	23	46.0	54/46	67/33
E2	44	21	47.7	23	52.3	48/52	47/53
E1	12	7	58.3	5	41.7	58/42	64/36
Senior	4	2	50.0	2	50.0	50/50	50/50
Total	407	213	52.3	194	47.7	52/48	51/49

Source: HR/Payroll IT System

Note: comparative data for 2012-2013 did not include Apprentices

The Assembly Commission has always been committed to being an employer of choice and offering a range of supportive staff policies. We strive to be a top employer for women through the benefits and opportunities that we offer our staff. We are proud to have been recognised by Working Families as one the Top Employers for Working Families in the UK and we have been listed in The Times Top 50 Employers for Women.

Where we have identified a gender imbalance, such as the lower number of women in the Security Team, we have explicitly stated in job adverts that we welcome and invite applications from women. The advert stated “We encourage applications from all sections of the community, in particular women as women are currently under represented within the existing Security team.” From this we have three new female security officers starting shortly. Although we have increased the number of women in the Security

Team, progress is gradual. I have attached more information in Annex A, outlining the range of support we offer to all employees.

4. Provide detailed information on ICT costs for 2013-14 including normal running costs and expenditure incurred with the project to bring ICT provision in-house

In December 2012, the Commission took the decision to exit from the shared arrangements with Welsh Government, which had seen Atos delivering ICT services to both organisations.

The transition project started in the last quarter 2012-13 with an 18 month time period and £1.9m budget to deliver an improved ICT service under the direct control of the Commission and a service designed around the needs of the Assembly. The commitment to deliver a flexible and prompt response to new or changing requirements for the same operational budget has been achieved. The transition has also released circa 10% of the costs for an ICT development and investment fund ensuring the future ICT strategy has vital funds available.

Specifically the transition project delivered 3 months early, utilised 58% of its budget and is successfully delivering the Commission's ICT service. The project involved significant legal and commercial issues, contract negotiations, addressed TUPE transfer arrangements and established a new in-house ICT team. Of particular note is the role of project management throughout the project which enabled the close monitoring of the budget and released funds in stages back to the Commission for reallocation as early as possible.

From the 2013-14 total operational costs of £4.2m, (split between staff £590k and operational costs £3.6m), a new staff structure has been established with 5 distinct teams looking after Infrastructure; Applications Development; Service Management; Projects and Broadcasting. This has changed the cost structure of the service.

Whilst our staff numbers have increased by 41 with a corresponding increase in staff costs of £900k to deliver the ICT expertise, the operational costs have significantly reduced by £1.3m (36%) not only to meet this staff cost but also to release sufficient funding from previously fixed contract costs to invest in the future service.

Licence and maintenance costs increased in 2013-14 as we took ownership from Atos and put new arrangements in place to fill gaps and renew lapses we discovered in handover. This also includes new field engineer support which was previously contracted out to Atos.

The majority of the revenue and consumable costs in 2013-14 are associated with additional improvements to the infrastructure we inherited from Atos and includes expenditure on repairs and replacement for IT kit such as

monitors, laptops, desktops, network cabling, printers, mobile devices and associated accessories. This essentially accelerated some of the development plans we had for 2014-15 and enabled us to deliver ahead of the schedule.

The move to bring ICT service in-house is a good example of how the Commission uses its resources wisely. As a result, 2014-15 will see over 10% of the operational budget (£440k) available for investment in the ICT strategy with a further increase in investment expected in 2015-16.

£000s	2012-13 Operating	2013-14 Operating	2014-15 Operating
ICT contracted out services	2,191	2,225	550
Broadcasting	475	450	536
Telephony	385	265	300
Licenses and maintenance costs	360	520	680
Website	122	100	88
Revenue and Consumables	90	40	146
Total	3,623	3,600	2,300
Staff	570	590	1,450
Grand total	4,193	4,190	3,720
% change from previous year		0%	11%
ICT Investment fund			440*
ICT Transition Project	100	753	230

*Funded from 11% savings in operational costs. This is expected to increase by a further £350k in 2015-16.

5. Provide an outline of the energy efficiency ratings of Ty Hywel and the Senedd

Energy ratings tell you how efficiently energy has been used in the building. The numbers represent comparative energy efficiency. The ratings range from A to G with G being the least efficient. Our building ratings will be measured again in December 2014. The last rating information is:

- a) Ty Hywel – E or 117 (100 would be typical for the building)
- b) Senedd – C or 56 (100 would be typical for the building)

In response to the other queries raised by Jenny Rathbone AM, we have previously investigated the feasibility of linking Ty Hywel to the Senedd's rainwater collection systems. With the need for extensive pipework and the

need to pump any harvested rainwater to 5th floor plant room, this is currently not feasible. We will obviously keep this under review.

The varying levels of usage of woodchip fuel for the biomass boiler in 2013-14 compared with 2012 -13 is explained by the recent milder winter. We would also be very happy to share the available data for efficiency of the biomass boilers as well as the ground source heat pumps with academics in these fields. We will provide contact information to facilitate this.

Gender profile of our workforce

Flexible working options

One of our greatest successes and continuing priorities is the range of flexible working options that we provide to our staff to enable them to balance work-life commitments. We always strive for best practice and consider our policies to be an exemplar to other organisations. We have increased opportunities for women to work flexibly (including working from home) through an investment in IT support. Options available:

- flexible working hours
- term-time working
- part-time working
- annualised hours
- compressed hours
- reduced hours and
- working from home

We have an incredibly family-friendly working culture with 18.8% of our female staff formally working part-time and many more working reduced hours, working from home on occasion and taking advantage of our flexible working arrangements.

Family / carer policies

We also provide excellent support for women who have parent and carer responsibilities, including:

- generous maternity leave (26 weeks full pay, plus 13 weeks statutory) we offer paid Keep in Touch days for women on maternity leave;
- co-parental / paternity leave (3 weeks full pay including paid leave to attend ante-natal classes);
- paid special leave for domestic or caring emergencies;
- childcare vouchers;
- reserved spaces at local nurseries; and
- parental leave.

Staff networks

We have active staff networks (including a women's network and parent and carer network) to provide additional pastoral support to staff, to promote equality and an inclusive working environment and to influence the strategic and operational direction of the organisation.

Learning and Development

- we offer and promote a Women into Leadership course to staff;
- all staff have access to our Management Development Programme;
- a well-resourced secondment strategy is in place for all staff to facilitate internal and external secondment opportunities. Many women have undertaken secondments as part of their personal development;
- we have a coaching strategy which supports women looking for career development. New members of management board have had the advantage of external coaches to support their development; and
- in addition, we have a number of senior managers who act as mentors and role-models for women in the organisation.

Older People's Commissioner for Wales

Annual Accounts

2013-14

CONTENTS

MANAGEMENT COMMENTARY	3
REMUNERATION REPORT	17
STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES	28
GOVERNANCE STATEMENT	29
STATEMENT OF COMPREHENSIVE NET EXPENDITURE	39
STATEMENT OF FINANCIAL POSITION	40
STATEMENT OF CASH FLOWS	41
STATEMENT OF CHANGES IN TAXPAYER'S EQUITY	42
NOTES TO THE ACCOUNTS	43
CERTIFICATE AND REPORT OF THE AUDITOR GENERAL FOR WALES	57

MANAGEMENT COMMENTARY

These accounts have been prepared in accordance with the Direction given by Welsh Ministers in accordance with the Commissioner for Older People (Wales) Act 2006, (the Act), Schedule 1 Paragraph 10 (1) (b).

History and statutory background

The office of the Commissioner for Older People in Wales was established under Section 1 of the Act. I took up post as Commissioner on 4 June 2012.

The functions of the role of the Commissioner are to:

- Promote awareness of the interests of older people in Wales.
- Promote the provision of opportunities for, and elimination of discrimination against, older people in Wales.
- Encourage good practice in the treatment of older people in Wales.
- Keep under review the adequacy and effectiveness of the law affecting the interests of older people in Wales.

I am funded by, but operate independently of, Welsh Ministers and am accountable to the National Assembly for Wales (the Assembly) for the use of resources made available to me. In 2013-14 I received funding of £1.730million (2012-13: £1.732million).

My organisational mission

My work is driven by what older people tell me matters most to them and their voices are at the heart of all that I do.

My role is to ensure that all older people have a voice that is heard, that they have choice and control, that they don't feel isolated or discriminated against and that they receive the support and services they need. I want Wales to be good place to grow older, not just for some but for everyone.

Review of activities in 2013-4

In April 2013 I published my Framework for Action which clearly outlined my priorities for the next four years. It included the changes that I expect to see take place in Wales and how I will drive forward improvements in older people's lives to make Wales a good place to grow older. I used the voices of the older people that I have met to develop five clear priorities within my Framework. Highlights of my work during 2013-14, are summarised below and are set against these priorities.

Embedding the wellbeing of older people at the heart of public services

I have continued to ensure that older people's voices and the issues that matter most to them are properly reflected across the breadth of Government policies, strategies and legislation by responding to key consultations on proposals for change.

I met with the full Welsh Government cabinet to grow knowledge and understanding about older people and the issues that matter to them to ensure that the potential impact of policies and decisions on older people's lives are given full and proper consideration across all portfolios and that the issues that matter to older people are seen as a key part of every Minister's brief. I also met with Welsh Government Ministers and their officials to ensure that policies and strategies meet the needs of older people, both now and in the future.

Further to my written and oral evidence provided to the National Assembly's Health and Social Care Committee as part of Stage 1 scrutiny of the Social Services and Wellbeing (Wales) Bill, I held a stakeholder workshop in September 2013, which brought together a wide range of social care experts and frontline service providers, as well as representatives from the third sector. This workshop considered the reality of the Bill on the lives of older people, using the experiences of people who had contacted my office, to see whether the proposed legislation would make the intended difference.

The evidence gathered from the expert group formed the basis of a report that was distributed to the Health and Social Care Committee to inform members about the ways in which the Bill would impact on older people who find themselves needing social care and whether or not it would lead to an improvement in their wellbeing and the voice and control they have over their lives. The report also included real-life examples taken directly from the breadth of experiences of the older people who contact my office on a daily basis.

I am pleased that following my extensive work on the Bill during the past year, the right to advocacy has now been included and that the UN Principles for Older Persons are also within the Bill, which should significantly strengthen the rights of older people in Wales.

I provided evidence to the Commission on Public Service Governance and Delivery, making it clear that public services are still failing to get the basics right, that the pace of change must increase and that there must

be a greater focus on outcomes to deliver the vital improvements that are needed in Wales.

I also provided evidence to the Silk Commission, discussing the ways in which increased powers to Wales could enable improved outcomes for older people, particularly around equality law and the justice system.

I continue to chair and host the Ageing Well in Wales Programme; a five year collaboration partnership with Local Government, the NHS in Wales, Public Health, the Third Sector, Welsh Government and others. The Programme has received an elite European Union award from the European Innovation Partnership on Active and Healthy Ageing in Brussels. Ageing Well in Wales received the Three Star Award in recognition of Wales' innovative approach to healthy ageing, which supports people to remain healthy, happy and independent as they grow older.

I have also supported awards given to those who clearly demonstrate an understanding that quality of life for older people in Wales goes beyond just physical needs. During 2013-14 this has included the Care Forum Wales award for Residential Care Practitioner of the year and the Royal College of Nursing in Wales Nurse of the Year award for Older People.

Driving up the quality of – and availability and access to – health and social care

I announced and launched my Review into the quality of life and care of older people in residential care homes in Wales. My Review has gathered evidence from older people living in residential care homes across Wales, as well as their families and carers. I have also held a series of formal evidence sessions with bodies subject to the Review to discuss and consider their written evidence in more detail. A series of unannounced visits to care homes across Wales have also been undertaken by my team of social care rapporteurs.

I will use the evidence to highlight the best care that we have in Wales and make recommendations for the improvements that must be put in place to ensure that the rights of older people in all care homes in Wales are upheld and they have the best quality of life.

I have published 'Dignified Care: Two Years On', a progress report to my Dignified Care Review and the treatment of older people in hospitals in Wales. It highlighted that whilst progress is being made against the twelve recommendations of 'Dignified Care?' significant further progress

must still be made in a range of key areas to ensure that all older people in hospitals in Wales are treated with dignity and respect. I have made it clear that Board members must be more accountable for the decisions that they make and the impact that these have on the ways that patients are cared for.

I have clear expectations about the way that older people, or a patient of any age for that matter, should be treated – everyone using the NHS in Wales should receive effective care, delivered with kindness and compassion. There must be zero tolerance of failures in care and the NHS in Wales must act upon the experiences of patients far more effectively.

Protecting and improving community services, facilities and infrastructure

Older people across Wales have also spoken to me about the community based barriers they face across many areas of their lives that make growing older unnecessarily harder, even for the most active and resourceful older people.

These experiences were captured in my 'A Thousand Little Barriers' report, which was published in August 2013 to give a voice back to older people and highlight the importance of everyday services and support that they rely on to remain healthy, safe and independent.

In the report I gave a commitment to work with older people to look in more detail at the issues of access to public toilets, the availability of public transport and refuse collection. I did this through establishing my Toilets, Transport and Bins Taskforce, older people working directly with me to grow understanding about the importance and impact of these services.

Building upon the excellent work carried out by my Toilets, Transport and Bins Taskforce, I published my report 'The Importance and Impact of Community Services within Wales' in February 2014. The report makes a clear and strong case for protecting community services, which are not only essential to the health, wealth, and wellbeing of our villages, towns, cities and communities, but are also integral to the public service and public health priorities within Wales and the overall health of our economy.

To gather information and to hear first-hand from older people how important community services are in their day-to-day lives, I held a

series of focus groups across Wales (in Aberystwyth, Cardiff, Carmarthen, Colwyn Bay and Llandrindod Wells) to enable older people to share their experiences. An area of particular concern was the lack of public toilet provision, which older people have told me has a significant impact on their health and wellbeing. Without access to public toilets many older people are effectively housebound, at risk of losing their independence and their links to their communities. I was therefore delighted that the Welsh Government announced proposals in March 2014 to place a duty on Local Authorities across Wales to improve access to public toilets.

The Ageing Well in Wales Programme has launched four networks to support the sharing of knowledge and innovation across Wales. The networks are focussed on age friendly cities and communities, dementia supportive communities, falls prevention and opportunities for employment and new skills for older people age 50+.

I followed up on the recommendations I made to Local Authorities in 2012 concerning their performance in providing Disabled Facilities Grants to older people for home aids and adaptations. There has been significant progress and only three Local Authorities were not meeting their statutory timescales compared to seven previously. There remains however significant variation in the way in which these grants are accessed and delivered and I have continued to raise this matter with Welsh Government. I therefore welcome the confirmation from the Minister for Housing that there will now be a review into the home adaptation system in Wales.

Standing up for older people who are at risk of harm and ensuring that they are safeguarded and protected

Too many older people experience domestic abuse which can include physical, psychological, financial, sexual abuse and neglect. In my Framework for Action, I am very clear that we must get better at recognising the abuse faced by older people; all older people who are at risk must have access to effective safeguarding support and those who are abused must swiftly and appropriately be supported to regain their safety.

I am also clear that abuse of older people must be recognised as a criminal act and, where they fit the definition, that older people are recognised as victims of domestic abuse and have access to the widest possible support available under domestic abuse legislation and domestic abuse support services.

I organised and chaired a seminar with senior public service staff, including Police and Crime Commissioners, the Crown Prosecution Service, Police Officers, Senior POVA leads and Welsh Government officials, to discuss my wider concerns in respect of access to domestic abuse support, passporting from protection to criminal and restorative justice services and identifying how we can address these issues within Wales.

I have also worked with the Welsh Government to ensure that domestic abuse of older people is fully understood and reflected in the new Domestic Abuse (Wales) Bill and that the links between the domestic abuse and the safeguarding provisions in the Social Services and Well-being (Wales) Bill are fully understood.

I provided support to the families of the victims of alleged abuse and neglect in a number of care homes in South Wales, investigated by Gwent Police and known as Operation Jasmine. I called on the Welsh Government, on behalf of the families, to undertake an Inquiry as there were still many unanswered questions about who was responsible and how neglect and abuse on the scale alleged could have taken place. I therefore welcome the announcement made by the First Minister to carry out an Independent Review.

I also arranged a briefing session with MPs in Westminster to discuss my concerns about the current gaps in adult protection law, which often prevent access to justice for older people, and the need for these to be addressed with updated legislation.

I received additional funding of £15k from the Welsh Government to contribute towards the establishment of a National Development Board and Programme Director to identify and drive action to achieve change in health and social care workplace culture in Wales so that older people are better supported and protected from harm.

Tackling prejudice, inequality and discrimination

To help professionals to better understand the nature and impact of ageism and how it feeds discrimination, I worked with Local Health Boards, Local Authorities, care homes, the Police and the Welsh Government to deliver a series of training seminars that included both practical activities and a range of written detailed resources to support the further development of better practice.

The training seminars explored ageing and its impact upon individuals, families and communities in Wales, as well as how negative attitudes towards ageing can impact upon good service delivery. The training also allowed delegates to think, in practical terms, about how to develop age-friendly public services and age-friendly communities, based on the World Health Organisation Framework that will meet the needs of an ageing population.

147 professionals have completed the training to date and further training seminars will be held throughout 2014, available to a wider group of participants. In addition, 'train the trainer' training and resource packs were provided to professionals across public bodies to enable them to deliver this training on my behalf.

I was pleased that there was cross party support for my call to enhance the rights of older people and that the Welsh Government asked me to chair an Independent Advisory Group to consider and explore the merits of a Welsh Declaration of the Rights of Older People, which would be the first of its kind in the UK.

The Independent Advisory Group found that a Declaration would provide a clear framework and standard that could be understood and used by older people to ensure that their rights are upheld when receiving the support and services they need to live fulfilled and independent lives. Drafted correctly, a Declaration would be more accessible than the existing human rights legislation.

Engagement and communication

I have continued to travel the length and breadth of Wales as part of my Engagement Roadshow, to meet and speak with older people about the things that matter most to them.

This year my team and I have met with more older people than ever before, over 200 groups of older people in communities throughout Wales, to reach out to more than 5,300 people. We have met and spoken with older people in every constituency in Wales, with at least 30 engagement events in each of the five National Assembly electoral regions.

This year, my Engagement Roadshow has had an even greater focus on reaching out to the full diversity of older people in Wales. This ensures that I am a champion for all older people and that the voices of older

people that are seldom heard are at the heart of my work and drives my priorities.

I am proud that my Engagement Roadshow has reached so many people, representing the diversity of Wales, and was delighted to win Diverse Cymru's Excellence in Equality Public Sector Award 2013.

Using the media is an important way to engage with a large number of older people, particularly those who are hard to reach. I have worked with the Welsh broadcast media to ensure that I maintain a regular presence across TV and radio so that older people know about the work I am undertaking to make a difference to their lives.

In addition to securing regular coverage in the national press, I have also worked extensively with journalists across Wales to ensure that local newspapers and magazines, including Welsh language publications, report on the work that I am undertaking and its impact within Welsh communities.

Support to Individuals

Through my Enquiries and Support Team, I provided help, support and advice to 795 older people. The most common subjects my team were contacted about were:

Subject	Number of enquiries received	Percentage of total received (%)
Residential Care	127	15.97
LHBs	110	13.84
Community	41	5.16
Financial	41	5.16
Housing	39	4.91

I provide a bilingual service and can provide assistance to those with sensory impairments. My staff can help individual older people, their families and carers in the following ways:

- I can intervene directly if an older person experiences difficulties with a service provider.
- I can provide information about services in local communities.

- I can support an older person to make a complaint and monitor how their complaint is dealt with.
- I can put older people in touch with organisations best placed to resolve their concerns.
- I can intervene directly if an older person is at risk of harm.

In many instances, my team were able to direct older people to other agencies who were best-placed to provide them with help and support, ensuring that I did not duplicate the work of others. This has enabled me to increase the support I provide to individuals who require complex case support who are in distress and in situations of high vulnerability, where only my intervention can assist.

Examples of complex cases that my team dealt with during 2013-14, where there were protection and/or safeguarding issues, include:

- Undertaking a Section 5 Review into the whistleblowing arrangements within a Local Authority, following concerns raised with me in respect of the care and alleged abuse of an older person.
- Undertaking a Section 3 Review into the closure of a care home following significant representation made to me by a number of individuals and concerns being raised about the quality of care of residents.
- Providing Section 8 Assistance by representing the relatives of an older person at the Coroner's Court.

Other issues emerging through my complex case support include:

- Circumstances surrounding death
- Very poor care standards and mistreatment of residents
- Continuing NHS healthcare assessments
- Raising concerns
- Care home closures, including EMI

Forward Look

It is important that the work I undertake as Commissioner reflects not only the issues that older people have told me they want me to focus on, but also reflects the realities of the challenges faced by our public services.

Public services across Wales are going through a period of significant

change, driven by a recognition that current models of service and care are no longer sustainable and do not meet people's needs, as well as the realities and impact of reduced public spending. The current challenges faced by public services have not been seen for a generation, but provide significant opportunities to redesign, redevelop and reclaim public services on behalf of the people who use them.

Recognising the substantial change currently taking place in Wales and the potential impact this will have on older people, over the coming year I will:

- Increase, through direct case support, my direct assistance to older people who find themselves in highly complex and unacceptable situations.
- Publish the findings of my Residential Care Review and issue requirements for action to ensure that quality of life sits at the heart of residential care in Wales.
- Strengthen older people's ability to secure their rights and empower them to be part of and, where appropriate, challenge decisions and changes taking place in Wales.
- Work with partners to strengthen the access older people have to domestic abuse support and the criminal and restorative justice system.
- Challenge ageism, discrimination and the stereotypes held of older people, their impact upon individuals, and their impact upon the delivery of efficient and effective public service.
- Undertake formal reviews into the support available to carers and people living with dementia.
- Grow the knowledge and understanding with key public bodies and service providers of how to design and deliver better legislation, policy and public services.
- Formally launch the Ageing Well in Wales forward work programme, its supporting networks and its implementation plan.

Review of the 2013-14 Financial Year

The Statement of Comprehensive Net Expenditure shows for 2013-14 net expenditure of £1.766 million (2012-13: £1.964million after insurance income).

Reserves at the year-end were £0.279 million (2012-13: £0.315million). I plan to use the cash element of these reserves effectively to support non recurrent programmes of work in 2014-15 and in future years. This was

outlined in my Estimate to Ministers which was laid before the Assembly on 9 February 2014.

Working within the Commission

During 2013-14, I employed an average of 26.41 whole time equivalent staff (27.11 in 2012-13). The Strategic Management Team working with me during 2013-14 comprised:

Alison Phillips	Deputy Commissioner Director of Finance and Performance
Anna Buchanan	Director of Protection, Scrutiny and Human Rights
Kelly Davies	Director of Communications and Engagement
Daisy Cole	Director of Wellbeing and Empowerment

The average sickness absence rate per member of staff was 4.2 days (9 days in 2012-13). I am committed to the health and well-being of my staff and have a comprehensive policy on sickness absence. I also support employees in maintaining a work life balance via the operation of a flexi time system and providing opportunities for flexible working patterns. I have implemented a free and confidential Employee Assistance Programme which is available to all staff.

The organisation has achieved Investors in People status and in November 2013 we were awarded the Silver Small Workplace Health Award. The assessors commented that the organisation was 'clearly an excellent place to work' and that there 'are a wide range of provisions made for staff to promote wellbeing' as well as evidence that 'a comprehensive performance review process is in place'.

During the year staff have undertaken a range of learning and development activities relevant to their roles and all staff have participated in training centred on safeguarding of adults, the Equality Act and Human Rights Act as well as an update on Information and Data Protection legislation from the Information Commissioner's Office. All staff complete an annual performance appraisal.

I am fully committed to treating the Welsh and English languages on an equal footing, and take all possible steps to promote the Welsh language; this includes promoting a Welsh Language Scheme, maintaining a number of bilingual staff, encouraging employees to learn Welsh and operating a bilingual working environment.

Pension Arrangements

I and my directly employed staff are eligible for membership of the Principal Civil Service Pension Scheme. Further details are set out in the Remuneration Report and the Accounts.

Equal Opportunities

I am committed to equality of opportunity and seek to employ a diverse workforce. All applications are considered on the grounds that all job applicants should have equal opportunity for employment and advancement on the basis of their ability, qualifications and suitability for the work.

No job applicant or employee will receive less favourable treatment on grounds of age, race, gender, sexual orientation, disability, religion, family/domestic responsibilities or working patterns, nor will any individual be disadvantaged by conditions or requirements which cannot be shown to be justifiable. Opportunities for learning and development are promoted to all staff, as well as access to benefits such as Childcare Voucher and Cycle to Work Schemes.

Sustainability

I am committed to good environmental practises. Examples of how I pursue good environmental stewardship are set out below:

- Energy usage - as one of a number of tenants within a small modern office block it is not possible to have full control over the water, heat and lights facilities. However, there are thermostatically controlled valves on all the radiators, energy saving light bulbs, and movement sensitive lighting in some areas within the office environment.
- Vehicle usage - the office does not operate any vehicles but it does encourage the use of hired vehicles for longer journeys in order to ensure greatest efficiency. Staff are encouraged to share transport for official journeys where practicable. Wherever appropriate the use of public transport is encouraged.
- Paper management – all staff have access to email and internet and the use of an office intranet enables information to be accessed without the need for paper distribution systems.

- Products - suppliers are encouraged to use environmentally friendly products where possible. I use environmentally sound paper products such as re-cycled paper and envelopes.
- Waste Disposal - procedures are in operation for the recycling of materials, including paper, cardboard and some plastics, and arrangements for disposal of food waste.

Paper containing sensitive information is disposed of through confidential waste recycling facilities due to the obligation to maintain confidentiality in our enabling legislation. My office has a certificate of environmental accomplishment that certifies our shredding and recycling programme saved 38.5 trees from destruction in 2013-14 (37.1 in 2012).

Looking forward, I am supportive of the principles underpinning the Future Generations Bill. It places a much broader emphasis on sustainability including social, economic and environmental wellbeing for people and communities, achieving a better quality of life for our own and future generations; I have already incorporated these key principles into my Framework for Action 2013-2017.

Payment Policy

I aim to comply with the UK Government's Better Payment Code. The target is for payment to be made within agreed payment terms or 30 days of receipt of invoices not in dispute for goods and services received.

Payment performance for the year averaged 99.81% paid on time (99.67% in 2012-13). No interest was paid in respect of late payments.

Events occurring after the reporting period

There were no significant events occurring between the year end and the approval of these accounts.

Audit and Risk Assurance Committee

I have an Audit and Risk Assurance Committee to support me as Accounting Officer in monitoring and reviewing corporate governance, risk management and internal control systems.

The Committee consists of four independent members who were appointed in 2009. At the end of the year, two terms of office came to an end. Good practice requires me to regularly review and rotate the

cumulative diversity, skills, knowledge and experience of my Committee members. I have therefore extended one term of office by two years and I have recruited a new member to my Audit and Risk Assurance Committee on a four year term.

Gordon Lishman	Appointed to 31 March 2014 Chair until 31 March 2014
Kenneth Jones	Extended to 31 March 2016
Eifion Pritchard	Appointed to 31 March 2015
Ian Summers	Appointed to 31 March 2015 Appointed Chair from 1 April 2014
Mutale Merril	Appointed from 1 June 2014 to 31 May 2018

Audit arrangements

These Accounts are audited by the Auditor General for Wales in accordance with paragraph 12 of Schedule 1 to the Commissioner for Older People (Wales) Act 2006. The cost for the audit of the 2013-14 accounts is £14.6k (£14k in 2012-13).

Deloitte provided internal audit services to me in 2013-14 they have been appointed until 31 March 2016 with the option to extend for an additional year.

Disclosure of Relevant Audit Information

As Accounting Officer, I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that the auditors are also aware of this information.

Sarah Rochira

Older People's Commissioner for Wales

30 July 2014

REMUNERATION REPORT

Remuneration Policy

My salary is set by the Welsh Ministers in accordance with Schedule 1(3) of the Commissioner for Older People (Wales) Act 2006. Under the terms of this appointment any annual increases would follow the percentage award made by the Senior Salaries Review Body. I am also eligible and have joined the Principal Civil Service Pension Scheme. A 2% consolidated pay award was confirmed by Welsh Government in February 2014; this was actioned and paid in March 2014.

The salaries of directly employed staff are set by me after conducting a pay review annually which assesses any significant changes to the role, their contribution to my strategic objectives, and the impact of the change on other positions within the organisation and an assessment of wider market rates for similar positions in other comparable organisations.

Service Contracts

Appointments of permanent members of staff, on terms and conditions set by me, are made on merit on the basis of fair and open competition but also include provision for circumstances when appointments may otherwise be made. These principles are in line with civil service arrangements. Staff are not members of the Civil Service but are entitled to membership of the Principal Civil Service Pension Scheme (PCSPS).

Unless otherwise stated below, staff covered by this report hold open-ended appointments. There is no mandatory retirement age, although PCSPS rules on earliest pensionable age will apply.

I have in place mechanisms for performance appraisal to ensure that the contribution of individual employees is measured at an appropriate level at all stages of their employment with the Commission. I have implemented an organisational development programme to enhance capability and improve overall performance levels through increased productivity.

Early termination, other than for misconduct, would result in the individual receiving compensation as set out under the Civil Service Compensation Scheme.

Remuneration (including salary) and Pension Entitlements

This section is subject to audit by Wales Audit Office.

The following sections provide details of the remuneration and pension interests of the Commissioner and senior staff.

Remuneration (salary, benefits in kind and pensions)

'Salary' includes gross salary; overtime and any other allowance to the extent that it is subject to UK taxation.

This report is based on accrued payments made by the Commissioner and thus recorded in these accounts.

Neither I nor any member of my staff received benefits-in-kind or any bonuses.

Name and title	Salary	Salary	Pension Benefits (1)	Pension Benefits (1)	Total	Total
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
	£000	£000	£000	£000	£000	£000
Sarah Rochira (2) Commissioner Term of office commenced 4/6/12	93	75	35	30	128	105

Name and title	Salary	Salary	Pension Benefits (1)	Pension Benefits (1)	Total	Total
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
	£000	£000	£000	£000	£000	£000
Alison Phillips (3) Head of Finance, HR & Corporate Governance until 31 March 2013 Promoted to Director of Finance & Performance and Deputy Commissioner from 1 April 2013	64	53	24	22	88	75
Anna Buchanan(4) Director of Protection, Scrutiny and Human Rights Appointed from 1 April 2013	43	n/a	0	n/a	43	n/a
Kelly Davies(4) Director of Communications and Engagement Appointed from 1 April 2013	43	n/a	18	n/a	61	n/a
Daisy Cole (5) Director of Wellbeing and Empowerment Appointed from 7 May 2013	46	n/a	18	n/a	64	n/a
Ruth Marks Commissioner Term of office ended 20/4/12	0	10	0	5	0	15

Name and title	Salary	Salary	Pension Benefits (1)	Pension Benefits (1)	Total	Total
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
	£000	£000	£000	£000	£000	£000
Sarah Stone Deputy Commissioner Acting Commissioner (21/4/12-3/6/12) Left 31/3/2013	0	120	0	30	0	150
Julia Lewis Head of Information & Resources Left 31/3/2013	0	67	0	19	0	86
Alun Thomas Head of Review, Examination & Policy Left 31/3/2013	0	62	0	15	0	77

(1) The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

(2) A 2% consolidated pay award was confirmed by Welsh Government in February 2014; this was actioned and paid in March 2014. The full year effect salary for 2012-13 was £91k.

(3) Alison Phillips was promoted to the role of Director of Finance and Performance and took on the role of Deputy Commissioner from 1 April 2013.

(4) Kelly Davies and Anna Buchanan were employed by the Commissioner as members of staff during 2012-13 but they were not classed as 'senior staff' and their salaries for this period are not therefore disclosed as comparative information.

(5) Daisy Cole was appointed from 7 May 2013; the full year effect salary for 2013-14 was £51k.

Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation’s workforce.

	2013-14 £000		2012-13 £000
Highest Paid Director (the Commissioner)	93	Highest Paid Director (the Commissioner)	91
	£		£
Median Total Remuneration	28,568	Median Total Remuneration	31,184
Ratio	3.25	Ratio	2.92

The remuneration of the highest-paid director (the Commissioner) was £92,869 in 2013-14 (2012-13: £91,048). This was 3.25 times (2012-13: 2.92) the median remuneration of the workforce, which was £28,568 (2012-13: £31,184). The change is equivalent to two incremental points within Band C (£25,192- £31,496 including 1% inflationary cost of living increase) and reflects changes in staff within that banding.

Remuneration includes only salary and does not include employer pension contributions and the cash equivalent transfer value of pensions. The figures for this calculation exclude any compensatory amounts for loss of office and payments made in lieu of notice. In 2013-14, no employee (2012-13: one) received remuneration in excess of the role of Commissioner. In 2013-14, remuneration was based on the pay scales and ranged from £15,908 to £71,988 (2012-13: £15,750 – £71,275).

Incremental increases to other staff salaries were awarded in line with contractual terms and conditions. An inflationary cost of living increase of 1% was awarded in 2013-14.

Civil Service Pensions

	Accrued pension at pension age as at 31/3/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV
	£000	£000	£000	£000	£000
Sarah Rochira Commissioner Term of office commenced 4/6/12	4	2	45	19	17
Alison Phillips Head of Finance, HR & Corporate Governance until 31 March 2013 Promoted to Director of Finance & Performance and Deputy Commissioner from 1 April 2013	6	1	49	34	8
Anna Buchanan Director of Protection, Scrutiny and Human Rights Appointed from 1 April 2013	2	0	18	17	0
Kelly Davies Director of Communications and Engagement Appointed from 1 April 2013	2	1	17	9	5
Daisy Cole	1	1	11	n/a	7

	Accrued pension at pension age as at 31/3/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV
	£000	£000	£000	£000	£000
Director of Wellbeing and Empowerment Appointed from 7 May 2013					
Ruth Marks Commissioner Term of office ended 20/4/12	n/a	n/a	n/a	129	n/a
Sarah Stone Deputy Commissioner Acting Commissioner (21/4/12-3/6/12) Left 31/3/2013	n/a	n/a	n/a	86	n/a
Julia Lewis Head of Information & Resources Left 31/3/2013	n/a	n/a	n/a	124	n/a
Alun Thomas Head of Review, Examination & Policy Left 31/3/2013	n/a	n/a	n/a	160	n/a

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, employees may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (Nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and Nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for classic and 3.5% and 8.25% for premium, classic plus and Nuvos. Increases to employee contributions will apply from 1 April 2014. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In Nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of Nuvos.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

In 2012-13, I set out a business case that determined necessary changes to structures at a senior level within the organisation. Consequently the role and membership of the senior staff team changed. These changes took effect from 1 April 2013 and further changes to the roles and responsibilities of other staff took place once new Directors took up post during 2013-14.

As a result of the implementation of my proposals the following compensation payments were made for loss of office in 2013-14:

Exit package cost band	Number of Compulsory redundancies	Number of Voluntary Redundancy packages agreed	Number of Voluntary Exit packages agreed	Number of ex-gratia payments agreed	Total number of packages
<10k	0	0	0	0	0
£10k-£25k	0	0	3	0	3
£25k-£50k	0	0	0	0	0
2013-14 total cost in £000s	0	0	£37k	0	£37k
£25k-£50k	0	1	2	1	3
2012-13 total cost in £000s	0	£26k	£86k	£27k	£139k

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted

for in full in the year of departure. Where I agreed early exit packages, the costs were met from my funding, and not by the Scheme. The three staff who accepted early exit packages in 2013/14 were not senior staff.

The exit packages agreed with senior staff in 2012/13 were:

- Sarah Stone left under Voluntary Redundancy terms on the 31 March 2013. She received a statutory compensation payment of £26k under the terms of the PCPCS and an additional ex gratia payment of £27k.
- Julia Lewis left under Voluntary Exit terms on the 31 March 2013. She received a statutory compensation payment of £37k.
- Alun Thomas left under Voluntary Exit terms on the 31 March 2013. He received a statutory compensation payment of £49k.

Sarah Rochira
Older People's Commissioner for Wales
30 July 2014

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

As required by the Commissioner for Older People (Wales) Act 2006, I, as Accounting Officer, have prepared for each financial year a statement of accounts in the form and on the basis set out in the Accounts Directions issued by HM Treasury and Welsh Ministers.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commissioner for Older People in Wales and of its net expenditure, financial position, changes in taxpayer's equity and cash flows for the financial year.

In preparing the accounts I am required to comply with the requirements of the *Government Financial Reporting Manual* and in particular:

- Observe the Accounts Directions, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- prepared the accounts on a going concern basis.

As Commissioner, I am, by virtue of paragraph 11 to schedule 1 to the Commissioner for Older People (Wales) Act 2006, the Accounting Officer for my office. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Commission's assets are set out in a memorandum issued by HM Treasury.

GOVERNANCE STATEMENT

This Governance Statement sets out the basis on which the Older People's Commissioner for Wales has been established; the way in which it is governed and managed; and how I am accountable for what I do.

Role of the Commissioner

The statutory office of the Older People's Commissioner for Wales was established as a Corporation Sole under Section 1 of the Commissioner for Older People (Wales) Act 2006. The functions of the role are to:

- Promote awareness of the interests of older people in Wales.
- Promote the provision of opportunities for, and elimination of discrimination against older people in Wales.
- Encourage good practice in the treatment of older people in Wales.
- Keep under review the adequacy and effectiveness of the law affecting the interests of older people in Wales.

In carrying out these functions I, as Accounting Officer, am responsible for putting in place appropriate arrangements for the management and control of resources, including sound governance arrangements and the identification and management of risks and opportunities.

Purpose of the governance framework

The governance framework sets out the way in which the organisation is governed and managed. It is made up of the systems and processes in place through which the organisation is directed and controlled. It also incorporates the values and culture of the organisation.

The governance framework enables me to monitor the performance of my organisation against the priorities in my Framework for Action. In particular, to consider whether that performance has led to improved outcomes for older people in Wales and whether those outcomes have been delivered through the most effective means.

The system of internal control is a significant part of that framework and is designed to manage risk at a reasonable level rather than to eliminate all risk of failure to achieve aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to:

- identify and prioritise the management of risks and opportunities to the achievement of my aims and objectives,
- evaluate the likelihood of those risks and opportunities being realised and the impact should they be realised, and
- manage them efficiently, effectively and economically.

Governance framework

The Commissioner is a Corporation Sole; there is therefore no Board as one might find in other public bodies. As a Corporation Sole and the Accounting Officer, I hold personal responsibility for directing and controlling the organisation but may authorise the exercise of my functions by any member of staff.

A nominated deputy may exercise the Commissioner's statutory functions if the office is vacant or should the Commissioner at any time be unable to act for any reason. Alison Phillips, Director of Finance and Performance carries out this role.

My governance framework included three key sources of assurance during 2013-14:

- An Audit and Risk Assurance Committee.
- An Internal audit provider.
- A strategic management team

I have an **Audit and Risk Assurance Committee** to support me as Accounting Officer in monitoring and reviewing corporate governance, risk management and internal control systems.

Due to the Corporation Sole status of the Commissioner, the Committee has identified that the absence of an executive board (from which the Audit and Risk Assurance Committee would normally be drawn) has created an "information gap" for the members as they do not have wider responsibilities and oversight. The Committee has overcome this gap partly by virtue of their additional advisory work and also by additional discussions with and presentations by me and my staff in addition to Committee meetings.

During 2013-14 I held two development days with Directors, internal audit and members of the Committee. These days were used to:

- review and discuss business priorities for the year;
- identify and address the management of risks and opportunities associated with those priorities;
- consider the cumulative impact of any of those risks and opportunities crystallising;
- review the format and content of information provided to the Committee, in particular more succinct quarterly reporting of progress with the operational work programme;
- agree a process for assessing the performance of internal and external audit services; and
- agree a process for assessing the effectiveness of the Audit and Risk Assurance Committee itself.

The Committee comprises four independent members with considerable experience of public and third sector organisations in Wales and the UK. This Committee meets quarterly and attendance at the meetings is summarised below:

	April 2013	July 2013	October 2013	January 2014
Gordon Lishman	✓	✓	✓	x
Ian Summers	✓	✓	✓	✓
Ken Jones	✓	✓	✓	✓
Eifion Pritchard	✓	✓	✓	✓
Mutale Merrill	Appointed from 1 June 2014			

These members have worked with me and my predecessor since 2009 and on 31 March 2014, two terms of office came to an end. Good practice requires me to regularly review and rotate the cumulative diversity, skills, knowledge and experience of my Committee members. I have therefore extended Ken Jones' term of office by two years and recruited Mutale Merrill as a new member to my Audit and Risk Assurance Committee on a four year term. I would like to thank Gordon Lishman for his contribution as Chair and have appointed Ian Summers as Chair from 1 April 2014.

The Committee provides me with an annual report which summarises the work of the Committee. During 2013-14 I asked my internal auditors to review the content of this report compared to other public bodies. The recommendations were that there should be greater ownership of the report by the members of the Committee and that the Committee should make an annual assessment of the performance of internal and external auditors. These recommendations were accepted by the Committee.

I have also decided to publish this report on my website in addition to the publication of the minutes of the Committee meetings to give greater transparency to my governance arrangements.

The Committee operates within its terms of reference which are based on best practice guidance issued by the Treasury. The Committee has reviewed its operations for 2013-14 and has concluded that it is operating effectively, receives sufficient information but has agreed some minor administrative changes.

As a result of its work in 2013-14, the Committee is content with the overall level of internal and external audit coverage. In respect of my arrangements for financial management, and the wider corporate governance and identification of risk and management processes, the Committee considers that, based on the findings of the auditors and its own observations, it can provide me with high assurance that the arrangements in place are appropriate and have been operating effectively.

Website link: [Audit and Risk Assurance Committee](#)

I have appointed Deloitte to provide **internal audit services**. During 2013-14 Deloitte undertook reviews into governance, risk management, financial systems, performance management and communications and engagement; providing either full or substantial levels of assurance on each area. They also followed up on progress with the implementation of recommendations made in prior years and there were no outstanding recommendations.

During 2013-14, I worked with a **Strategic Management Team (SMT)** as disclosed within the Remuneration Report, which met monthly and assisted me to discharge my functions in a manner consistent with the UK Corporate Governance Code and the Good Governance Code for Public Services i.e. consistent with the high standards expected from a publically funded body.

The role of the SMT as a group is to provide advice to me, corporate leadership to the organisation as a whole, enhance collegiate and collaborative working and ensure a holistic approach to risk management, performance monitoring and identification of remedial action. As a group the SMT is not a decision making body; it is not a Board. Decision making rests with me as Commissioner, but can be

delegated to individual Directors as agreed by me, but the SMT will contribute to:

- the development of the Commissioner's strategic aims and annual business plan;
- the allocation in an efficient and effective way of its financial, human and other resources to achieve those aims and objectives,;
- the assessment and management of risk and opportunities; and
- the overall assessment of the performance of the organisation against the objectives set out in the Annual Operational Plan and delivery of the Strategic Plan.

Website link: [Strategic Management Team](#)

Commissioner's performance

2013-14 was the first year of my Framework for Action. The main objectives within that plan were to:

1. Embed the wellbeing of older people at the heart of public services.
2. Drive up the quality of – and availability and access to – health and social care.
3. Protect and improve community services, facilities and infrastructure.
4. Stand up for older people who are at risk of harm and ensuring that they are safeguarded and protected.
5. Tackle prejudice, inequality and discrimination.

I would highlight the following milestones as evidence of progress towards addressing these priorities and future goals:

- commenced my review into the quality of life and care of older people in residential care homes in Wales;
- published further follow up work to Dignified Care and the treatment of older people in hospitals in Wales;
- continued to chair and host the Ageing Well in Wales Programme;
- ran 'train the trainers' sessions on Ageism which care designed to explore how ageing impacts upon the lives of older people, their families and communities in Wales
- commissioned research that explored how different referral mechanisms across adult protection and the police service may influence justice opportunities for older people in Wales;

- held a seminar which was attended by key leaders from criminal justice and social services across Wales to understand the barriers that deter older people from engaging with the justice process and agreed a plan for action.
- Published a report called 'Importance and Impact of Community Services within Wales' which highlighted the impact on older people if community services are withdrawn.
- My Enquiries and Support Team has been contacted by 795 older people, their families and carers and have helped them by providing individual support or advice; often when no-one else could help.

Performance against the objectives is fully reported in my Impact and Reach Report which is usually considered by the Health and Social Care Committee of the Assembly. A summary of financial performance is included within the annual accounts on page 12.

Website link: [Strategic Plans](#)

Website link: [Annual Reports](#)

Approach to risk

I have continued to revise and strengthen my Risk Framework during the year, which aims to:

- Promote an innovative, less risk averse culture in which the taking of calculated and managed risks in pursuit of opportunities to benefit the Commissioner is encouraged and managed;
- Improve the performance of the organisation by informing and strengthening decision making and planning;
- Provide a sound basis for integrated risk management and internal control as part of good corporate governance; and
- Ensure a safe environment for staff to work in.

All staff within the organisation have some responsibility for risk management and internal control in order to achieve their individual objectives and my overall aims and objectives.

A positive approach to risk management means that I will not only consider the risk of things going wrong, but the impact of not taking opportunities or not capitalising on corporate strengths. I recognise that there are known risks faced by the organisation which, if ignored, would seriously impact on my ability to meet my strategic priorities. A number of key corporate risks have been discussed with Directors, internal audit and the Committee during the year:

- **Reputational Risk** – the management of this risk will determine the success or failure of the Commissioner – both personally to the post holder and to the brand of the organisation. The main component being failure to deliver. Issues identified with this risk included:
 - Expectations of others to deliver change such as the Review into Quality of Life in Care homes. Failure to deliver on the Framework for Action.
 - Perception of others that the relationship with Welsh Government is too close and /or too distant.
 - The 'success' of increasing awareness of the role and work of the Commissioner may lead to unrealistic expectations arising from a higher profile leading to below optimum (perceived) outcomes.
 - The recent staff restructure fails to bed down, skills and knowledge are not available to the Commissioner and deadlines are missed.
 - Business Continuity plans need to be tested regularly.
- **Political Risk** – the Commissioner may become alienated from Welsh Government and other key stakeholders and become 'used' as a political football. Issues identified with this risk include:
 - The Commissioner's messages could become bland – in trying to meet the expectations of everyone.
 - The Commissioner works in a fast changing political environment at a devolved and non-devolved level.
- **Financial Risk** – this is always likely to be a risk but even more so in the current economic climate.

Management of such risks is a key consideration in the delivery of my activities and includes the following key elements:

- A risk management policy that is in place and has been reviewed and updated during 2013-14. This policy sets out for all staff the way in which risks and opportunities faced by the organisation will be identified, evaluated, monitored, and controlled.
- The risk management policy requires the maintenance of a risk register, which has been reviewed and updated by me. The reporting format of the risk register has been revised during the year and strengthened.
- To be effective risk management must be embedded into the day to-day management and planning of my work. Each identified risk is owned by a member of the strategic management team
- The Audit and Risk Assurance Committee considers the process for identification and management of risks. It receives and considers all the reports and recommendations of the external and internal auditors including the latter's annual review of the arrangements for the management of risk.
- Financial policies and procedures, that set out responsibilities for financial matters including procurement, systems for financial control of expenditure as well as the regular reporting of actual expenditure against budgets.
- My staff and I sign up annually to a Code of Conduct which incorporates the seven Principles of Public Life and I have incorporated these principles into the delivery of my work.

In the event that my staff or others raise concerns about the organisation that cannot be easily resolved then I have put in place appropriate governance measures which include a Complaints Policy and Raising Concerns Policy. These documents are published on my website. During 2013-14, I received 1 complaint under the Complaints Policy which was partially upheld as there was an unacceptable delay in responding to an enquiry (2012/13: 2 complaints).

During 2013/14, I received 4 requests for information under the Freedom of Information Act 2000 (2012/13: 8 requests) and 1 request under the Data Protection Act 1998 (2012/13: 1 request).

Arrangements have been put in place to safeguard the security of information held by me. This includes personal data held relating to enquiries made on behalf of individual older people in Wales, and evidence gathered by me in the carrying out of my functions. There was one breach of data security in 2013-14 which was reported to the Information Commissioner. A recommendation to strengthen email auto address controls was made and implemented and all staff attended a training session run by staff from the Information Commissioner's office.

All this information was reported to my Audit and Risk Assurance Committee.

I have adopted the principle that in the conduct of public business in Wales, the organisation will treat the English and Welsh languages on a basis of equality. I have a Welsh Language Scheme in place which is reviewed annually by the Welsh Language Commissioner. I produce an annual report which is on my website.

Website link: [Welsh Language Scheme](#)

During 2013/14 I took the opportunity to refresh my initial Equality Scheme. This revised Scheme and my latest Equality Annual Report is available on my website. I have also produced a number of factsheets which provide information to others about protected characteristics and implications for older people. My intention is that other public bodies in Wales will use the factsheets to inform their own assessments of potential impact on older people when delivering their services.

Website link: [Equality Scheme](#)

Review of effectiveness

As Accounting Officer I review the effectiveness of the governance framework, and this is informed by the work of internal audit, by the strategic management team, and comments made by external auditors (Wales Audit Office) as contained in the management letter and other reports.

I am also advised on the implications of the result of my review of the effectiveness of the governance framework by the Audit and Risk Assurance Committee.

During the year further progress was made in strengthening the internal control systems, recommendations made by internal auditors were

progressed and implemented. Plans to address new recommendations and ensure continuous improvement of the systems are also in place.

The internal auditors' opinion states that based on the work undertaken for the year ended 31 March 2014; I have a basically sound system of internal control, which should provide substantial assurance regarding the achievement of my objectives.

I have considered the evidence provided in this governance statement. The conclusion of my review is that the overall governance and internal control structures and procedures have been appropriate to support my functions and objectives and have worked effectively through 2013-14.

The above governance framework has been in place for the year ended 31 March 2014 and up to the date of signature of these accounts and is prepared in accordance with Treasury guidance.

Forward Look

The process of reviewing and managing risk is an on-going one and questions that still need to be worked through by me and Directors include:

- Do we know where the pressure points are and have we aligned our resources?
- Are we able to prioritise effectively with the resources available and meet the expectations of others?
- How do we balance individual support with wider benefits?

The Audit and Risk Assurance Committee and I have agreed a programme of internal audit work that will give me assurance as to the effectiveness of controls in place.

The Audit and Risk Assurance Committee will be implementing a process to consider the performance of my internal and external auditors.

I will continue to deliver against the priorities in my Framework for Action.

Sarah Rochira
Older People's Commissioner for Wales
30 July 2014

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

For the year ended 31 March 2014

	Note	<u>2013/14</u> <u>£ 000</u>	<u>2012/13</u> <u>£ 000</u>
Expenditure			
Staff costs	2	1,178	1,382
Depreciation / Amortisation	3	5	140
Other expenditure	3	583	525
		<u>1,766</u>	<u>2,047</u>
Income			
Insurance proceeds		-	83
Total Comprehensive Net Expenditure		<u>1,766</u>	<u>1,964</u>

There are no recognised gains or losses in either 2012-13 or 2013-14.

* In April 2012, significant damage occurred to part of the office premises leased by the Commissioner. This was due to a water leak in another part of the shared office block. The remedial works were subject to an insurance claim. The £83k is the total replacement costs reimbursed by the insurance company; of which £75k related to capital expenditure and £8k to revenue expenditure.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

		31 March 2014		31 March 2013	
	Note	£ 000	£ 000	£ 000	£ 000
Non- current assets:					
Leasehold improvements	4	3		0	
Office equipment / ICT	4	7		7	
Intangible assets	5	8		6	
Total non-current assets			18		13
Current Assets:					
Trade receivables	7	32		39	
Cash and cash equivalents	8	430		546	
Total current assets			462		585
Total assets			480		598
Current liabilities:					
Trade payables	9	60		77	
Other liabilities	9	77		146	
Total current liabilities			137		223
Non-current assets plus/less net current assets/liabilities			343		375
Non-current liabilities					
Provisions	10	60		60	
Deferred creditor	11	4		-	
Total non-current liabilities			64		60
Assets less liabilities			279		315
Taxpayers' equity					
General reserves			279		315
			279		315

Sarah Rochira
Commissioner and Accounting Officer

30 July 2014

STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

		1 April 2013 - 1 March 2014	1 April 2012 - 31 March 2013
	Note	£ 000	£ 000
Cash flows from operating activities			
Net expenditure after insurance proceeds and interest		(1,766)	(1,964)
Adjustments for non-cash items	3	5	140
(Increase)/Decrease in trade and other receivables	7	7	-
Increase/(decrease) in trade and other payables	9	(86)	153
Loss on Disposal of Equipment	3	-	16
Provisions	10	-	-
Increase in Deferred creditor	11	4	-
Net cash outflow from operating activities		(1,836)	(1,655)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(5)	(76)
Purchase of intangible assets	5	(5)	(8)
Proceeds of disposal of property, plant and equipment			-
Net cash outflow from investing activities		(10)	(84)
Cash flows from financing activities			
Funding from Welsh Government		1,730	1,732
Net financing		1,730	1,732
Net increase/(decrease) in cash equivalents in the period		(116)	(7)
Cash and cash equivalents at the beginning of the period	8	546	553
Cash and cash equivalents at the end of the period	8	430	546

STATEMENT OF CHANGES IN TAXPAYER'S EQUITY

For the year ended 31 March 2014

	General Reserve	
	1 April 2013- 31 March 2014	1 April 2012- 31 March 2013
	£ 000	£ 000
Balance as at 1 April	315	547
Net expenditure	(1,766)	(1,964)
Total recognised income and expense	(1,451)	(1,417)
Funding from Welsh Government	1,730	1,732
Balance as at 31 March	279	315

NOTES TO THE ACCOUNTS

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Older People's Commissioner for Wales for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commissioner are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of non-current assets.

1.2 Non-current assets

Non-current assets are included at cost, as, in the opinion of the Commissioner; any adjustments arising from revaluation would not be material. All non-current assets are owned by the Commissioner.

1.3 Tangible Non-current Assets

The minimum level for capitalisation of a tangible non-current asset is £1,000 inclusive of irrecoverable VAT. Title to all property is held by the Commissioner. All property occupied by the Commissioner is leased. Other tangible non-current assets are not revalued as, in the opinion of the Commissioner; the amounts involved would not be material.

1.4 Intangible Non-current Assets

Software licences and information technology software are capitalised as intangible non-current assets and amortised on a straight line basis over their expected useful lives (normally 4 years).

1.5 Depreciation / Amortisation

Depreciation/Amortisation is provided at a rate calculated to write off the tangible non-current assets by equal instalments over their estimated useful lives.

Asset lives are normally as follows:

Leasehold improvements	Term of the lease or to break clause up to a maximum of 5 years
Office equipment	5 years
ICT related equipment	4 years

1.6 Income, funding and expenditure

The main source of funding for the Commissioner is from Welsh Government via an annual grant.

In April 2012, significant damage occurred to the Commissioner's office premises and the remedial works were subject to an insurance claim. Replacement costs were reimbursed by the insurance company and this is disclosed as income.

Monies received from outward secondment costs are disclosed against staff related costs.

Expenditure is that which relates directly to the activities of the Older People's Commissioner for Wales. The Commissioner's office operates in Wales and deals with the issues that impact upon older people in Wales. The Commissioner has only one operational segment as reflected in the Statement of Comprehensive Net Expenditure and associated notes.

The Commissioner is not registered for VAT. All expenditure is reported inclusive of VAT where applicable, as VAT is irrecoverable.

1.7 Foreign Exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. Foreign currency imprests are translated into sterling at the exchange rate ruling at the time of funding.

1.8 Pensions

The Commissioner and directly employed staff are eligible for membership of the Principal Civil Service Pension Scheme (PCSPS). It is an unfunded multi-employer defined benefit scheme. Contributions to the scheme are charged to the net expenditure account when due for payment in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

1.9 Operating Lease Charge

Lease payments are recognised as an expense and charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the lease term.

1.10 Provisions

The Commissioner provides for legal or contractual obligations which are of uncertain timing or amounts at the statement of financial position date, on the basis of best estimate of the expenditure required to settle the obligation.

1.11 Cash and cash equivalents

The Commissioner drew funding regularly during the year, which is deposited in the Government Banking Service account upon receipt. Monies are drawn down into a commercial bank account to pay liabilities as they fall due. Petty cash is also held at the Commissioner's office.

2. Staff numbers and related costs

Staff costs comprise:

	2013/14	2012/13
	£ 000	£000
Permanently Employed Staff		
Salaries	922	1,098
Social Security costs	62	68
Other Pension Costs	145	161
Sub Total	1,129	1,327
Inward Secondment and agency costs	63	59
Less monies received from outward secondment	(14)	(4)
Total net costs	1,178	1,382

Included within staff costs is £14,603 (2012/13: £16,158) which relates to the remuneration of four Audit and Risk Assurance Committee Members. In 2013/14 additional remuneration was paid to Ken Jones for further work relating to aspects of the 2013-14 Work Programme. This expenditure is included within Note 3 Specific Programmes.

Salaries includes payments made to 3 members of staff (2012/13: 3 members of senior staff) as part of the Commissioner's restructuring; including compensation for loss of office. Compensation for loss of office is disclosed in full within the Remuneration Report.

The average number of whole-time equivalent persons employed by the Commissioner across the year (including senior staff) was as follows:

	2013/14	2012/13
Permanent Staff	21.20	21.39
Seconded Staff	0.60	0.66
Temporary/Casual Staff	0.38	0.49
Fixed Term Appointments	4.23	4.57
Total	26.41	27.11

Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Commissioner is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2013/14, employers' contributions of £146k (2012-13: £160k) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £2k were paid to one of the appointed panel of three appointed stakeholder pension providers.

Employer Contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1k ,0.8% of pensionable pay , were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

There were no contributions due to the partnership pension providers at the balance sheet date, nor were there any contributions prepaid.

There were no early retirements on ill-health grounds during the year, and there were no additional accrued pension liabilities in the year. The Commissioner has made severance payments during the year as disclosed in the Remuneration Report.

3. Other Expenditure

Other expenditure consists of:

	2013/14 £000	2012/13 £000
Rentals under operating leases	58	59
Other accommodation costs	65	68
Information & communications technology	5	9
Professional fees	48	55
Training & development	11	35
Travel & subsistence	27	21
Audit fees – Internal Audit	9	11
Audit fees – External Audit	15	14
Provision for property redecoration	-	-
Specific Programmes	180	114
Other administrative expenses	165	123
	583	509
Non-cash items:		
Loss on disposal	-	16
Depreciation	2	127
Amortisation	3	13
Total	588	665

Specific Programmes

During 2013/14 the Commissioner incurred the following additional direct costs against the priorities set out in the Framework for Action 2013-2017. The expenditure disclosed does not include any apportionment of Commissioner's staff salary costs, including seconded staff, and reflects additional direct costs only.

There are no comparative figures as expenditure incurred in prior years was classified against the Commissioner's objectives as set out in the Strategic Plan 2010-13, but this is shown below for completeness.

Programmes - Framework for Action 2013-2016	2013/14 £000
Embedding the wellbeing of older people at the heart of public services.	28
Driving up the quality of and availability and access to health and social care.	75
Protecting and improving community services, facilities and infrastructure.	9
Standing up for older people who are at risk of harm and ensuring that they are safeguarded and protected.	30
Tackling prejudice, inequality and discrimination.	38
Total	180

Programmes - Plan 2010-13	2012/13 £000
Promote awareness of the interests of older people in Wales.	53
Promote the provision of opportunity for, and the elimination of discrimination against older people in Wales.	5
Encourage best practice in the treatment of older people in Wales.	29
Keep under review the adequacy and effectiveness of the law affecting the interests of older people in Wales.	9
Enable the delivery of functions in ways which are proper and regular, prudent and economical, make efficient and effective use of resources and identify and manage risks.	18
Total	114

4. Tangible non-current Assets

	Information Technology £000	Leasehold Improvements £000	Office Equipment £000	Total £000
Cost or valuation				
At 1 April 2013	38	269	41	348
Additions	2	3	-	5
Disposals	-	-	-	-
At 31 March 2014	40	272	41	353

Depreciation

At 1 April 2013	37	269	35	341
Charged in year	0	0	2	2
Disposals	-	-		
At 31 March 2014	37	269	37	343

Net book value at 31 March 2014	3	3	4	10
Net book value at 31 March 2013	1	0	6	7

There has been no impairment of any assets and they are shown at cost which is considered to be the 'fair value'.

5. Intangible non-current assets

	Software licences £000	Information Technology £000	Total £000
Cost or valuation			
At 1 April 2013	46	53	99
Additions	-	5	5
Disposals	-	-	-
At 31 March 2014	46	58	104
Amortisation			
At 1 April 2013	46	47	93
Charged in year	-	3	3
Disposals	-	-	-
At 31 March 2014	46	50	96
Net book value at 31 March 2014	0	8	8
Net book value at 31 March 2013	0	6	6

6. Financial instruments

As the Commissioner's cash requirements are met through funding provided by the Welsh Government, financial instruments (investments, derivatives and other financial instruments) play a more limited role in creating risk than would apply to a non-public sector body.

The majority of financial instruments relate to contracts to buy non-financial items in line with the Commissioner's expected purchase and usage requirements and the Commissioner is therefore exposed to little credit, liquidity or market risk.

7. Trade receivables

	2013/14	2012/13
	£000	£000
Amounts falling due within one year:		
Trade receivables	0	7
Prepayments and accrued income	32	32
	<u>32</u>	<u>39</u>

There were no receivables falling due after more than one year.

8. Cash and cash equivalents

	2013/14	2012/13
	£000	£000
Balance at 1 April	546	553
Net change in cash and cash equivalent balances	(116)	(7)
Balance at 31 March	<u>430</u>	<u>546</u>
The following balances at 31 March were held at:		
Banking Service	345	493
Commercial banks and cash in hand	85	53
Balance at 31 March	<u>430</u>	<u>546</u>

9. Trade payables and other current liabilities

	2013/14	2012/13
	£000	£000
Amounts falling due within one year		
Other taxation and social security	40	59
Trade payables	20	18
Accruals and deferred income	77	146
	137	223

10. Provision for Liabilities and Charges

	2013/14	2012/13
	£000	£000
Balance at 1 April	60	60
Provided in year	-	-
Provision utilised in year	-	-
Balance at 31 March	60	60

A provision is made for redecorating/dilapidations of our offices during the term of the lease and on the termination of the lease. This provision has been reviewed during 2013-14 as required by IAS 37 and no change is considered necessary.

11. Deferred creditor

	2013/14 £000	2012/13 £000
At 1 April	-	-
Accrued expenditure during the year	4	-
Released to Statement of Comprehensive Net Expenditure Account during year	-	-
Balance at 31 March	4	-

The Commissioner holds a 5 year operating lease in respect of office accommodation, which includes a variable rental over the life of the lease, and a break without prejudice at year 3. Operating costs are charged on a straight-line basis over the lease term in accordance with IAS 17. The deferred creditor will release fully in Year 3 of the lease.

12. Capital commitments

	2013/14 £000	2012/13 £000
Contracted capital commitments at 31 March 2014 for which no provision has been made	12	-

The Commissioner has a Capital Commitment at year end in relation to the installation of broadband network services to the office.

13. Commitments under leases

(a) Operating leases

Total future minimum lease payments under operating leases are given in the table below analysed according to the period in which the lease expires.

	2013/14	2012/13
	£000	£000
	<hr/>	<hr/>
Obligations under operating leases comprise:		
Land and buildings:		
Expiry within 1 year	50	21
Expiry after 1 year but not more than 5 years*	75	125
Later than five years	-	-
	<hr/>	<hr/>
	125	146

*The Commissioner has agreed a new lease agreement for a period of 5 years from 5 August 2013.

	2013/14	2012/13
	£000	£000
	<hr/>	<hr/>
Obligations under operating leases comprise:		
Other: Office Equipment		
Expiry within 1 year	1	-
Expiry after 1 year but not more than 5 years	-	1
Later than five years	-	-
	<hr/>	<hr/>
	1	1

(b) Finance leases and PFI contracts

There are no obligations under finance leases or PFI contracts (2012/13: nil).

The Commissioner has not entered into non-cancellable contracts which are not leases or PFI contracts (2012/13: nil).

14. Contingent liabilities disclosed under IAS 37

The Commissioner has not incurred any contingent liabilities that are not disclosed elsewhere in these accounts (2012/13: nil).

15. Related-party transactions

In 2013/14 the Commissioner received funding of £1.730M from Welsh Government (2012/13: £1.732M). The Welsh Government is regarded as a related party.

During 2013/14 neither the Commissioner, nor other members of the Strategic Management Team, or any of their family were involved directly or indirectly in any transactions with the Commissioner during the year, apart from normal expense claims and salary payments.

16. Events after the reporting period

There were no significant events occurring between the year end and the approval of these accounts.

CERTIFICATE AND REPORT OF THE AUDITOR GENERAL FOR WALES

I certify that I have audited the financial statements of the Older People's Commissioner for Wales for the year ended 31 March 2014 under the Commissioner for Older People (Wales) Act 2006. These comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Cash Flow Statement and Statement of Changes in Tax Payers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

Respective responsibilities of the Commissioner and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Commissioner is responsible for preparing the Management Commentary, the Remuneration Report and the financial statements in accordance with the Commissioner for Older People (Wales) Act 2006 and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Older People's Commissioner for Wales's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Older People's Commissioner for Wales; and the overall presentation of the financial statements.

Older People's Commissioner for Wales: Accounts for the period ended 31 March 2014

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities, which govern them.

In addition, I read all the financial and non-financial information in the Management Commentary to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of the Older People's Commissioner for Wales affairs as at 31 March 2014 and of her net expenditure, recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Commissioner for Older People (Wales) Act 2006.

Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Welsh Ministers' directions made under the Commissioner for Older People (Wales) Act 2006; and
- the information which comprises financial information, included within the Management Commentary and the unaudited part of the Remuneration Report, is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

Older People's Commissioner for Wales: Accounts for the period ended
31 March 2014

- the Annual Governance Statement does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

31 July 2014

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

Agenda Item 4



Financial Statements

for the year ended
31 March 2014

Contents

	Page
Report of the Ombudsman	1
Statement of Accounting Officer's Responsibilities	10
Remuneration Report	11
Annual Governance Statement	15
Certificate and Report of the Auditor General for Wales	25
Summary of Resource Outturn	29
Statement of Comprehensive Net Expenditure	30
Statement of Financial Position	31
Statement of Cash Flows	32
Statement of Changes in Taxpayers' Equity	33
Notes to the Financial Statements	34
Pensions Annex	50

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

Report of the Ombudsman

History and Statutory Background

These are the eighth annual accounts of the Public Services Ombudsman for Wales (PSOW) since the office came into formal existence on 01 April 2006 following the implementation of the Public Services Ombudsman (Wales) Act 2005. I was appointed as the Acting Public Services Ombudsman from 01 December 2013 following the departure of the previous Ombudsman to take up another post. In accordance with paragraph 18 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005, I have personal responsibility for the overall organisation, management and staffing of the office and for its procedures in relation to financial and other matters.

As a result of the amendments to the Act arising from the Government of Wales Act 2006, the Ombudsman's salary and related employment costs are a direct charge on the Welsh Consolidated Fund. In addition, the costs of running the office have to be submitted to the Finance Committee of the National Assembly for Wales for consideration no later than 01 November each year. By 22 November, the Finance Committee must consider and lay before the National Assembly the Estimates, with any modifications, which that Committee, having consulted and taken into account any representations made by me, considers appropriate. This process is similar to that which applies to the Auditor General and the Wales Audit Office and is designed to secure the independence of my role.

The Estimates submission for 2013-14 was considered by the Finance Committee on 03 October 2012 and laid before the National Assembly for Wales on 27 November 2012.

Strategic Aims

The purpose of the PSOW is to independently and impartially investigate complaints made by members of the public about the way they have been treated by a public body. I expect public bodies to treat people fairly, considerately, and efficiently. If I uphold a complaint I will recommend appropriate redress. I also investigate complaints that local authority members have broken their Code of Conduct.

The vision for the office is:

To put things right for users of public services and to drive improvement in those services and in standards in public life using the learning from the complaints we consider.

Our strategic aims are:

Aim 1: To offer a service where excellent customer care is at the forefront of all we do, where we work to raise awareness of our service and do our best to make it accessible to all and easy to use.

Aim 2: To deliver a high quality complaints handling service, which considers and determines complaints thoroughly but proportionately, and conveys decisions clearly.

Aim 3: To use the knowledge gained from our investigations to contribute to improved public service delivery and to inform public policy.

Aim 4: To continue to analyse and improve the efficiency and effectiveness of our governance, business processes and support functions, to further

demonstrate transparency and ensure the best use of the public money entrusted to us.

Main Activities

The principal activities of PSOW covered by these accounts were:

- (a) considering complaints from members of the public about local authorities (including town and community councils) in Wales;
- (b) considering complaints from members of the public about NHS bodies, family health service practitioners and independent providers of NHS Services in Wales;
- (c) considering complaints about the Welsh Government and Welsh Government sponsored public bodies;
- (d) considering complaints against registered social landlords;
- (e) considering complaints that members of local authorities (including town and community councils) had broken their authority's code of conduct; and
- (f) assisting members of the public who contact the office to direct their complaints to the appropriate public service provider where that body has not yet had an opportunity to put things right, or if they have complained to the appropriate body and remain dissatisfied, to an appropriate ombudsman or complaint handler where the matter complained about does not fall within the PSOW's jurisdiction.

Management Commentary

Under the Government of Wales Act 2006 the office is financed through the Welsh Consolidated Fund. Any unspent cash balances have to be repaid into that Fund no later than four weeks after a certified copy of the accounts have been laid before the National Assembly for Wales. This creates a further control in that there is a need to effectively manage the budget on both a cash and a resource basis. The salary of the office holder of Public Services Ombudsman for Wales, and the related costs, are a direct charge on the Welsh Consolidated Fund and are administered through the National Assembly for Wales. Employment costs of £2.5 million remain the largest item of expenditure. The cost of obtaining professional advice (particularly specialist advice on health cases) was £400k representing an increase of £64k from 2012-13, primarily due to the legal costs associated with a high profile case.

The deficit of the Local Government Pension Fund increased from £640k at 31 March 2013 to £720k at 31 March 2014 following a new actuarial valuation.

The National Assembly for Wales provided resources of £4.1 million for the funding of the office although £20k of this is due to be returned to the Welsh Consolidated Fund being unused cash balances at the year end. The sum of £20k is within the accepted year-end balance criteria of 3% funding. The office has achieved a level of spending in line with the overall level of the Welsh block which is especially noteworthy considering the upward demand for the services of the office.

Great strides have been made over recent years in improving efficiency in the way we consider complaints. This has been essential in view of the ever-increasing caseload. Over the past five years, the office has seen a 117% increase in all contacts (that is, in enquiries, public body complaints and complaints about the conduct of members of local authorities). The past year has

seen yet another 11% increase in complaints about health bodies and also there was a 19% increase in social services complaints. These type of complaints are the most resource intensive to consider and investigate. Despite this, we have still managed to exceed the majority of our performance targets. We continued with our information technology upgrade programme with a view to getting new technology to take some of the strain of the administrative tasks associated with complaint handling.

The Advisory Panel, established during 2011-12, continued to meet on a regular basis over the past year. A review of its effectiveness conducted during 2013-14 concluded that the Panel added the additional scrutiny and support sought by the Ombudsman.

Under the Equality Act 2010 and the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011, the PSOW is required to produce an annual equality report. I do so within my Annual Report for 2013-14, and this can be found at Section 8. In addition the office has made arrangements to comply with the requirements of the Bribery Act which were effective from 1 July 2011.

The achievements of the past year are set out in greater detail in the statutory Annual Report 2013-14. Further information is available on www.ombudsman-wales.org.uk

Remuneration

Details of the pay and related costs of the Ombudsman and of the office are shown in the Remuneration Report.

Pension Liabilities

The pension obligations to present and past employees are discharged through:

- (a) the Principal Civil Service Pension Scheme (PCSPS);
- (b) the Local Government Pension Scheme administered through the Cardiff and Vale of Glamorgan Pension Scheme (the Fund); and
- (c) the pensions paid directly to former Commissioners or their dependants.

Fuller details are given in the Pensions Annex at Page 50.

Employment Policy

PSOW recruits on the principle of selection on merit through fair and open competition and is committed to equality of opportunity for all staff. The PSOW complies with the provisions of the Equality Act 2010 as well as meeting all other statutory requirements.

Sickness

During the year an average of 10.6 days per employee were lost (compared with 6.8 days in 2012-13). This is the equivalent of 4.1% (2.6% in 2012-13) of total possible workdays. As the office is small details of the types of sickness are not disclosed, as it would be possible to identify individuals from the information reported.

Sustainability

PSOW is committed to good environmental practices. Examples of how it pursues good environmental stewardship are set out below.

- (a) Energy usage. As one of a number of tenants within a small modern office block it is not possible to have full control over

- heating and lighting. However there are highly efficient heat exchangers that are thermostatically controlled and time managed.
- (b) Vehicle usage. The office does not operate any vehicles but it does require the use of hired vehicles for longer journeys in order to ensure greatest efficiency.
 - (c) Public Transport. Wherever appropriate the use of public transport is encouraged.
 - (d) Paper management. Staff are encouraged to assess whether a paper copy is necessary and to use double sided printing whenever possible. The use of an office intranet enables information to be accessed without the need for paper distribution systems.
 - (e) Waste Disposal. Procedures are in operation for the recycling of glass, metal cans, plastic bottles, batteries and paper. Paper is disposed of through confidential waste recycling facilities due to the obligation to maintain confidentiality in the enabling legislation.

Corporate Governance

The office holder of Public Services Ombudsman for Wales is a Corporation Sole. In addition, upon taking up my role as Acting Ombudsman I was appointed by the Treasury as the Accounting Officer for the public funds with which the National Assembly entrusts me to undertake my functions. Further details are set out in The Annual Governance Statement.

Accounts Direction

Under the Accounts Direction issued by HM Treasury dated 21 December 2006, I was required to prepare accounts for the financial year ended 31 March 2014 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (the FReM) issued by HM Treasury which was in force for 2013-14.

The accounts have been prepared so as to:

- (a) give a true and fair view of the state of affairs at 31 March 2014 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended; and
- (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the National Assembly for Wales or material transactions that have not conformed to the authorities that govern them.

Auditors

The Auditor General for Wales is the External Auditor of the accounts of the PSOW as laid down in paragraph 7 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005. Following consultation with this office, Wales Audit Office (WAO) appointed Grant Thornton UK LLP to carry out the work on their behalf although the Auditor General retains overall responsibility. The cost of the audit for 2013-14 was £20k compared with £19k in 2012-13.

So far as I am aware I have taken all the steps I ought to have taken to make the auditors aware of any relevant audit information and to establish that the auditors are aware of that information.

I have a separate service level agreement with the WAO for the provision of advice relating to human resources. In 2013-14 WAO were paid less than £1k under that agreement.

The Future

With there being no indication that the level of enquiries and complaints to this office will fall, the future will undoubtedly present challenges in relation to dealing with the caseload. It is expected that Nick Bennett, who is to be the new Public Services Ombudsman for Wales, will take up the role in August 2014. It will be a matter for Mr Bennett to consider the future direction for the office and I wish him well in that task.

Professor Margaret Griffiths
Accounting Officer

23 July 2014

Statement of Accounting Officer's Responsibilities

Under the Public Services Ombudsman (Wales) Act 2005 as Public Services Ombudsman for Wales, I am required to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the office during the year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the PSOW and its net resource outturn, resources applied to objectives, changes in tax payer's equity and cash flows for the financial year.

In preparing the accounts, as the Accounting Officer I am required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

My relevant responsibilities as Accounting Officer include responsibility for the propriety and regularity of the public finances for the PSOW, keeping proper records and safeguarding the office's assets as set out in the Accounting Officer's memorandum issued by HM Treasury that is published in "Managing Public Money", and are in accordance with the Public Services Ombudsman (Wales) Act 2005.

Remuneration Report

Public Services Ombudsman for Wales

The Government of Wales Act 2006 provides for my remuneration, the associated national insurance costs and those of my pension to be met from the Welsh Consolidated Fund. The Ombudsman is remunerated at the equivalent of Group 5 of the Judicial Salary Scale. These costs are included under Other Administration Costs as Consolidated Fund Standing Services in Note 4.

Remuneration

The following sections provide details of the remuneration and pension interest of the most senior management of the Office:

Single Total Figure of Remuneration										
Officials	Salary (£000s)		Bonus payments £000s		Benefits in Kind £000s		Pension benefits To nearest £1,000		Total £000s	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Peter Tyndall ¹	90-95	135-140	-	-	-	-	(3,000)	56,000	90-95	190-195
Margaret Griffiths ²	30-35	-	-	-	-	-	-	-	30-35	-
Elizabeth Thomas ³	85-90	95-100	-	-	-	-	(90,000)	59,000	-	150-155
Chris Vinestock ⁴	5-10	-	-	-	-	-	(1,000)	-	5-10	-

¹ Ceased employment 30 November 2013

² Commenced part-time employment 02 December 2013

³ Retired 31 December 2013

⁴ Commenced employment on 03 March 2014

Salary

Salary includes gross salary; overtime and any other allowances to the extent that it is subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any expenditure paid by PSOW and treated by HM Revenue and Customs as a taxable emolument. There was no such expenditure.

Bonuses

No bonus was paid during the year to me or to any staff within my office as no bonus scheme is in operation.

Pay multiples

The banded remuneration of the highest-paid director in the financial year 2013-14 was £90-£95,000 (2012-13, £135-£140,000). This was 2.4 times (2012-13, 3.6) the median remuneration of the workforce, which was £39,351 (2012-13, £38,961). This figure has been affected by the early departure of the Ombudsman at the end of November – the full year equivalent would have been 3.5 times the median.

In 2013-14, no employee received remuneration in excess of the highest-paid director (2012-13, none).

Remuneration ranged from £14,000 to £95,000 (2012-13, £16,000-£135,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pay awards

Staff pay is linked to the pay awards made to employees within Local Government in England and Wales. In line with that procedure a 1% pay increase was awarded to staff in 2013-14.

Staff Consultation

A staff consultation process involving the recognised trade unions is in place.

Pensions

Pension entitlements for the persons shown above are detailed below:

Name	Accrued pension at pension age as at 31/03/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/14	CETV at 31/03/13	Real Increase in CETV	Employer contribution to partnership pension accounts
	£000	£000	£000	£000	£000	Nearest £100
Peter Tyndall	70-75 Plus lump sum of zero	0-5 Plus lump sum of zero	989	929	11	-
Margaret Griffiths	-	-	-	-	-	2,800
Elizabeth Thomas ⁵	30-35 of which 32 is in payment	(0-5)	1,003	1,000	(90)	-
Chris Vinestock ⁶	-	-	-	-	(1)	-

⁵ Retired 31 December 2013, pension in payment and lump sum paid

⁶ Commenced employment on 03 March 2014 – taking account of inflation, the CETV funded by the employer has decreased in real terms

Reporting of Civil Service and other compensation schemes – exit packages

No exit packages were paid in 2013-14 (2012-13 Nil)

Civil Service Pensions

These pension benefits are provided through the Civil Service pension arrangements. Further information is set out in the Pensions Annex beginning at page 50 of these accounts.

Advisory Panel and Audit & Risk Committee

The following non pensionable payments, based on a daily rate, were made to members of the Advisory Panel and Audit & Risk Committee:

	2013-14	2012-13
	£	£
William Richardson	1,244	311
Ceri Stradling (contract ended March 2014)	1,684	3,035
John Williams	875	1,488
Margaret Griffiths (until Dec 2013)	1,244	622
Laurie Pavelin (contract ended March 2012)	-	850

Professor Margaret Griffiths
Accounting Officer

23 July 2014

Annual Governance Statement

Status of the Public Services Ombudsman for Wales

As laid down in Schedule 1 paragraph 2 of the Public Services Ombudsman (Wales) Act 2005, the Ombudsman is a Corporation Sole holding office under Her Majesty and discharges their function on behalf of the Crown. Schedule 1 paragraph 18 states that the Ombudsman is the Accounting Officer for the office of the Ombudsman.

Change of Officeholder

At the beginning of 2013-14, Peter Tyndall was the officeholder as Public Services Ombudsman for Wales. However, he resigned from this position in November 2013 upon his appointment as Ombudsman and Information Commissioner for Ireland. I, Margaret Griffiths, was appointed as Acting Ombudsman from the beginning of December 2013.

Scope of Responsibility

In undertaking the role of Accounting Officer I ensure that the office operates effectively and to a high standard of probity. In addition, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Public Services Ombudsman for Wales's (PSOW's) policies, aims and objectives whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in "Managing Public Money".

I am independent of the National Assembly for Wales but am accountable to its Public Accounts Committee for the use of resources made available to support my statutory functions. In determining the level of resources available to the office the PSOW's budget proposals are considered by the Finance Committee of the National Assembly for Wales in accordance with the process laid down in the Public Services Ombudsman (Wales) Act 2005.

I am required to include this statement with my annual report and accounts to explain how the governance of my office works and to ensure it meets the requirements of the Corporate Governance Code. To enable me to satisfy these requirements I have established appropriate structures, systems and procedures that are comprehensive and provide me with evidence that the governance arrangements are working as intended across the whole organisation and its activities. Such arrangements include my Governance Framework, a comprehensive internal control environment, effective internal and external audit scope and robust financial management, risk planning and monitoring procedures.

Strategic Planning and Performance Monitoring

The PSOW's planning cycle involves the development of a Strategic Plan every three years and a business plan annually. The latest three year Strategic Plan was introduced to take the office forward to the year 2014-15. This Plan was developed with the involvement of all of the PSOW's staff through seminars and workshops. The Business Plan for 2013-14 was developed to flow from this.

Whilst individual teams within the office are charged with implementing the actions identified, the Management Team and the Advisory Panel monitor progress made against targets and the outcomes achieved via quarterly reports. I was very pleased that all key activities for 2013-14 had been delivered by the end of the financial year. The PSOW's three year Plan has taken account of the increased workload facing the office as a result of the implementation of the NHS Redress Measure, the Complaints Wales service, and also the continued general upward trend in the number of complaints received. Planning has also taken account of the need to prepare for the implementation of the Social Services and Well-being (Wales) Act, should the proposals to extend the jurisdiction of the PSOW be enacted.

System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of my policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the office of the Public Services Ombudsman for Wales for the year ended 31 March 2014 and up to the date of approval of these accounts, and accords with HM Treasury guidance. No significant areas of internal control weaknesses have been identified from audit work and steps to improve controls further are implemented promptly and monitored by my Audit & Risk Committee.

Corporate Governance arrangements

Governance arrangements are managed through an Advisory Panel of external advisors supplemented by an Audit & Risk Committee which is a sub-committee of the Panel. The respective responsibilities are:

Advisory Panel

(a) Role of the Panel

The Advisory Panel is a non-statutory forum whose main role is to provide support and advice to the Ombudsman in providing leadership and good governance of the office of the PSOW. The Advisory Panel also brings an external perspective to assist in the development of policy and practice.

The Advisory Panel provides specific advice and support to the Ombudsman on:

- vision, values and purposes;
- strategic direction and planning;
- accountability to citizens for the public funds it receives;
- internal control and risk management arrangements.

The Advisory Panel is an advisory only body to the Ombudsman, and does not make decisions in its own right.

The Panel also assists the Ombudsman in establishing:

- governance arrangements, including Terms of Reference of any sub-committees;
- the PSOW's strategic direction, aims and objectives and targets;
- key business policies;
- key employment strategies and policies;

and scrutinising and assuring:

- the Three Year Strategic Plan and the Annual Business Plan;
- high level budget allocation;
- the budget Estimates submission to the Finance Committee of the National Assembly for Wales;
- resource accounts (delegated to the Audit & Risk Committee);
- capital investment/contracts (over £250k) (delegated to the Audit & Risk Committee).

It also monitors and reviews:

- risk and internal control (delegated to the Audit & Risk Committee);
- operational performance and delivery;
- financial performance;
- effectiveness of employment strategies and policies;

- diversity and equal opportunities, particularly in relation to the Equality Act 2010;
- external communications strategies and stakeholder relations;
- health and safety and business continuity.

Four meetings were held in July, September and December 2013 and March 2014.

(b) Membership

Membership comprises:

- the Ombudsman (Chair due to constitutional accountability considerations)
- up to five external members (who offer specific skills and experience sought by the Ombudsman and one of whom may be from another ombudsman office).

The Policy & Communications Manager acts as Secretary to the Panel; other Management Team members as decided by the Ombudsman may be in attendance at the Panel's meetings but are not formally members of the PSOW Advisory Panel.

The Advisory Panel members during 2013-14 were:

Bill Richardson
 Ceri Stradling (until early March 2014)
 Jan Williams
 John Williams.

I also sat on the Advisory Panel as an independent member until November 2013, but assumed the role of Chair upon my appointment as Acting Ombudsman at the beginning of December 2013.

Audit and Risk Committee

(a) Terms of Reference

The Advisory Panel is responsible for agreeing the Terms of Reference of the Audit and Risk Committee. The major emphasis of the Committee's role is to manage all risks not just the financial management of the office.

(b) Membership

During the year the first three Audit and Risk Committee meetings were chaired by Ceri Stradling BA FCA. Due to a conflict of interest arising from his

appointment to a body within the Ombudsman's jurisdiction, Ceri Stradling resigned both as an Advisory Panel Member and consequently as Chair of the Audit & Risk Committee at the beginning of March 2014. Bill Richardson, an existing Audit & Risk Committee member, kindly chaired the meeting held in March 2014. Ceri Stradling provided considerable support to the Ombudsman with his wide experience of private and public sector accounting and audit experience. The independence of the Committee continues to be enhanced by Bill Richardson who, as the former Deputy Chief Executive at the office of the Parliamentary and Health Service Ombudsman, brings considerable experience of operating governance, financial and administrative systems within the context of an ombudsman scheme. I was also an independent member of the Committee until November 2013, but my status on that Committee changed in December 2013 when I was appointed as Acting Ombudsman. I remain on the Committee in my new capacity as the Accounting Officer. As a result of the vacancy brought about by my change of status John Williams, an existing member of the Advisory Panel, and previously Director of Social Services at Conwy County Borough Council, joined the Committee.

(c) Training

Members of the Committee are invited to assess their training needs annually. During the past year, to supplement the previous year's induction programme for Advisory Panel and Audit & Risk Committee members, additional training in relation to the work of the Ombudsman's office has taken place. This has taken the form of a presentation/discussion at the end of each Advisory Panel meeting. During the year Ceri Stradling attended a Wales Government Sponsored Bodies Audit Chairs meeting that he found useful for networking and sharing best practice.

(d) Meetings

The Committee sets for itself an annual work programme. There were four meetings of the Committee during the year. At each meeting the Committee received a number of standing agenda items. One of these covered Risk Management and included details of new risks and any changes to the existing Risk Register (e.g. movement in the level of risk). When the annual Internal Audit Plan is considered the full risk register is made available to the Committee to ensure that the plan being proposed reflects the priorities within the register. At other meetings as a minimum the Committee is presented with high and medium risks as a method of ensuring that the exposure is kept before the Committee. The key risks monitored during the year were the office's reputation and in the current economic climate the appropriate level of resources to enable the Ombudsman to meet his statutory obligations. The overall level of risk facing the organisation has remained low and generally static.

Other standing reports submitted to the Committee related to declarations of any fraud or losses including data losses identified.

During the year the Committee also received reports on any appropriate matters that fell within its terms of reference. This included: the nine month accounts; pension arrangements; the asset management strategy, updates on the business continuity plan; and relevant financial and corporate governance matters issued by HM Treasury.

At each meeting, the Committee received for information purposes a copy of the latest Budget Monitoring report considered by the Management Team. This is intended to provide the Committee with an assurance that there is a regular scrutiny of the financial position within the office.

The Committee provided advice to the Ombudsman to ensure that the 2013-14 Annual Governance Statement included appropriate information and complied with best practice.

(e) Internal and External Audit

The Committee received regular reports from both the internal and external auditors. The work of Deloitte as Internal Auditors during the year was planned on the basis of their overall needs assessment and carried out through their third annual programme. Their reports highlighted the satisfactory internal control framework within the organisation and made recommendations for improvement where necessary. Their Finance Systems Internal Annual Report for 2013-14 stated the following overall assessments:

Banking and Cash Management	FULL assurance
Revenue and Receivables	FULL assurance
Budgetary Control	FULL assurance
General Ledger	SUBSTANTIAL assurance

The rolling audit programme covering the other aspects of the organisation's work and controls also noted the satisfactory internal control framework within the organisation and made recommendations for improvement where necessary. The overall assessments were as follows:

Advisory Panel and Corporate Governance & Risk Management Follow Up	FULL assurance
Complaints Wales	FULL assurance

In addition, the internal auditors produced an advisory report in respect of Internal Communications arrangements, which was also a very positive report.

The internal auditors' Annual Report for 2013-14 stated: *"our overall assessment is that the classification of assurance for corporate governance and risk management is full assurance"*. These findings provide assurance that the arrangements in place are reducing the organisation's exposure to risk. The Committee noted the thoroughness of the audit work, practicality of recommendations and the open and positive response of management to the recommendations made.

The effectiveness of Internal Audit is also evaluated annually by the External Auditors. In their 2013-14 Management Letter they concluded that the Ombudsman has operated an effective system of control including Internal Audit arrangements that comply with the Government Internal Audit Standards.

The role of external audit, as required by the Public Services Ombudsman (Wales) Act 2005, has to be undertaken by the WAO. That work, with the agreement of the Ombudsman, was carried out during the year by Grant Thornton UK LLP acting on behalf of the WAO. The Committee considered the Annual Accounts that included the Governance Statement of the office for 2013-14 together with the External Audit ISA260 Report. The Audit conclusions for the 2012/13 financial year were reviewed at the September 2013 meeting of the Committee. An unqualified opinion was given on the 2012-13 Accounts on 8 August with only three recommended corrections raised that had already been implemented.

Both Internal and External Auditors have the right, if considered appropriate, to raise any matter through an open access policy to the Chair and through that right to bring any matter to the attention of the Committee. The Committee by reviewing the programmes of both the External and the Internal Auditors, ensured that they were co-operating effectively with each other. The quality of the audit work and that of the Committee has been evaluated during the year through consideration of the audit reports and recommendations and dialogue at meetings between Committee Members and the Auditors.

To ensure that appropriate matters can be raised in confidence the Chair of the Committee holds an annual meeting with representatives of the External and Internal Auditors. Such a meeting was held on 26 March 2014.

(f) Monitoring processes

At each meeting during 2013-14 the Committee received a report on progress made on implementation of External and Internal Audit recommendations. The Committee members were satisfied that all but one of the recommendations made had been implemented. The only outstanding recommendation related to

the review of HR policies which were now the subject of review by external HR specialists.

(g) Annual Review and Assessment

This annual review is undertaken to ensure that the work of the Audit and Risk Committee continues to comply with the Good Practice Principles set out in the HM Treasury Audit Committee Handbook. To assist the Committee in determining that it was complying with good practice each member was invited to complete the National Audit Office's "The Audit Committee self assessment checklist."

In preparing last year's report, comments were received by Committee members and were taken into account in preparing the Annual Report for 2013-14. Below are issues which were identified and the position at the end of 2013-14:

- introduce a formal annual performance assessment for Audit and Risk Committee members [a pilot assessment was introduced at the end of 2013-14]
- review conditions of appointment of Members to ensure that they fully comply with best practice, particularly regarding termination [remains under review]
- in relation to training and development, review induction following recent appointments and enhance if necessary to give a better understanding of the business of the organisation [completed]
- responsibilities in relation to the PSOW's Whistle Blowing procedure, and the Staff Code of Conduct as far as it relates to financial and governance issues. [This has been delayed due to a Management Team decision to obtain external advice in relation to the portfolio of Human Resources policies.]

A similar review was undertaken by Committee members for the year 2013-14. One additional issue was identified:

- that it would be useful to have a specific induction session for new members to the Committee.

The Committee produced an Annual Report for 2013-14.

The report concluded that it had received comprehensive assurances and information that was reliable and sufficient to enable it to carry out its responsibilities. Those assurances demonstrated a satisfactory overall internal

control environment, financial reporting, and the management of risk and of the quality of both the Internal and External Audit work undertaken.

The Committee was therefore able to provide assurances to effectively support me as the Public Services Ombudsman for Wales to comply with my, and my predecessor's, Accounting Officer responsibilities in particular in providing evidence to assist in the preparation of this Annual Governance Statement.

Reporting of Personal Data Related Incidents

The Cabinet Office has issued guidance on reporting on any loss, unauthorised disclosure and any insecure disposal of protected personal data. The obligation is to report on the following:

- details of any personal data related incidents formerly reported to the Information Commissioner's Office over the financial year;
- recorded protected personal data related incidents not formally reported to the Information Commissioner's Office in the financial year; and
- any protected personal data related incidents in previous financial years.

Whilst not a data loss (since all relevant data has been recovered), it was considered appropriate to report to the Audit & Risk Committee two incidents whereby personal data had been sent to the wrong person by PSOW.

They related to unconnected cases. Following internal investigation, it was concluded that both incidents were due to human error and not due to any process flaw. The PSOW has subsequently undertaken all staff refresher training on the importance of data security and the need for adequate and thorough checks of what is being sent out via any medium (post/courier/email/telephone information etc). The staff errors in both cases were dealt with internally in line with the appropriate HR policy. A full apology letter had been issued in both cases to the recipients of the incorrect data and in relation to one of the cases procedures were in place to allow the PSOW to notify the other relevant parties about the misdirected information in the first few weeks of 2014-15.

The information security policy for the office is available on request.

The Risk and Control Framework

As required by "Managing Public Money" I am supported by a Financial Adviser who, as a qualified accountant, carries out the responsibilities of the professional finance director as set out in that document.

I am continuing to enhance the robust internal control arrangements to ensure that the office has the capacity to identify, assess and manage risk effectively. In undertaking this responsibility during the year ended 31 March 2014 my predecessor and I have been supported by a Director to whom some of the Ombudsman's responsibilities have been delegated. In addition the Management Team that I chair has the responsibility for overseeing risk management. I am satisfied that the systems in place identify potential risks at an early stage and enable, through active management, the appropriate action to be taken to minimise any adverse impact on the office. As already stated the Audit and Risk Committee receive regular reports on the Risk Register of the office.

Budgeting Process

As Accounting Officer, I ensure that I have in place arrangements for tight control of the public money entrusted to me, as did my predecessor before me. In particular, the Management Team receives a monthly budget monitoring report setting out details of actual against budgeted expenditure. Any unexpected expenditure issues that may arise during the course of the year are considered and actions required to ensure that the office remains within its budgeted expenditure are agreed. No major issues arose in respect of the PSOW's budget for 2013-14. As far as the process of producing the PSOW's financial estimate for 2014-15 is concerned, a paper setting out initial budget criteria was considered by the Advisory Panel in July 2013. Following on from this a draft budget estimate paper was considered at the meeting in September 2013. That paper set out in full the financial resources that the PSOW had identified as being necessary to enable the PSOW to carry out their duties. The final Estimates paper was submitted to the Finance Committee of the National Assembly of Wales. The Finance Committee considered the paper in October 2013 and my predecessor was pleased to be able to attend the meeting in order to answer Assembly Members' specific questions on the submission. The National Assembly for Wales subsequently approved the financial estimate for 2014-15.

Conclusion

I am able to report that there were no significant weaknesses in the office's system of internal controls in 2013-14 that affected the achievement of the office's policies, aims and objectives and that robust Corporate Governance is in operation with no breaches to the CG Code.

Professor Margaret Griffiths
Accounting Officer

23 July 2014

Certificate and Report of the Auditor General for Wales to the National Assembly for Wales

I certify that I have audited the financial statements of the Public Services Ombudsman for Wales for the year ended 31 March 2014 under paragraph 17 (2) of schedule 1 to the Public Services Ombudsman (Wales) Act (2005). These comprise the Summary of Resource Outturn, Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with the Public Services Ombudsman (Wales) Act (2005) and HM Treasury directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Public Services Ombudsman for Wales' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Public Services Ombudsman for Wales; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition I read all the financial and non-financial information in the Report of the Ombudsman and unaudited part of the Remuneration Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of the Public Services Ombudsman for Wales' affairs as at 31 March 2014 and of its Net cash requirement, Net resource outturn and Net operating cost, for the year then ended; and
- have been properly prepared in accordance with HM Treasury directions issued under the Public Services Ombudsman (Wales) Act (2005).

Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury's directions made under Public Services Ombudsman (Wales) Act (2005); and
- the information which comprises the Report of the Ombudsman and unaudited part of the Remuneration Report is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- the Annual Governance Statement does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

5 August 2014

Public Services Ombudsman for Wales
Financial Statements 2013-14

Summary of Resource Outturn

For the year ended 31 March 2014

	Revised Estimate			Outturn			Net total outturn compared to estimate saving/ (excess)	2012-13
	Gross Expenditure	Income	Net Total	Gross Expenditure	Income	Net Total		Net Total
	£000	£000	£000	£000	£000	£000		£000
Administration Costs	3,908	(6)	3,902	4,029	-	4,029		4,150
Less Welsh Consolidated Fund shared services				162		162		189
Total Resources	3,908	(6)	3,902	3,867	-	3,867	35	3,961
Net Cash Requirement Note 2	4,060		4,060	4,040		4,040	20	3,961

Non operating income and receipts not classified as operating income

	Revised Estimate			Outturn			Net total outturn compared to estimate saving/ (excess)	2012-13
	Gross Expenditure	Income	Net Total	Gross Expenditure	Income	Net Total		Net Total
	£000	£000	£000	£000	£000	£000		£000
Sale of Fixed Assets	-	-	-	-	-	-	-	-

The notes on pages 34 to 49 and Pensions Annex on pages 50 to 60 form part of these statements

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2014

	Note	2013-14	2012-13
		£000	£000
Administration costs			
Staff costs	3	2,503	2,568
Other non staff administration costs	4	1,526	1,582
Gross Administration Costs		4,029	4,150
Operating Income	5	-	-
Net Administration Costs		4,029	4,150
NET OPERATING COST and NET RESOURCE OUTTURN		4,029	4,150

All activities commenced in the period are continuing.

The notes on pages 34 to 49 and Pensions Annex on pages 50 to 60 form part of these statements

Public Services Ombudsman for Wales
Financial Statements 2013-14

Statement of Financial Position

as at 31 March 2014

	Note	2013-14		2012-13	
		£000	£000	£000	£000
Non current assets					
Property, Plant and Equipment	7	83		127	
Intangible assets	8	138		182	
Receivables falling due after more than one year	9	67		-	
Total non current assets			288		309
Current Assets					
Trade and other receivables	9	188		146	
Cash and cash equivalents	10	20		2	
Total current assets			208		148
Total assets			496		457
Current liabilities					
Trade and other payables	11	(140)		(117)	
Provisions	12	(190)		(80)	
Total current liabilities			(330)		(197)
Total assets less current liabilities			166		260
Trade and other payables due after one year	11	-		(25)	
Provisions	12	(438)		(460)	
			(438)		(485)
			(272)		(225)
Pension Fund (Deficit)/Surplus	Pensions Annex		(720)		(640)
Total assets less liabilities			(992)		(865)
Taxpayers' Equity: General Fund			(992)		(865)

The notes on pages 34 to 49 and Pensions Annex on pages 50 to 60 form part of these statements

Professor Margaret Griffiths
Accounting Officer

23 July 2014

Public Services Ombudsman for Wales
Financial Statements 2013-14

Statement of Cash Flows

for the year ended 31 March 2014

	Note	2013-14	2012-13
		£000	£000
Net cash outflow from operating activities	13	(3,975)	(4,035)
Net cash flow from investing activities	14	(47)	(14)
Financing from National Assembly for Wales	15	4,060	3,962
Net increase (decrease) in cash equivalents before adjustments for payments to Welsh Consolidated Fund		38	(87)
Payments of amounts due to the Welsh Consolidated Fund		(20)	(2)
Net increase (decrease) in cash equivalents after adjustments for payments to Welsh Consolidated Fund		18	(89)
Cash and cash equivalents at the beginning of period		2	91
Cash and cash equivalents at the end of period		20	2

The notes on pages 34 to 49 and Pensions Annex on pages 50 to 60 form part of these statements

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2014

	General Fund	General Fund
	2013-14	2012-13
	£000	£000
Balance as at 1 April	(865)	(714)
Net operating costs	(4,029)	(4,150)
Funding by National Assembly for Wales	4,060	3,962
Due back to Welsh Consolidation Fund		
- Cash	(20)	(2)
- Non operating income	-	-
Welsh Consolidation Fund shared services	162	189
Actuarial (deficit) surplus	(300)	(150)
Total recognised income and expense for year	(127)	(151)
Balance as at 31 March	(992)	(865)

The notes on pages 34 to 49 and Pensions Annex on pages 50 to 60 form part of these statements

Notes to the Financial Statements

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (the FReM) issued by HM Treasury which is in force for 2013-14. The accounting policies contained in the FReM, apply International Financial Reporting Standards (IFRS) as adopted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the PSOW for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the PSOW are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for any revaluation of fixed assets, where material to their value to the business, by reference to their current costs.

1.2 Property, Plant and Equipment

Expenditure on property, plant and equipment is capitalised where the purchases are expected to have a useful life extending over more than one year and the cost exceeds £1k. Assets costing less than £1k may be capitalised providing they are capital in nature and are part of a larger scheme that is in total more than £1k. Assets are shown at cost less an allowance for depreciation. On initial recognition fixed assets are measured at cost, including such costs as installation, which are directly attributable to bringing them into working condition for their intended use. In reviewing

the costs of the fixed assets previously acquired and the prices paid for the new acquisitions during the year there is no material difference between the historic net book value of the assets and their replacement cost less depreciation.

1.3 Depreciation

Assets are depreciated at rates calculated to write them down to zero or if applicable, estimated residual value on a straight-line basis over their estimated useful life following an initial charge of a full year's depreciation in the year of purchase. Assets in the course of construction are depreciated from the year in which the asset is brought into use. Except where otherwise noted asset lives are assumed to be the following:

Plant	10 years or the lease term if shorter
Furniture and other fittings	10 years or in the case of fittings the lease term
Computers and other equipment	3 to 10 years

1.4 Intangible assets

Purchased computer software licences and developed software are capitalised where expenditure of £1k or more is incurred and the useful life is more than one year. Intangible assets costing less than £1k may be capitalised providing they are capital in nature and are part of a larger scheme that is in total more than £1k. Intangible assets are reviewed annually for impairment and are stated at amortised historic cost. Software licences are amortised over the shorter of the term of the licence and the useful economic life of the computer equipment on which they are installed. This would usually be from 3 to 5 years. Developed software is amortised over the estimated useful life. In the year of acquisition a full

year's amortisation charge is made with the balance amortised on a straight line basis over the balance of the estimated life.

1.5 Value Added Tax

PSOW is not registered for VAT. Expenditure is therefore disclosed gross of VAT.

1.6 Pensions

The pension obligations to present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is largely non-contributory and is unfunded, the Local Government Pension Scheme administered through the Cardiff and Vale of Glamorgan Pension Scheme (the Fund) and by direct payment to two previous Commissioners for Local Administration in Wales and one surviving beneficiary. Full details are disclosed in the Pensions Annex at the end of the Financial Statements. The costs of providing these pensions are charged through the Statement of Comprehensive Net Expenditure with actuarial gains and losses relating to the Cardiff and Vale of Glamorgan Pension Scheme being recognised in the year in which they occur.

1.7 Early departure costs

Where the PSOW is required to meet the additional cost of benefits beyond the normal benefits payable by the appropriate pension scheme in respect of employees who retire early, these costs are charged to the Statement of Comprehensive Net Expenditure in full when the liability arises.

1.8 Operating Leases

Expenditure on leased property is expensed in the period to which it relates. Operating lease charges for equipment are spread equally over the life of the lease.

1.9 Staff Costs

In line with IAS 19, short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, as well as non-monetary benefits for current employees, are recognised when an employee has rendered services in exchange for those benefits.

1.10 Operating Income

Bank interest is accounted for in the year of receipt. Other income is credited to the year of account in which the work is done.

1.11 Non-operating Income

Non operating income which has to be surrendered to the Welsh Consolidated Fund arises from the sale of fixed assets.

1.12 Government Grants

Government grants are accounted for in the year of receipt.

1.13 Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions.

1.14 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The PSOW does not hold any complex financial instruments under the description provided by IAS 32. The key financial instruments held are payables and receivables. These are considered to be loans and receivables in line with IAS 39. They are therefore disclosed in the accounts at amortised cost.

1.15 Provisions

These are sums which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligations. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the recommended HM Treasury discount rate.

1.16 Segmental Reporting

It is not considered that there are any separately reportable operating segments in line with IFRS 8; PSOW has however elected to additionally disclose the expenditure associated with the four key objectives of the office. The methods of cost allocation used are designed to give the most accurate reflection of the costs of running the office of the PSOW. The basis of apportionment is an estimate of the time spent on the objectives of the office by staff except for expenditure that can be directly charged. This information is not reported internally.

2. Reconciliation of Resources to Net Cash Requirements

	Note	2013-14 Revised estimate	2013-14 Net total Outturn	Net total outturn compared to revised estimate saving/(excess)	2012-13 Outturn Revised
		£000	£000	£000	£000
Net Resource Outturn Statement of Comprehensive Net Expenditure			4,029		4,150
Less Welsh Consolidated Fund shared services	4		(162)		(189)
Net Resource Requirement		3,902	3,867	35	3,961
Net Capital Requirement	7/8	40	47	(7)	14
Movement in provisions	12	(40)	(88)	48	(25)
Capital charges	4	(109)	(135)	26	(125)
Movements in working capital	10/13	25	129	(104)	(64)
Pension funding	3	242	220	22	200
Net cash requirement Summary of Resource Outturn		4,060	4,040	20	3,961

3. Staff Costs and Numbers

The aggregate employment costs were as follows:

	2013-14	2012-13
	£000	£000
Permanent staff:		
Salaries	1,876	1,883
Social Security Costs	134	149
Pension costs	370	373
Pension fund movements	90	134
Total	2,470	2,539
Temporary staff		
Salaries	28	25
Social Security costs	1	1
Pension costs	4	3
Total	33	29
Total employment costs	2,503	2,568

The costs of temporary staff include agency staff together with any persons employed on a non permanent contract. The salary costs set out above do not show the employment and related costs of the ombudsman. The reason for the difference is stated in the Remuneration Report (see page 11).

The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:

	2013-14	2012-13
	No.	No.
Senior management	2	2
Complaint investigation	42	42
Executive / Corporate services staff	8	9
Total	52	53

The above includes the Public Services Ombudsman for Wales.

For comparison purposes the total costs of employment including the Ombudsman is:

	2013-14	2012-13
	£000	£000
Ombudsman	162	189
Office	2,503	2,568
Total	2,665	2,757

4. Non Staff Administration Costs

	2013-14	2012-13
	£000	£000
Rentals under operating leases	232	235
External Audit fee	20	19
Other services provided by WAO and Grant Thornton	-	-
Professional Advisers	400	336
Other property costs	109	102
Computer services	207	189
Office costs	111	145
Travel and subsistence	35	33
Training and Recruitment	37	75
Communications	76	132
Consolidated fund standing services (Salary and related costs of the Ombudsman met from the Welsh Consolidated Fund)	162	189
Sub-total	1,389	1,455
Depreciation	89	80
Amortisation charge	46	45
Loss on disposal	-	-
Provision for future redecoration of offices	2	2
Sub-total	137	127
Total Other Administration Costs	1,526	1,582

5. Operating Income

Income receivable arises from short term investment of surplus funds and from the temporary secondment of an investigator.

	2013-14	2012-13
	£000	£000
Interest receivable	-	-
Total operating income	-	-

6. Operating Costs by Aims and Objectives

The costs of providing a first class Ombudsman service to Wales are set out below. The allocation to each of the objectives has been as follows:

- (a) An estimate of the staff time spent on the objective
- (b) Direct allocation of expenditure
- (c) Apportionment of other costs pro rata to the estimate of staff time

	2013-14			2012-13		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
Aim 1: To offer a service where excellent customer care is at the forefront of all we do, where we work to raise awareness of our service and do our best to make it accessible to all and easy to use.	374	-	374	301	-	301
Aim 2: To deliver a high quality complaints handling service, which considers and determines complaints thoroughly but proportionately, and conveys decisions clearly.	3,037	-	3,037	3,069	-	3,069
Aim 3: To use the knowledge gained from our investigations to contribute to improved public service delivery and to inform public policy.	433	-	433	586	-	586
Aim 4: To continue to analyse and improve the efficiency and effectiveness of our governance, business processes and support functions, to further demonstrate transparency and ensure the best use of the public money entrusted to us.	185	-	185	194	-	194
Net operating costs	4,029	-	4,029	4,150	-	4,150

7. Property, Plant and Equipment

	Plant	Computers and other equipment	Furniture & other fittings	Total
	£000	£000	£000	£000
Cost or valuation at 1 April 2013	156	185	297	638
Additions	-	45	-	45
Disposals	-	(32)	-	(32)
At 31 March 2014	156	198	297	651
Depreciation At 1 April 2013	(127)	(149)	(235)	(511)
Charged in the year	(24)	(27)	(38)	(89)
Disposals	-	32	-	32
At 31 March 2014	(151)	(144)	(273)	(568)
Carrying Value as at 31 March 2014	5	54	24	83
Carrying Value as at 31 March 2013	29	36	62	127

In the opinion of the Public Services Ombudsman for Wales there is no material difference between the net book value of assets at current values and at their historic cost.

8. Intangible Assets

	Information Technology	Software Licences	Total
	£000	£000	£000
Cost or valuation at 1 April 2013	474	69	543
Additions	-	2	2
Disposals	-	-	-
At 31 March 2014	474	71	545
Amortisation as at 1 April 2013	(292)	(69)	(361)
Amortisation charged in the year	(46)	-	(46)
Disposals	-	-	-
At 31 March 2014	(338)	(69)	(407)
Carrying Value as at 31 March 2014	136	2	138
Carrying Value as at 31 March 2013	182	-	182

In the opinion of the Public Services Ombudsman for Wales there is no material difference between the net book value of assets at current values and at their historic cost.

9. Trade and other Receivables

	2013-14	2012-13
	£000	£000
Amounts falling due within one year:		
Prepayments	188	146
Trade debtors	-	-
Amounts falling due after more than one year		
Prepayments	67	-
Total	255	146

10. Cash and Cash Equivalents

Any bank balance held at the year end has to be returned to the Welsh Consolidated Fund. A figure of £20k (£2k in 2012-13) has been included within the accounts being the net balance at the year end on all the bank accounts operated by the PSOW irrespective of whether the individual account is in debit or credit and the amount of grant received offset by this repayment. This repayment will have to be made to the Welsh Consolidated Fund under the Government of Wales Act 2006 if still remaining at the year end.

11. Trade Payables and other Current Liabilities

	2013-14	2012-13
	£000	£000
Amounts falling due in one year		
Amounts owed to the Collector of Taxes	-	-
Untaken annual leave	62	56
Deferred rent reduction	12	-
Amounts owed to the Parliamentary Commissioner	-	-
Welsh Consolidated Fund – unspent balances	20	2
non operating income	-	-
Trade payables	32	56
Accruals	14	16
	140	130
Amounts falling due in more than one year		
Deferred rent reduction	-	12
Total	140	142

12. Provisions for Liabilities and Charges

	2013-14				2012-13
	Pensions for Former Commissioners	Future Redecoration Costs	Legal Costs	Total	Total
	£000	£000	£000	£000	£000
Balance at 1 April	535	5	-	540	515
Additional provision required	57	2	100	159	95
Discount rate movement	11	-	-	11	10
Provisions utilised in the year	(82)	-	-	(82)	(80)
Balance	521	7	100	628	540

Analysis of expected timings of payment of provisions:

	2013-14	2012-13
	£000	£000
Payable within one year	190	80
Payable within 2 to 5 years	366	312
Payable in more than 5 years	72	148
Balance at 31 March 2012	628	540

The additional Pensions provision is required to cover the pensions increase in line with Statutory Instruments Pensions Increase (Review) Order 2014 No. 668 and increased life expectancy based on the Interim life letters Wales issued by Office of National Statistics. Later year pension increases are in line with the GDP deflators information issued by HM Treasury. The discount factor has been amended to 1.8% for the financial year (2.35% in 2012-13) in line with the guidance issued by the Treasury.

The future redecoration costs arise from an obligation to redecorate the interior of the premises leased at Bocam Park. Sums are being set aside to cover the liability to redecorate the office in the financial year 2014-15. The sum of £2,000 has been provided for in the 2013-14 financial year (£2,000 in 2012-13) towards the cost of this work.

The legal costs provision has arisen from a longstanding, high profile case that was concluded recently and following a High Court judgement PSOW must meet 35% of the other party's legal costs that are estimated to be 35% of £300k amounting to £100k.

13. Reconciliation of Operating Cost to Operating Cash Flows

	Notes	2013-14	2012-13
		£000	£000
Net operating cost		(4,029)	(4,150)
Adjust for non cash items	3,4	195	195
Decrease / (Increase) in trade and other receivables	9	(109)	57
Increase/ (Decrease) in trade and other payables	11	(2)	(81)
Payment to meet pension fund deficit		(280)	(270)
Movement in provisions	12	88	25
Welsh Consolidated Fund shared services	4	162	189
Net cash outflow from operating activities		(3,975)	(4,035)

14. Non Current Asset Expenditure and Financial Investment

	2013-14	2012-13
	£000	£000
Purchases of property, plant and equipment	(45)	(12)
Proceeds of disposals of property, plant and equipment	-	-
Purchases of intangible assets	(2)	(2)
Net cash outflow from investing activities	(47)	(14)

15. Reconciliation of Net Cash Requirement to Increase/ (Decrease) in Cash

	2013-14	2012-13
	£000	£000
Net Cash Requirement:		
Operating activities	(3,975)	(4,035)
Capital Expenditure	(47)	(14)
	(4,022)	(4,049)
Financing from National Assembly for Wales	4,060	3,962
Repayment to Welsh Consolidated Fund	(20)	(2)
Increase / (Decrease) in cash and cash equivalents	18	(89)

16. Commitments under Operating Leases

	2013-14	2012-13
	£000	£000
Total future minimum operating lease payments on Building:		
Payable within one year	183	184
Within two and five years	732	155
More than five years	1,071	-
	1,986	339
Other:		
Payable within one year	17	11
Within two and five years	27	27
More than five years	-	-
	44	38
Total – all operating leases	2,030	377

A new reversionary lease on a Full Repairing and Insuring basis for a term of 10 years has been agreed from 27th January 2015 at the existing buildings at Bocam Park, Pencoed. The lease will be contracted within the Landlord and Tenant Act 1954.

17. Contingent Liabilities

None.

18. Capital Commitments

There were no capital commitments at 31 March 2014 (2012-13 Nil).

19. Financial Instruments

Because of the largely non-trading nature of its activities and the way in which government bodies are financed, the PSOW is not exposed to the degree of financial risk faced by some business entities. The office has no powers to borrow money but it can invest temporary surplus funds. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks faced by the office in undertaking its activities.

20. Related Party Transactions

The PSOW is headed by the Public Services Ombudsman for Wales and was established under the Public Services Ombudsman (Wales) Act 2005. The Ombudsman is independent of Government and the funding arrangements of the office are set up to ensure that the independence of the office is secured. The PSOW has had a number of material transactions with the National Assembly for Wales and with the office of the Parliamentary Ombudsman. In addition, the PSOW has had a small number of transactions with other Government Departments and other central government bodies.

21. Events after the Reporting Period

None.

Pensions Annex

Two pension schemes are operated on behalf of current staff – The Principal Civil Service Pension Scheme and the Cardiff and Vale of Glamorgan Pension Fund. There remains an ongoing liability to meet the pensions of three former Ombudsman or any dependent relatives.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for classic and 3.5% and 8.25% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2014. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a

member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment

made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Cardiff and Vale Pension Fund - Local Government Pension Scheme

The disclosures below relate to the funded liabilities of the Cardiff and Vale of Glamorgan Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS"). The funded nature of the LGPS requires the PSOW and its employees who are members of the scheme pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investments assets.

The PSOW recognises gains and losses in full, immediately through the Statement of Comprehensive Net Expenditure. In accordance with International Financial Reporting Standards, disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

The PSOW estimates that £290k of contributions are expected to be paid to the Fund during the next financial year.

Disclosure under IAS19 (LGPS funded benefits)

Introduction

The disclosures below relate to the funded liabilities within the Cardiff and Vale of Glamorgan Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS"). The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits to be paid for the period covered by this disclosure are set out in the LGPS (Benefits, Membership and Contributions) Regulations 2007. The funded nature of the LGPS requires the Employer and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to

be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The contributions to be paid until the date the next actuarial valuation of the Fund is available are set out in the Rates and Adjustment Certificate.

The Fund Administering Authority, City and County of Cardiff, is responsible for the governance of the Fund.

Contributions for the accounting period ending 31 March 2015

The Employer's regular contributions to the Fund for the accounting period ending 31 March 2015 are estimated to be £0.29M. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

Assumptions

The latest actuarial valuation of Public Services Ombudsman for Wales's liabilities took place as at 31 March 2013. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS 19 purposes were:

Principal financial assumptions (% per annum)

	31 March 2014	31 March 2013	31 March 2012
Discount rate	4.2	4.2	4.7
RPI Inflation	3.2	3.6	3.4
CPI Inflation	2.2	2.7	2.4
Rate of increase to pensions in payment*	2.2	2.7	2.4
Rate of increase to deferred pensions	2.2	2.7	2.4
Rate of general increase in salaries **	3.2	4.6	4.4

* In excess of Guaranteed Minimum Pension increases in payment where appropriate

** In addition, allowance is made for the same age related promotional salary scales as used at the actuarial valuation of the Fund as at 31 March 2013

Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

Post retirement mortality (retirement in normal health)	31 March 2014	31 March 2013
Males Year of Birth base table	Standard SAPS Normal Health Light Amounts (S1NMA_L)	Standard SAPS Normal Health Light Amounts (S1NMA_L)
Rating to above base table * (years)	-	-
Scaling to above base table rates	110%	100%
Improvements to base table rates	CMI 2012 with a long term rate of improvement of 1.5% p.a.	CMI 2009 with a long term rate of improvement of 1.25% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	23.7	24.0
Future lifetime from age 65 (aged 45 at accounting date)	25.7	25.7
Females Year of Birth base table	Standard SAPS Normal Health Light Amounts (S1NFA_L)	Standard SAPS Normal Health Light Amounts (S1NFA_L)
Rating to above base table * (years)	-	-
Scaling to above base table rates	90%	80%
Improvements to base table rates	CMI 2012 with a long term rate of improvement of 1.5% p.a.	CMI 2009 with a long term rate of improvement of 1.25% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	26.6	26.8
Future lifetime from age 65 (aged 45 at accounting date)	28.9	28.8

* A rating of x years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements.

	31 March 2014	31 March 2013
Communication	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.	Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2010 pension entitlements, for additional lump sum. Each member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2010 pension entitlements, for additional lump sum.

Asset allocation

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the Employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if a large payment is required to be paid (e.g. bulk transfer value payment).

The Administering Authority does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of their balanced investment strategy.

		Asset split as 31 March 2014 (%)		Asset split as 31 March 2013 (%)
	Quoted	Unquoted	Total	
Equities	72.1	6.2	78.3	76.0
Property	5.4	-	5.4	5.6
Government bonds	7.0	-	7.0	7.5
Corporate bonds	8.1	-	8.1	9.1
Cash	1.1	-	1.1	1.2
Other*	0.1	-	0.1	0.6
Total	93.8	6.2	100.0	100.0

* Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities.

Reconciliation of funded status to Balance Sheet

	Value at 31 March 2014 £M's	Value at 31 March 2013 £M's	Value at 31 March 2012 £M's
Fair value of assets	5.39	4.79	4.09
Present value of funded defined benefit obligation	4.82	5.43	4.78
Funded status	0.57	(0.64)	(0.69)
Impact of minimum funding requirement/asset ceiling – IFRIC 14	(1.29)	-	-
Asset/ (Liability) recognized on the balance sheet	(0.72)	(0.64)	(0.69)

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

Active Members	22%
Deferred Pensioners	18%
Pensioners	60%

Breakdown of amounts recognised in profit and loss / Surplus or Deficit on the Provision of Services and Other Comprehensive Income (OCI)

	Period ending 31 March 2014 £M's	Period ending 31 March 2013 £M's
<u>Operating cost</u>	0.04	0.04
Current service cost(1)		
Past service cost (incl. curtailments)	-	-
Settlement cost	-	-
<u>Financing Cost</u>	0.02	0.03
Interest on net defined benefit Liability (asset)		
Pension expense recognized in profit and loss	0.06	0.07
<u>Re measurements in OCI</u>	(0.32)	(0.39)
Return to plan assets (in excess of) below that recognized in net interest		
Actuarial (gains)/losses due to change in financial assumptions	(0.34)	0.55
Actuarial (gains)/losses due to changes in demographic assumptions	(0.06)	-
Actuarial (gains)/losses due to liability experience	(0.27)	(0.01)
Total Amount recognized in OCI	(0.99)	0.15
Total Amount	(0.93)	0.22

(1)The Current service cost includes an allowance for the administration expenses of £0.00M

Changes to the present value of defined benefit obligation during the accounting period

	Period ending 31 March 2014 £M's	Period ending 31 March 2013 £M's
Opening defined benefit obligation	5.43	4.78
Current service cost	0.04	0.04
Interest expense on defined benefit obligation	0.22	0.22
Contribution by participants	0.01	0.01
Actuarial (gains)/losses on liabilities – financial assumptions	(0.34)	0.55

Actuarial (gains)/losses on liabilities – demographic assumptions	(0.06)	-
Actuarial (gains)/losses on liabilities – experience	(0.27)	(0.01)
Net benefits paid out #	(0.21)	(0.16)
Past service cost (incl. curtailments)	-	-
Net increase in liabilities from disposals / acquisitions	-	-
Settlements	-	-
Closing defined benefit obligation	4.82	5.43

consists of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums. Also includes an allowance for fund administration expenses of £0.00M.

Changes to the fair value of assets during the accounting period

	Period ending 31 March 2014 £M's	Period ending 31 March 2013 £M's
Opening fair value of assets	4.79	4.09
Interest income on assets	0.20	0.19
Re measurement gains/(losses) on assets	0.32	0.39
Contributions by the employer	0.28	0.27
Contributions by participants	0.01	0.01
Net benefits paid out#	(0.21)	(0.16)
Net increase in assets from the disposals/acquisitions	-	-
Settlements	-	-
Closing fair value of assets	5.39	4.79

consists of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums. Also includes an allowance for fund administration expenses of £0.00M.

Actual return on assets

	Period ending 31 March 2014 £M's	Period ending 31 March 2013 £M's
Interest income on assets	0.20	0.19
Re measurement gain/ (loss) on assets	0.32	0.39
Actual return on assets	0.52	0.58

Termination of the scheme

The pension information provided above complies with the requirements of IAS 19 adjusted for IFRIC 14. This shows a pension fund deficit of £720k at 31 March 2014. Procedures are in place with the Pension Fund to make phased payments in order to cover the financial liability that will arise when there are no longer any active members; currently estimated to be 2017-18. Financial provision to cover the liability is allowed for within the procedures set out in the Consolidated Budgeting Guidance issued by HM Treasury.

Pensions for former Ombudsmen

With the agreement of the Secretary of State for Wales in 1991 and subsequent confirmation by Statutory Instrument 1993 No. 1367 the Local Government Commissioners became eligible to join the Local Government Pension Scheme. However the pensions of the three previous Local Government Commissioners remain the responsibility of the Public Services Ombudsman for Wales and are met through the Statement of Comprehensive Net Expenditure.

Pensions are increased annually in line with other pension schemes within the Public Sector the basis of calculations of the Annual Pensions Increase has been changed from using the annual movement based on the Retail Price Index (RPI) to the Consumer Price Index (CPI). The amount of the uplift applied is set out in the Statutory Instrument Pensions Increase (Review) Order 2013 No 604. This year the increase was 2.2% with effect from 8 April 2013. In 2012-13 the uplift was 5.2%.

The total payments during 2013-14 were £82k (£79k in 2012-13). The liabilities arising out of the obligation to finance these pensions together with any dependent pensions has been calculated to be £521k (£535k in 2012-13). The calculation to determine the overall liability has been carried out internally using life expectancy tables for males and females in Wales obtained from the web site of the Government Actuary's Department. A discount rate, from PES (2013) 07, of 1.8% (2.35% in 2012-13) has been applied in accordance with the Treasury guidance that all pension liabilities should be discounted. Further details are shown under movements in provisions (Note 12).

Public Services Ombudsman for Wales

1 Ffordd yr Hen Gae

Pencoed

CF35 5LJ

Tel: 01656 641150

Fax: 01656 641199

E-mail: ask@ombudsman-wales.org.uk

Follow us on Twitter: @OmbudsmanWales

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

Agenda Item 7

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted