

**Public Services Ombudsman for Wales
Estimate for the Financial Year 2014/15**

1. Background to this estimate submission

- 1.1 I submit this budget estimate as required by paragraph 15 of Schedule 1 of the Public Services Ombudsman (Wales) Act 2005, as amended by the Government of Wales Act 2006. It sets out the resources required to carry out my statutory functions apart from my salary, National Insurance and pension costs, which are a direct charge on the Welsh Consolidated Fund and do not therefore form part of this estimate. However, they are reported in my Annual Accounts in order to ensure that they reflect the total running costs of the office.
- 1.2 This is the third submission of my estimates to the Fourth Assembly. The Finance Committee is responsible for considering this estimates submission. The Communities, Equality and Local Government Committee is responsible for considering the work of the office. The information provided in this paper relates particularly to those matters within the remit of the Finance Committee.

2. The role of the Public Services Ombudsman for Wales

- 2.1 As Public Services Ombudsman for Wales, I consider complaints made by members of the public that they have suffered hardship or injustice through maladministration or service failure on the part of a body in my jurisdiction. That jurisdiction covers:
- local government (both county and community councils),
 - the National Health Service (including GPs and dentists),
 - registered social landlords (housing associations), and
 - the Welsh Government, together with its sponsored bodies.
- 2.2 I also consider complaints which allege that members of local authorities have broken their code of conduct. In addition, I provide the Complaints Wales signposting service – a telephone and web service – which enables members of the public in Wales, who wish to complain about a public service provider, but do not know how to do so, to make their complaint to that organisation. This service also helps individuals with complaints about UK public service providers where the services are not devolved.

3. Corporate Governance

- 3.1 The constitutional position of a corporation sole means that responsibility and accountability for the activities carried out by my office must remain with me, as Ombudsman.
- 3.2 Nevertheless, during 2012/13 I introduced an Advisory Panel in order to enhance the openness and transparency of my office. The Audit and Risk Committee continues as a sub-committee of the Advisory Panel. The first year of operating under these new arrangements has been of considerable benefit. It has been particularly useful to be able to obtain an external perspective on the work of my office from a membership with wide ranging experience. The arrangements also provide me as Ombudsman and Accounting Officer with additional reassurance and advice in operating an effective and efficient service for users of public services in Wales.

4. Financial performance

- 4.1 My arrangements for financial management and internal control have been independently reviewed by Deloitte as my internal auditors. Deloitte were appointed as my internal auditors with effect from 1 April 2011. The work of Deloitte was planned on the basis of their overall needs assessment and carried out through their first annual programme. Their reports highlighted the satisfactory internal control framework within the organisation and made recommendations for improvement where necessary.
- 4.2 The Deloitte Internal Audit Annual Report stated: "Substantial assurance has been achieved for all internal audits performed". During 2012/13, being the second year of a three year audit plan, there were nine low priority recommendations. There was one medium priority recommendation - that pensions data input manually into a spreadsheet undergoes a formal check for reasonableness by an independent member of staff.
- 4.3 The Auditor General gave my accounts for the year 2012/13 an unqualified audit opinion in keeping with all previous years.
- 4.4 I work on the principle that the overheads of the office should be less than 5% of the total expenditure. This has always been achieved since the office was established under the Public Services Ombudsman (Wales) Act 2005 and is a principle that was derived from good practice within the public sector. This is evidenced in the analysis of expenditure on the aims and objectives of my Strategic Plan as set out in the Annual Accounts.
- 4.5 We made 99% of payments to suppliers within 30 days of the invoices being received in my office for the financial year ended 31 March 2013. The average period of payment of invoices in 2012/13 was 7 working days compared with 8 days in 2011/12. We are continuing to strive to meet the standard set out in HM Treasury's 'Managing Public Money' publication that payments should be made within 10 days.

4.6 These achievements are consistent with the high standards of financial management which have been in place since the organisation was established.

5. Efficiency and effectiveness

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

5.2 That upward trend continues. The Graph at Appendix B tracks the caseload of the office since it came into existence in 2006/07.

5.3 It is particularly noteworthy that over the period 2009/10 to 2012/13 my office saw a **100%** increase in the number of enquiries and complaints received.

5.4 In preparing this paper, I have compared the first five months (April to August) of the current business year 2013/14 with the same period in 2012/13. I have seen that:

- enquiries are **up 20%** (1,370 compared with 1,133) (this was 340 in 2009/10)
- complaints are **up 8%** (923 compared with 853) (this was 739 in 2009/10).

The number of complaints about NHS bodies in particular continues to increase (see Appendix C). Despite the increase in complaints, my office has successfully reduced the number of cases on hand. At 31 March 2013 we had 382 cases open compared to 455 at 31 March 2012. Further, at the time of writing, we have no investigations in progress which are more than 12 months old. (The 12 months target I have set places the office among the 'best performers' of public service ombudsmen in the UK.)

5.5 My website, with its interactive complaints web forms, continues to prove its worth and helps my office to absorb the extra workload referred to at paragraph 5.3 above.

5.6 **Staff resources** – The staffing structure as at 31 March 2013 is at Appendix D. Having previously reduced the number of posts in my establishment and retained performance despite increased numbers, I am seriously concerned that further increases in complaints will result in degradation of performance, particularly if there is a requirement to further reduce post numbers to accommodate the cost of any pay rise. At the moment I have not requested additional funding above the increase in the Welsh Block and the extra posts previously agreed in respect of social services changes. However, should an increasing trend in complaints continue and a pay award above 1% be made during the year 2014/15, I fear I will be left with no option but to return to the Committee with a supplementary estimate in order to enable me to respond appropriately to complainants.

5.7 Professional advisers –

- (a) I use clinical advisers with expertise in various areas of the health professions to assist me with the consideration of health cases. Previously, I relied solely on advisers engaged through an arrangement with the Office of the Parliamentary and Health Service Ombudsman (OPHSO), which is subject to a recharge to my office. I advised the Committee last year of my decision to directly engage a number of clinical advisers who come in to my office as required. I continue to be very pleased with the positive impact on my service as a result. This has enabled a more prompt review of cases at the early stages of the consideration of a complaint, and more focussed and effective interaction with other specialist advisers at OPHSO during investigations. This has reduced costs for my office due to fewer case files needing to be sent to OPHSO in Manchester or London. However, whilst I seek to minimise my call on the arrangement with OPHSO as far as possible, I still have a significant reliance on this service. I was notified during 2013/14 that OPHSO intends to increase its recharge for professional advice by 14%. Based on the number of referrals for advice during 2012/13, this would mean an increased cost of £13K for my office in 2014/15. Further, in view of the continued increase in health complaints to my office, it is likely that I will need to also increase the number of requests for advice, meaning an even greater cost to my office.
- (b) I also engage directly a number of other professional advisers in the fields of social care and planning. These also continue to prove their worth by, in particular, enabling early decisions to be made at pre-investigation stage of the complaints process. I am conscious that it is highly likely that I will need to increase the use of the advisers providing me with professional advice on social care matters in view of the additional complaints of this type that will need to be considered by my office as a result of the revised statutory social care complaints procedure to be introduced (see paragraph 6.2 below).

6. The current three year Strategic Plan

- 6.1 At the end of March 2012, I published the Strategic Plan 2012/13 to 2014/15. The Plan includes my proposals for managing the increased number of social care complaints which are anticipated because of the intention to extend my jurisdiction and streamline the complaints process. The Plan also takes forward the innovations introduced during the period of the previous three year plan, such as the Complaints Wales signposting service. One example is the increased information which is now provided about advice and advocacy services that can support complainants in making their complaint. Furthermore, I am conscious of the increasing number of people accessing websites on mobile devices (i.e. smart phones/tablets), and with a view to making their experience a better one, particularly in relation to the complaints web forms, I am currently in the process of developing mobile versions of our websites, which hopefully will also mean increasing the number of case records that we can create automatically rather than manually, and again increase efficiency.

6.2 Social Services Complaints:

- 6.2.1 The Social Services (Wales) Bill contains proposals to extend my jurisdiction to cover privately funded social care and end of life care. There are also proposals which will concentrate the independent consideration of social care complaints into my office.
- 6.2.2 As I reported to the Committee last year, I welcome the proposed changes to the statutory social services complaints procedure, which will bring it in line with both the NHS Redress arrangements and the Model Concerns and Complaints Policy and Guidance for public services providers in Wales. There will be a consequential saving to the Welsh Government's budget as a result of this change. It will no longer need to meet the costs of holding Independent Review Panels or make payments to Panel Members; neither will the Welsh Government require an Independent Complaints Secretariat. The administrative costs of the independent consideration of the social services complaints can be absorbed by my office.
- 6.2.3 I also reported that I would need to make provision for a slight increase to my investigation resources to deal with the additional complaints that will come to my office as a result. I estimated last year that taking both this change and the extension to my jurisdiction as proposed in the Social Services Bill into account, I would be able to limit this to one additional Investigator post for 2013/14. I also however, made provision for increasing my establishment by one more Investigator post in 2014/15, stating that it may not be necessary depending on the volume of complaints that I receive. The salary and related costs for one Investigator post for a full year amounts to £45K.
- 6.2.4 I am currently in the process of recruiting an investigator in readiness for the social services changes, which I now understand are likely to be introduced at 1 April 2014. The recruitment schedule allows for an adequate training period for the successful candidate. I am satisfied that I will need to recruit an additional member of staff during 2014/15, in line with that the evidence I gave to the Finance Committee last year. However, it is possible that my office would be better served by employing an additional Casework Officer rather than an additional Investigator. I will not, however, be in a position to take a definitive view on this until the additional cases begin arriving at my office and therefore wish to retain the flexibility to recruit appropriately.

7. Local Government Pensions

- 7.1 Under the Public Services Ombudsman (Wales) Act 2005, my staff are members of the Principal Civil Service Pension Scheme (PCSPS). In last year's submission I reported that when the office of the Public Services Ombudsman for Wales was established in 2006, a number of members of staff formerly employed by the Commission for Local Administration in Wales were entitled to remain in the Local Government Pension Scheme. Since then, the scheme, which is administered by Cardiff County Council, continues to remain in deficit. This has arisen because of the increases in life expectancy that affect the liabilities of the pension scheme while its assets have been reduced by decreases in the value of its investments

and by lower rates of return. The current state of the economy has worsened that deficit although it is hoped that as the economy improves that there will be a similar movement in the state of the pension fund.

- 7.2 The liability for the deficit as identified following the most recent three year actuarial review was included within the second supplementary estimate for 2011/12 as Annually Managed Expenditure (AME) and is in line with the details set out in the estimate submission for 2012/13 considered by the Assembly's Finance Committee at its meeting on 6 October 2011. However, the annual payments are treated as Departmental Expenditure Limit (DEL) as discussed with the Committee last year.
- 7.3 The Scheme funding position has deteriorated since 31 March 2010 primarily due to deterioration in financial conditions (which has affected actual investment returns since 31 March 2010 as well as expected returns in the future). This has been partially offset by pay increases being lower than expected and shortfall contributions paid since 31 March 2010. The Scheme Actuary estimates that an additional payment of £149k is needed to get back on track but the actual rates for 2014/15 will not be finalised until March 2014 although preliminary results from the 2013 valuation should be available around the middle of November.

8. Pay awards

- 8.1. Office salaries are based on England and Wales Local Government pay scales with uplifts applied depending on Local Government pay settlements. Over the last three financial years, 2010/11, 2011/12 and 2012/13 there has been no uplift to pay although a 1% uplift amounting to £27k has been paid in 2013/14. This was not included in last year's estimate submission.

9. Cost pressures

- 9.1 The estimates for 2014/15 and 2015/16 have been adjusted to reflect the movement in the Welsh Block plus the additional investigator post in respect of the social services changes referred to at paragraphs 6.2.3 and 6.2.4 above.
- 9.2 The office continues to absorb cost increases. H M Treasury is stating that the GDP Deflators as the measure of inflation for the forthcoming years are estimated currently to be 1.9% per annum for 2014/15 and 1.8% for 2015/16.
- 9.3 The office has absorbed higher costs relating to the pension increases for the former Ombudsmen whose pensions are met from within my budget allocation. In line with the Pensions Increase Order for 2013 these pension payments have increased by 2.2% and added £2k to the costs of running this office. Based on the latest CPI figures the annual uplift payable from April 2014 is 2.8%. Based on further increases in fuel and heating costs it is likely that the pension increase will be about 3% resulting in a further increase in costs exceeding £2k.

- 9.4 The service charges relating to the office at Pencoed continue to rise in excess of the forecast GDP deflators. In addition the landlord is responsible for the provision of the heat and power to the office. These costs are rising in excess of the GDP deflators as currently forecast. There is very little scope for managing these costs.
- 9.5 Despite the cost of printing, postage and carriage continuing to rise we intend to absorb these costs by implementing various efficiency and cost reduction schemes such as – encouraging the use of double sided printing, more use of second class mail and constant evaluation of courier costs.
- 9.6 We continue to embrace technological advances to take the office towards becoming a paperless office - being implemented over a three year period with an estimated saving of £12k.
- 9.7 In relation to procurement, when new contracts are negotiated and exiting contracts reviewed the aim is to secure cost reductions and/or enhancements in the method of working. Examples include a new integrated mobile phone and tablet solution, replacement of low specification PCs for front line staff, increased internet bandwidth at no extra cost and improved management performance measuring tools via new telephone software. We continue to enhance our complaints handling system to improve usability, reflect developments in our internal processes and keep up with legislation.

Public Services Ombudsman for Wales
20 September 2013

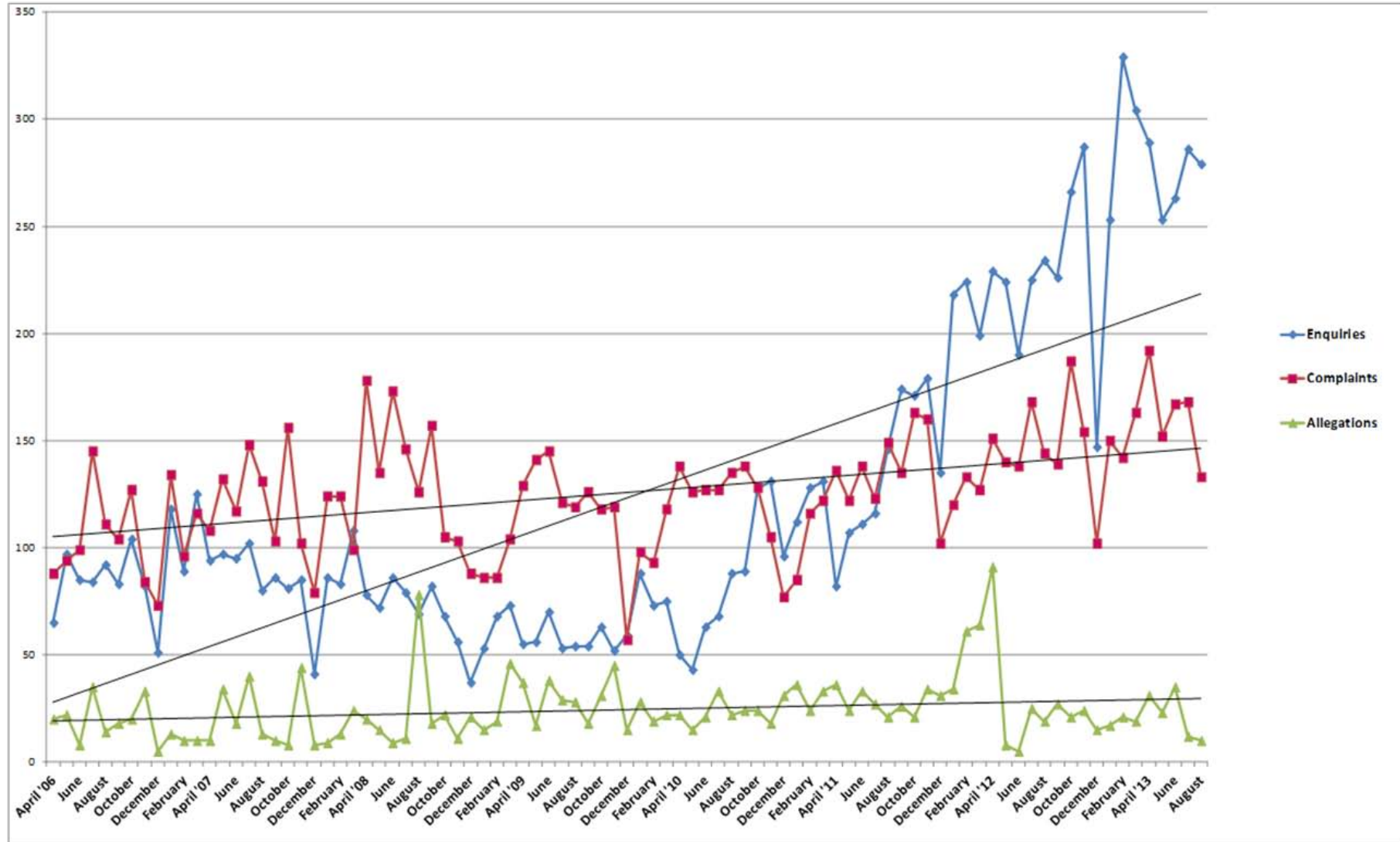
Appendix A – Estimates 2014/15 Appendix B – New Workload Trends Since 2006/07 Appendix C – Complaints by sector – NHS Bodies Appendix D – Organisation Chart

Appendix A

Estimates 2014/15

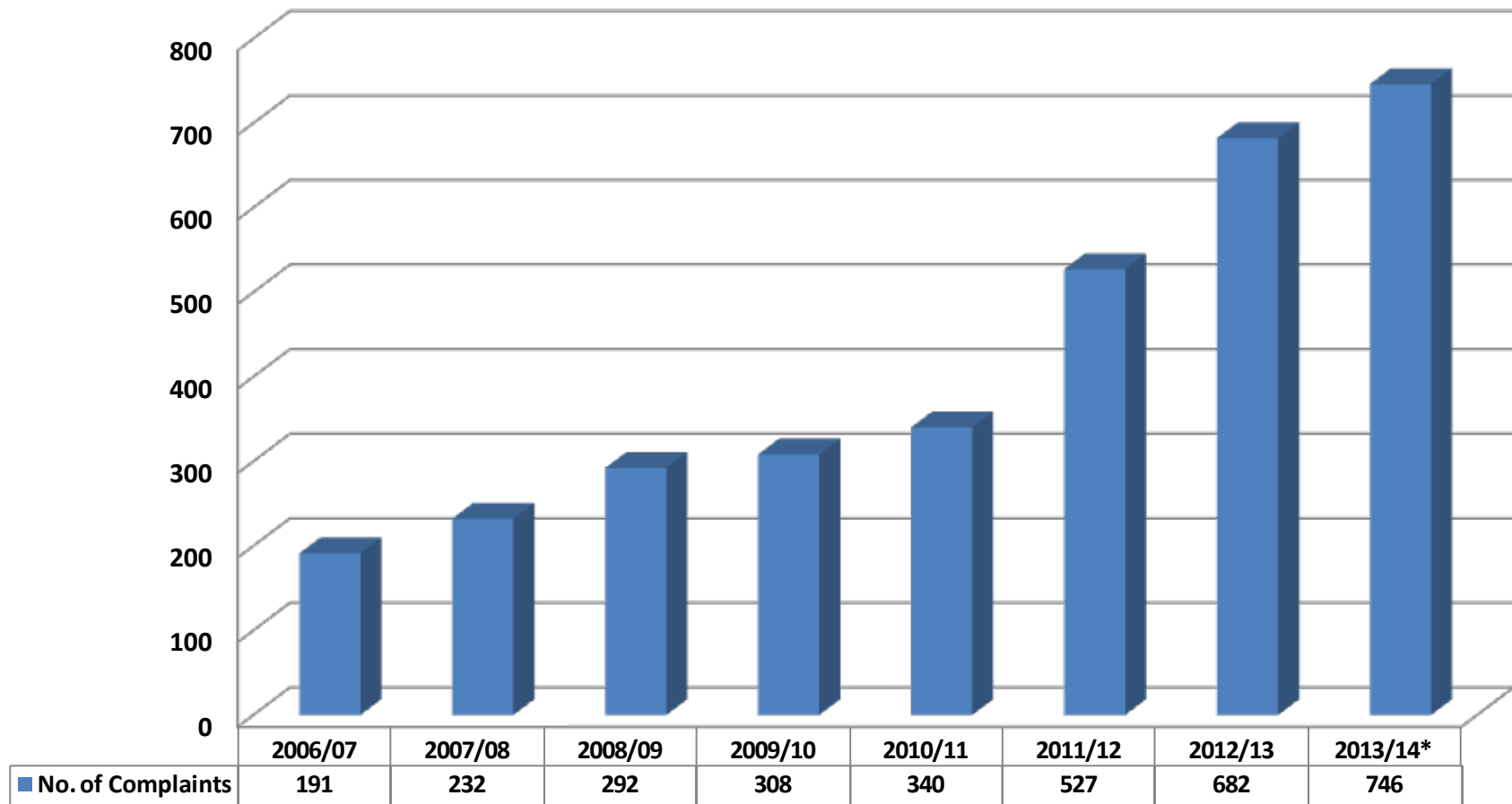
	Actual 2012/13	Budget 2013/14	Estimate 2014/15	Estimate 2015/16
	£'000	£'000	£'000	£'000
A Capital DEL	14	13	13	13
B Fiscal Revenue DEL				
Salaries and related costs	2,568	2,691	2,786	2,796
LGPS related costs	231	242	254	266
	2,799	2,933	3,040	3,062
Premises	339	349	349	349
Computer systems and support	189	85	85	85
Office costs	145	148	148	148
Advisory fees	336	310	310	310
Communications	132	82	82	82
Training and recruitment	75	65	65	65
Travel and subsistence	33	34	34	34
Audit fee	19	22	22	22
Sub total	4,067	4,028	4,135	4,157
Income		-6	-6	-6
Total Fiscal Revenue DEL	4,067	4,022	4,129	4,151
C Non cash DEL				
Depreciation	125	109	105	64
Revenue DEL (B+C)	4,192	4,131	4,234	4,215
Total DEL (A+B+C)	4,206	4,144	4,247	4,228
D Annually Managed Expenditure (AME)				
Movement on LGPS	-231	-242	-254	-266
Provisions movement	25	40	30	47
Total AME	-206	-202	-224	-219
E Total Managed Expenditure				
A+B+C+D	4,000	3,942	4,023	4,009
Resources Required	4,000	3,942	4,023	4,009
Non cash items	-195	-109	-105	-64
Increase in Provisions	-25	-40	-30	-47
Utilisation of Provisions	231	242	254	266
Other movements in Working Capital	-50	25	20	20
Net Cash Requirement	3,961	4,060	4,162	4,184

Appendix B New Workload Trends Since 2006/07



Appendix C

Complaints by sector - NHS bodies



* Projected to 31 March 2014 based on number of complaints received during five months April to August 2013

Appendix D

Organisation Chart (position at 31 March 2013)

