

Agenda – Finance Committee

Meeting Venue:	For further information contact:
Video Conference via Zoom	Bethan Davies
Meeting date: 5 October 2020	Committee Clerk
Meeting time: 14.30	0300 200 6372
	SeneddFinance@senedd.wales

In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on www.senedd.tv

- 1 Introductions, apologies, substitutions and declarations of interest

- 2 Paper(s) to note
(14.30) (Pages 1 – 3)
Minutes of the meeting held on 28 September 2020
 - 2.1 FIN(5)–18–20 PTN 1 – Letter from the First Minister to the Llywydd: The Senedd and Elections (Wales) Act 2020 – 28 September 2020 (Page 4)
 - 2.2 PTN 2 – Letter from the Minister for Housing and Local Government: National Development Framework – 21 September 2020 (Pages 5 – 6)
 - 2.3 PTN 3 – Letter from the Minister for Finance and Trefnydd: Welsh Government's Tax Policy Work Plan for 2020–21 – 29 September 2020 (Page 7)



2.4 PTN 4 – Letter from Audit Wales to the Chair of Equality, Local Government and Communities Committee: Local Government & Elections Bill – Legislative Competence – 30 September 2020

(Pages 8 – 10)

3 Scrutiny of the Senedd Commission Draft Budget 2021–22:

Evidence session

(14.30–15.30)

Suzy Davies MS, Commissioner for Budget and Governance

Manon Antoniazzi, Chief Executive and Clerk of the Senedd

Nia Morgan, Director of Finance

Supporting papers:

FIN(5)–18–20 P1 – Senedd Commission Budget 2021–22

Research brief

BREAK (15.30–15.45)

4 Scrutiny of the Public Services Ombudsman for Wales Estimate 2021–22: Evidence session

15.45–16.45

(Pages 11 – 56)

Nick Bennett, Public Services Ombudsman for Wales

Chris Vinestock, Chief Operating Officer and Director of Improvement

David Meaden, Financial Accountant

Supporting papers:

FIN(5)–18–20 P2 – Public Services Ombudsman for Wales Estimate for the Financial Year 2021–22

Research brief

5 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting and the start of the Committee meeting on 12 October.

(16.45)

6 Scrutiny of the Public Services Ombudsman for Wales Estimate 2021–22: Consideration of evidence

(16.45–17.00)

7 Scrutiny of the Senedd Commission Draft Budget 2021–22: Consideration of evidence

(17.00–17.15)

Concise Minutes – Finance Committee

Meeting Venue:

This meeting can be viewed

Video Conference via Zoom

on [Senedd TV](#) at:

Meeting date: Monday, 28 September
2020

<http://senedd.tv/en/6554>

Meeting time: 14.30 – 16.20

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd MS (Chair) Alun Davies MS Siân Gwenllian MS Mike Hedges MS Nick Ramsay MS
Witnesses:	Robert Chote, Office for Budget Responsibility Adrian Crompton, Auditor General for Wales, Audit Wales Richard Harries, Audit Wales Mark Jeffs, Audit Wales
Committee Staff:	Bethan Davies (Clerk) Leanne Hatcher (Second Clerk) Georgina Owen (Second Clerk) Mike Lewis (Deputy Clerk) Christian Tipples (Researcher)



1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the virtual meeting of the Finance Committee.

1.2 Apologies were received from Mark Reckless MS and Rhianon Passmore MS.

2 Paper(s) to note

2.1 The minutes were noted.

3 Inquiry into the implementation of the Wales Act 2014 and operation of the Fiscal Framework – Evidence session 1

3.1 The Committee took evidence from Robert Chote, Chairman of the Office of Budget Responsibility on the inquiry into the implementation of the Wales Act 2014 and operation of the Fiscal Framework.

4 Inquiry into the implementation of the Wales Act 2014 and operation of the Fiscal Framework – Evidence session 2

4.1 The Committee took evidence from Adrian Crompton, Auditor General for Wales; Richard Harries, Audit Director, Audit Wales and Mark Jeffs, Audit Manager, Audit Wales on the inquiry into the implementation of the Wales Act 2014 and operation of the Fiscal Framework.

5 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting

5.1 The motion was agreed.

6 Inquiry into the implementation of the Wales Act 2014 and operation of the Fiscal Framework: Consideration of Evidence

6.1 The Committee considered the evidence received.

7 Inquiry into a legislative budget process

7.1 The Committee considered the Welsh Government's response to the Committee's report.

Agenda Item 2.1

Y Prif Weinidog / Hon Mark Drakeford AS/MS
Prif Weinidog Cymru/First Minister of Wales



Llywodraeth Cymru
Welsh Government

Elin Jones MS
Llywydd and Chair of Business Committee
Llywydd@senedd.wales

28 September 2020

Dear Elin

I am writing further to my letter of 4 June 2020, in which I asked Business Committee to initiate work to implement the provisions in section 28 of and Schedule 2 to the Senedd and Elections (Wales) Act 2020 which relate to the financing and accountability of the Electoral Commission.

I indicated that the Welsh Government would bring forward an Order to bring into force those provisions, subject to the completion of the necessary Standing Order changes, the establishment of a Llywydd's Committee, and the negotiation of an inter-institutional funding agreement.

As sufficient progress has been made in respect of that work, I consider the conditions I set out are met. I am therefore pleased to confirm that I will bring into force the relevant provisions on 1 October.

I am copying this letter to the Chairs of the Finance and Legislation, Justice and Constitution Committees, to the Auditor General for Wales and to the Head of the Electoral Commission in Wales.

Yours sincerely

MARK DRAKEFORD

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400
YP.PrifWeinidog@llyw.cymru • ps.firstminister@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Julie James AS/MS
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref:

To: Committee Chairs

21 September 2020

Dear All,

Following extensive consultation on the draft National Development Framework (NDF) last year, I have today laid the draft NDF before the Senedd for a 60-day consideration period.

The NDF is accompanied by a consultation report setting out the issues raised during the consultation, a schedule of changes I intend to make following consideration of the consultation responses, and an updated integrated sustainability appraisal. They can be viewed [here](#).

To support the scrutiny process I have today published two documents. The first sets out how I intend to monitor the NDF after its publication; and the second is a version of the schedules of changes document that has been laid in the format of the draft NDF document that was consulted upon last year. These documents are available to view [here](#).

I will be tabling an amendable motion in government-time to provide an opportunity for the Senedd to express its views on (but not approve) the draft NDF. The debate will take place during the Senedd's 60-day consideration period so the Government can reflect on the issues raised together with any recommendations from Senedd Committees in a timely manner.

During last year's consultation on the draft NDF, Senedd members expressed to me the importance of everyone being able to understand what the NDF was and what it would mean for them. Some thought the name 'national development framework' did not set out what the NDF was or would do. I have reflected on this and asked Children in Wales to help develop a new title. They suggested the name 'Future Wales – The National Plan 2040'. On publication, the NDF will be known by this new name and referred to in short as Future Wales. You will see this new name appearing on some of the documents that will support the scrutiny process.

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Correspondence.Julie.James@gov.Wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I look forward to working with the Senedd on the completion of Future Wales, our first National Development Framework.

Yours sincerely,



Julie James AS/MS

Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government

Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

Agenda Item 2.3



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MAP/RE/0972/20

Llyr Gruffydd MS
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1SN

29 September 2020

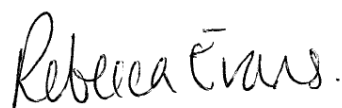
Dear Llyr,

I have published, today, the Welsh Government's Tax Policy Work Plan for 2020-21. The publication of the work plan was delayed from March due to resources being redeployed to our immediate response to managing the coronavirus pandemic.

The plan sets out the main themes and aspects of tax policy which will form the plan of work through to the end of the current Senedd Cymru.

In previous years, I published a progress report towards the end of the calendar year, alongside the Welsh Government's draft Budget. As this work plan extends beyond the end of this year, I intend to publish a progress report closer to the end of term next year.

Yours sincerely,



Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

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John Griffiths MS
Chair of Equality, Local Government &
Communities Committee
Welsh Parliament
Cardiff Bay
Cardiff CF99 1SN

30 September 2020

Dear John,

Local Government & Elections Bill: Legislative Competence

Thank you for your letter of 5 August 2020 in which you summarise the advice the Committee has received regarding section 118 of the Local Government & Elections Bill.

I regret, however, that we do not agree with several key points set out in your summary, and we continue to consider that section 118 of the Bill is outside the Senedd's legislative competence. I appreciate that the making of legislation is a matter for the Senedd and your Committee has its own sources of expert advice. The issue of concern to us, however, goes to the heart of the fundamental constitutional principle enshrined in the Public Audit (Wales) Act 2013, namely the independence of the office of the Auditor General. I hope you will understand, therefore, why we feel the need to write again and that you will consider this further submission as you complete Stage 2 scrutiny of the Bill.

In your letter you say, "Section 118 creates a new power and reciprocal duty, but they do not place any controls on the way in which the Auditor General for Wales exercises functions." We do not think that section 118 will not have such impact on the way in which the Auditor General is able to exercise existing functions. As your summary notes, section 118 requires the Auditor General to produce timetables for the exercise of his functions, including having to consult the "relevant regulators" beforehand. It also requires the Auditor General to "take all reasonable steps to adhere to the timetable[s]". However, your summary does not mention that Table 1 of section 119 sets out that one of the relevant regulators is the Welsh Ministers (the executive). We therefore have a situation where the Auditor General must (a) consult the Welsh Ministers regarding the exercise of his functions, (b) by virtue of public law take that consultation into account in producing timetables and (c) "take all reasonable steps" to adhere to the timetables in exercising his functions. In addition, when exercising the existing functions referred to in section 119, the Auditor General will be subject to a duty to have regard for the need for co-ordination with the relevant regulators.

We do not agree with your view that section 118 creates a new power; in our view it imposes duties. We remain of the view that sections 118 and 119 are outside the Senedd's legislative competence, as they subject the Auditor General to the "direction or control of the ...Welsh Government" contrary to section 8(1) of the Public Audit (Wales) Act 2013 and section 108A of the Government of Wales Act 2006.

Your summary suggests that the requirements of section 118 are merely a matter of timing and do not impinge on the manner in which functions are exercised. However, timing and manner are significantly interrelated. The additional constraint on the timescales for the exercise of the Auditor General's functions necessary to accommodate the Welsh Ministers will affect the manner in which those functions are exercised. The additional restriction on timescales will inevitably reduce the breadth and/or depth of audit examination and studies.

If it were the case that section 118 did not have any impact on the way in which the Auditor General for Wales is able to exercise functions, the question must arise, "what is the purpose of the section?" I note that the Minister has said the section will reduce administrative burdens in relation to audit. However, the opposite is much more likely to be case. The section will increase administrative burdens, as the Auditor General will have to recommence consulting on and drawing up timetables—a burden of the 2009 Measure that was impliedly removed by the 2013 Act. As noted in my letter of 26 June 2020, suitable co-ordination is provided on a discretionary basis through our voluntary "Inspection Wales" arrangements. Aside from questions of legislative competence, section 118 is therefore not only not necessary but is a re-imposition of an administrative burden.

The final point in your summary is that if section 8(1) of the 2013 Act were construed so widely that the Senedd may not legislate to impose or modify requirements around the timing of existing functions, then that could mean that the relaxation of reporting requirements, as, for example, was recently done in the Public Service Ombudsman Wales Act 2019, would be outside the Senedd's competence. There appears, however, to be a misconception within that suggestion. Legislation that relaxes reporting requirements (or rather in the case of the 2019 Act, legislation that enables statutory deadlines to accommodate the requirements of natural justice) clearly does not amount to a reduction in the Auditor General's discretion in exercising functions. Neither does it, again in terms of competence, subject the Auditor General to the direction or control of the Senedd or Welsh Government. A relaxation of timing requirements does not fall foul of section 8(1) of the 2013 Act or section 108A of the Government of Wales Act 2006. But section 118 is not a relaxation of timing requirements; it is the imposition of requirements that subject the Auditor General to direction and/or control of the Welsh Government, as described above.

I hope that you can take these points on board in your Stage 2 consideration of the Bill. I should be happy to discuss this further.

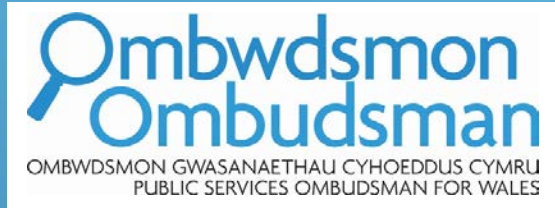
Given the Minister's role in this matter, I am copying this letter to the Minister. And given the prospect of reduction in the Auditor General's discretion in the exercise of functions, I am also copying this letter to the Chairs of the Public Accounts and Finance Committees.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Martin Peters', with a long horizontal flourish extending to the right.

Martin Peters

Head of Law & Ethics



Delivering Justice

Estimate 2021/22

Public Services Ombudsman for Wales

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Public Services Ombudsman for Wales

Budget Estimate for 2021/22

Delivering Justice: A Review of 2019/20

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

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

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

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

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

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

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

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

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

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

Key Performance Indicators

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

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

	2018/19	Target 2019/20	2019/20	Target 2020/21
KPI 6: Compliance				
% of recommendations made and complied with by public service providers in the year	N/A	N/A	72%	N/A
Number of compliance visits	1	3	4	6
KPI 7: HR				
Completion of PRDP (appraisal) reviews	100%	100%	100%	100%
Employee response to staff survey	86%	85%	92%	N/A
KPI 8: Staff training				
% of staff achieving target number of days of continuing professional development	77%	90%	93%	95%
KPI 9: Staff attendance				
Average number of days lost through sickness per member of staff	3.3	< 6	9.3	6.5
% of working days lost through staff sickness	1.2%	2.0%	3.4%	2.5%
% of working days lost through short term sickness	N/A	N/A	1.0%	1%
% of working days lost through long term sickness	N/A	N/A	2.4%	1.5%
KPI 10: Financial				
Cash repaid to Welsh Consolidated Fund	0.5%	< 3%	1.0%	< 3%
Unit cost per case	£599	£700	£669	£700
Support costs as percentage of budget	3.5%	< 5%	4.3%	< 5%
External Audit Opinion on Accounts	Unqualified accounts	Unqualified accounts	Unqualified accounts	Unqualified accounts
Internal Audit Opinion on internal controls	Substantial Assurance	Substantial Assurance	Substantial Assurance	Substantial Assurance
KPI 11: Complaints about us				
Number of complaints received	30	N/A	36	N/A
Number of complaints upheld	9	N/A	7	N/A
KPI 12: Sustainability				
Waste (kg)	31,110	<30,000	26,996	26,000
Electricity (kWh)	106,701	<100,000	104,521	104,000

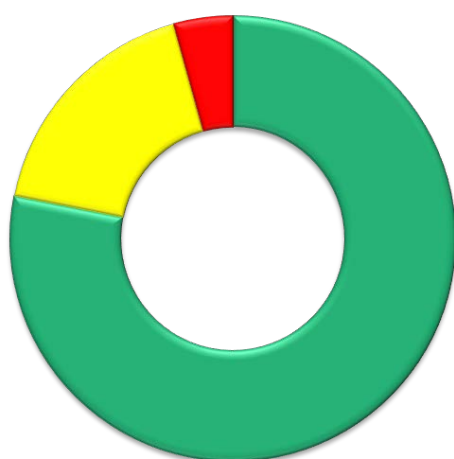
Financial Management

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

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

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

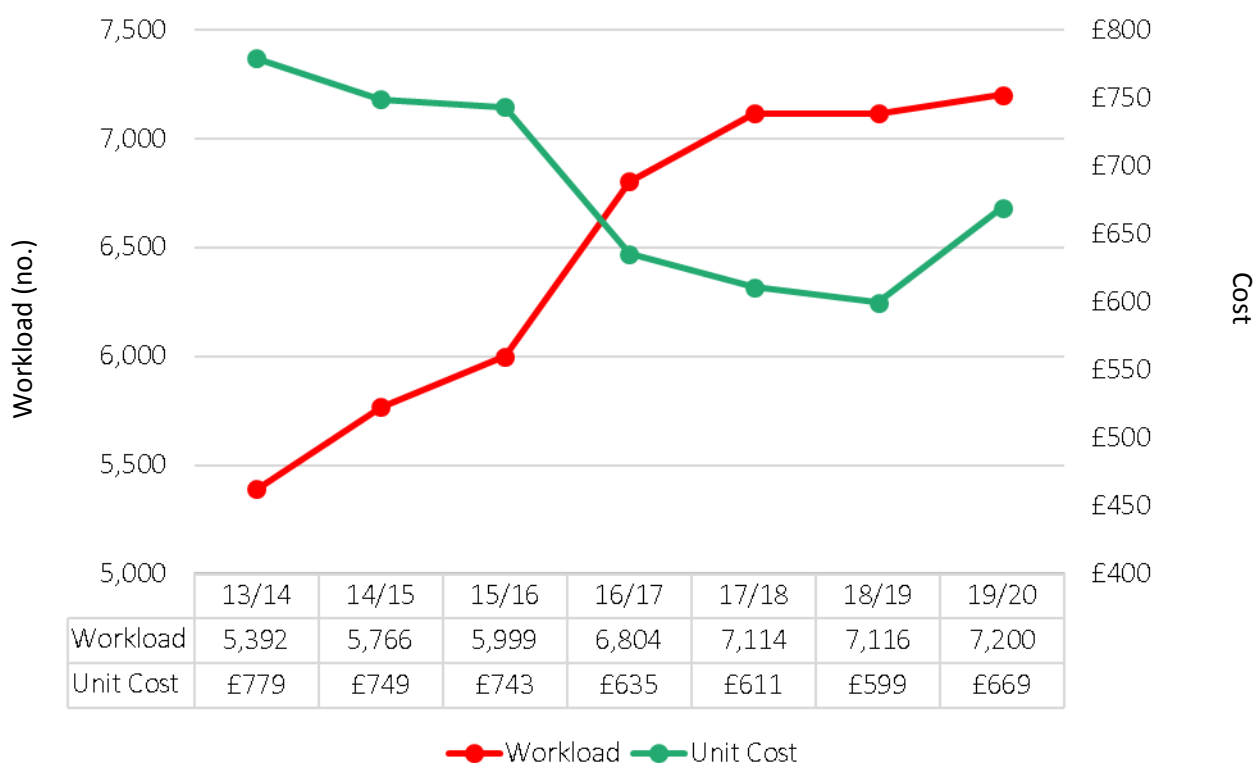
The PSOW has worked on the principle that the overheads of the office should be less than 5% of the total expenditure. This is evidenced in the analysis of expenditure on the aims and objectives of my Strategic Plan, as set out in the Annual Accounts, where overheads are identified as 4% of total costs.



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

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

Unit Costs – Revenue Expenditure



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

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

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

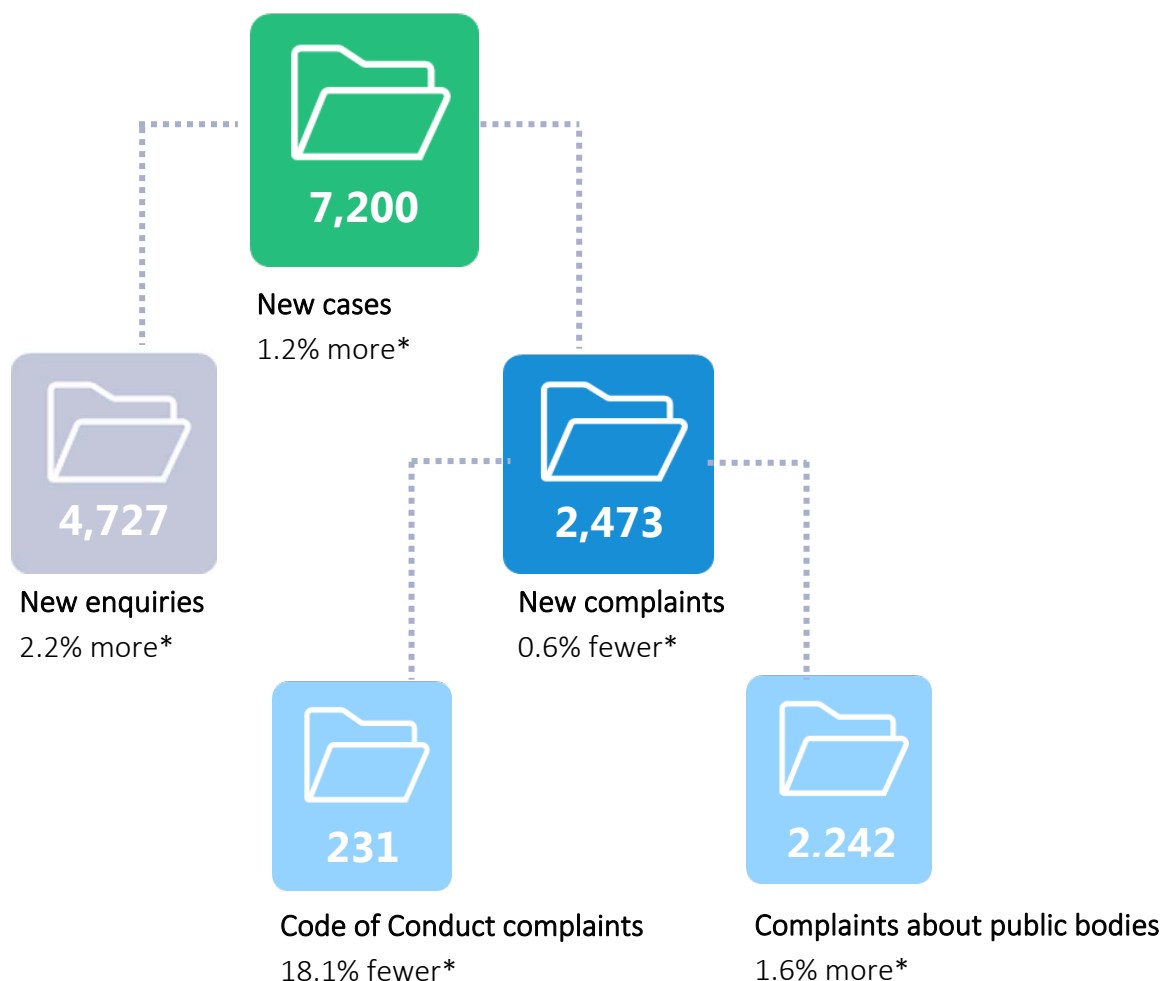
See Appendix B for summary of progress on new powers.

The Complaints Service: Our caseload volumes and trends

New caseload

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

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



* compared to 2018/19

Corporate Plan – 2019/2022

Our Vision for public services in Wales

Services that actively listen and learn from complaints.

Our Mission

To uphold justice and improve public services.

Our Strategic Aims

Strategic Aim 1: Deliver Justice

A fair, independent, inclusive and responsive complaints service.

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

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

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

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

Projected Casework and Expenditure to 2021/22

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

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

2021/22 Estimate

Background

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

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

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

Assumptions:

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

Estimate Summary:

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

The PSOW intends to fund pay and inflation pressures from:

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

Detailed Analysis

Salaries and Related Costs

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

Premises and other leases

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

Computer Systems and Support

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

Office Costs

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

Professional Fees

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

Travel, Training and Recruitment

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

Communications

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

Depreciation

Depreciation of fixed assets remains unchanged at £60k.

Contingencies

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

Appendix A – Estimate 2021/22

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

Appendix B- Update on new powers

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

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

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

Preparations

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

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

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

Complaints other than in writing

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

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

Own Initiative Investigations

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

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

Complaints Handling Standards

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

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

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

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

Elements of Private healthcare

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

Costs and Benefits of the 2019 Act

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

Conclusion

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

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