

**Public Services Ombudsman for Wales
Estimate for the Financial Year 2017/18**

**Submission to the Finance Committee meeting
of the National Assembly for Wales
5 October 2016**

Contents

Page

1.	Introduction	2
2.	The Role of the Public Services Ombudsman for Wales	3
3.	Corporate Governance	4
4.	Financial Performance	4
5.	Efficiency and Effectiveness	5
6.	Pensions Deficit	8
7.	Pressures	8
8.	Strategic Planning	9

Appendices

Appendix A - Estimates 2017/18	11
Appendix B – Growth in Complaints	12

1. Introduction

- 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 from the Welsh Consolidated Fund to carry out my statutory functions.
- 1.2 This is the first submission of the Public Services Ombudsman for Wales's (PSOW) estimates to the Fifth Assembly and it sets out the resources sought for the financial year 2017/18. The Finance Committee is responsible for considering this estimates submission. The Equality, Local Government and Communities Committee is responsible for considering the work of the office. The PSOW also appears before the Public Accounts Committee as and when required by that Committee. The information provided in this paper relates particularly to those matters within the remit of the Finance Committee.
- 1.3 The Public Services Ombudsman (Wales) Act 2005 establishes the office of the Ombudsman as a 'corporation sole'. The Ombudsman is accountable to the National Assembly for Wales, both through the mechanism of the Annual Report, and as Accounting Officer for the public funds with which the National Assembly entrusts the Ombudsman to undertake his functions.
- 1.4 The resources sought within this paper are aligned with the aims and objectives of my strategic plan, recognising also the level of enquiries and complaints that my office is now dealing with (together with a projected increase over the next year, based on trends since 2010/11). I discuss these further later in this submission.
- 1.5 The net resource expenditure sought for 2017/18 is £4,248k, with a net cash requirement of £4,460k. This represents the funding required to manage the workload of the office at the projected 2017/18 levels and maintains my budget at no more than 0.03% of the Welsh Block.

2. The Role of the Public Services Ombudsman for Wales

2.1 As Ombudsman, I have two specific roles. The first is to consider complaints about public service providers in Wales; the second role is to consider complaints that members of local authorities have broken the Code of Conduct. I am independent of all government bodies and the service that I provide is free of charge.

2.2 Complaints about public service providers

2.2.1 Under the PSOW Act 2005, I consider complaints about bodies which, generally, are those that provide public services where responsibility for their provision has been devolved to Wales. The types of bodies I can look into include:

- 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.

I am also able to consider complaints about privately arranged or funded social care and palliative care services.

2.2.2 When considering complaints, I look to see whether people have been treated unfairly or inconsiderately, or have received a bad service through some fault on the part of the service provider. Attention will also be given to whether the service provider has acted in accordance with the law and its own policies. If a complaint is upheld I will recommend appropriate redress. The main approach taken when recommending redress is, where possible, to put the complainant (or the person who has suffered the injustice) back to the position they would have been in if the problem had not occurred. Furthermore, if from the investigation I see evidence of a systemic weakness, then recommendations will be made with the aim of reducing the likelihood of others being similarly affected in future.

2.2.3 My Complaints Advice Team also provides the Complaints Wales signposting service, which is an independent and impartial telephone and web based service. It offers advice to members of the public on how to complain about a public service and signposts their complaint to the organisation that provides the service that they wish to complain about, or to the appropriate independent complaint handler or ombudsman.

2.3 Code of Conduct complaints

2.3.1 Under the provisions of Part III of the Local Government Act 2000 and also relevant Orders made by the National Assembly for Wales under that Act, I consider complaints that members of local authorities have breached their authority's Code of Conduct. I can consider complaints about the behaviour of members of:

- county and county borough councils
- community councils
- fire authorities
- national park authorities and
- police and crime panels.

All these authorities have a Code of Conduct which sets out in detail how members must follow recognised principles of behaviour in public life.

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.

3.2 Whilst bearing in mind the constitutional position of a corporation sole, I have established an Advisory Panel which provides both challenge and support to me as Ombudsman. There is also an Audit & Risk Assurance Committee, a sub-committee of the Panel, which provides particular support to me in relation to my responsibilities as Accounting Officer. The work of both these fora over the past year has been addressed in greater detail as part of the Governance Statement within my Annual Accounts for 2015/16, published in July 2016.

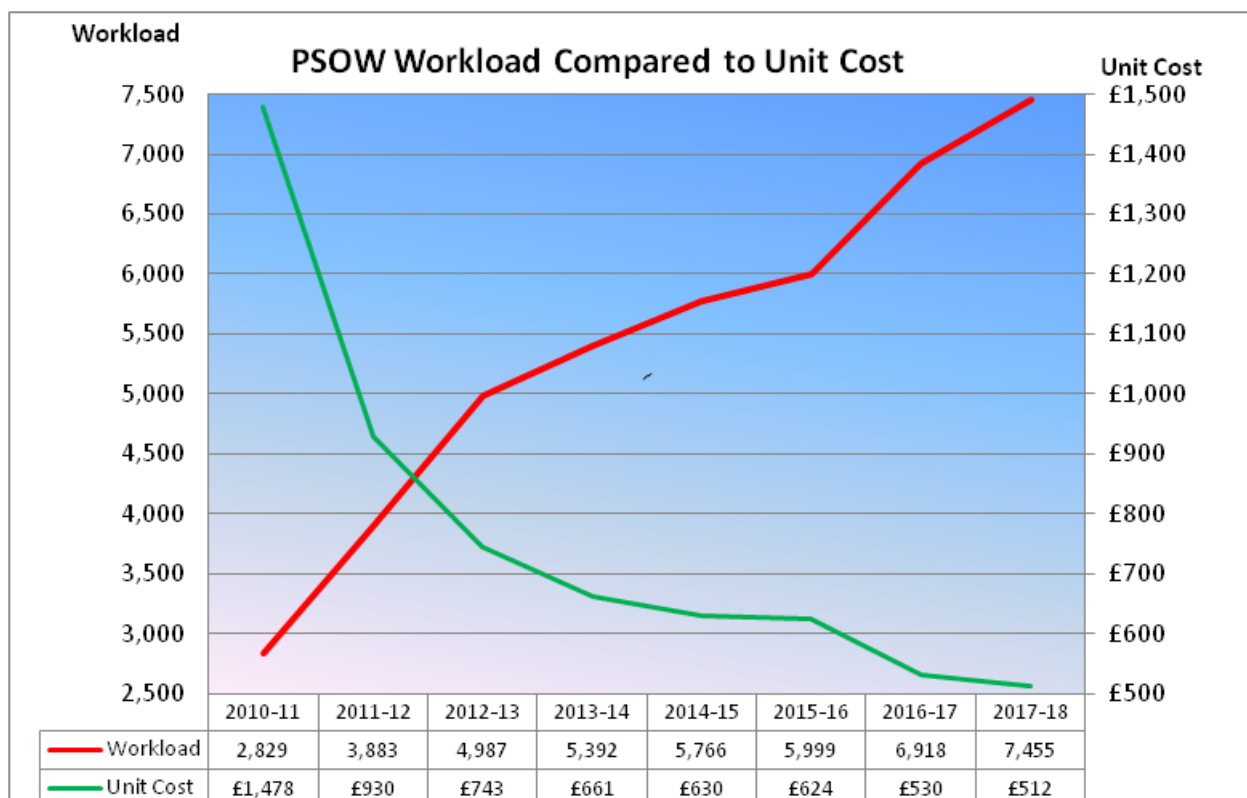
4. Financial Performance

4.1 The arrangements for financial management and internal control have been independently reviewed by Deloitte as the PSOW's internal auditors. The work of Deloitte has been planned on the basis of their overall needs assessment. Their reports have highlighted the satisfactory internal control framework within the organisation and made recommendations for improvement where necessary.

- 4.2 The Deloitte Internal Audit Annual Report in respect of the year 2015/16 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 within the organisation and made recommendations for improvement where necessary.
- 4.3 The Auditor General gave the annual accounts for the year 2015/16 an unqualified audit opinion in keeping with all previous years.

5. Efficiency and Effectiveness

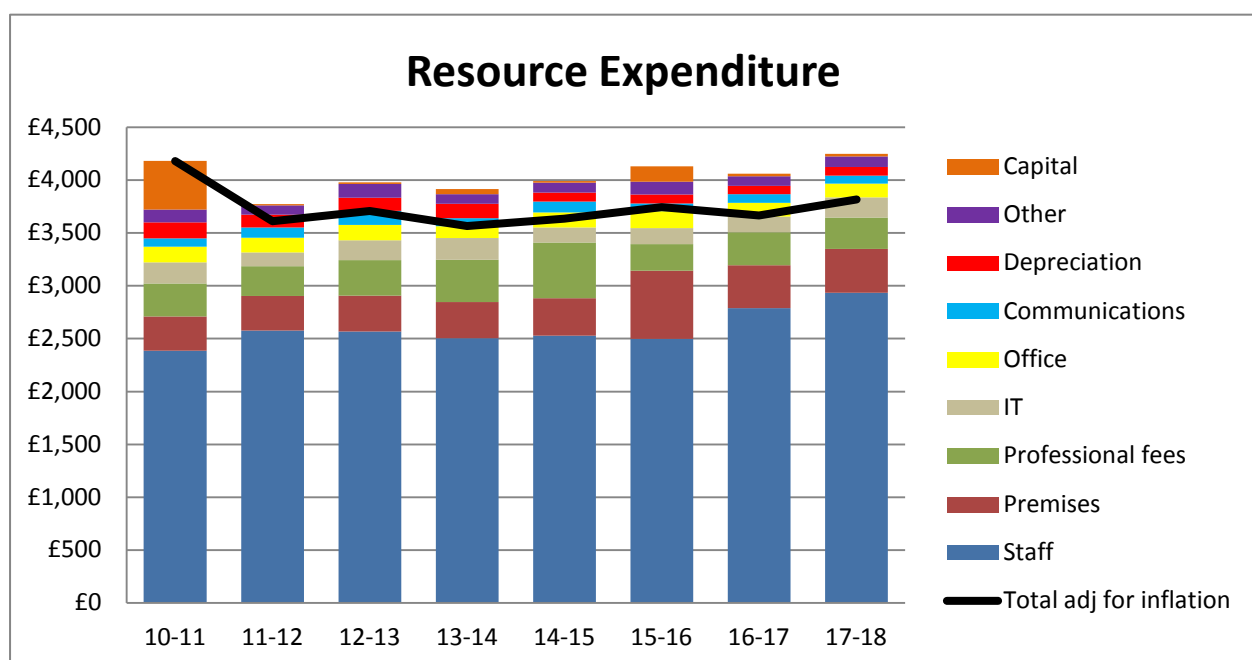
- 5.1 The PSOW has previously reported to the Finance Committee on the concerted effort made to provide a more efficient and effective service at the early stages of the complaints handling process, together with streamlining the investigation stage. These arrangements have continued to be crucial in the context of dealing with the ever increasing number of enquiries and complaints received by my office.
- 5.2 That upward trend continues. Since the beginning of the decade (2010/11) the workload has already increased by 112% (to 31 March 2016). Furthermore, this is projected to increase to 164% by 31 March 2017. Unit costs have fallen by 65% over the same period, as illustrated below:



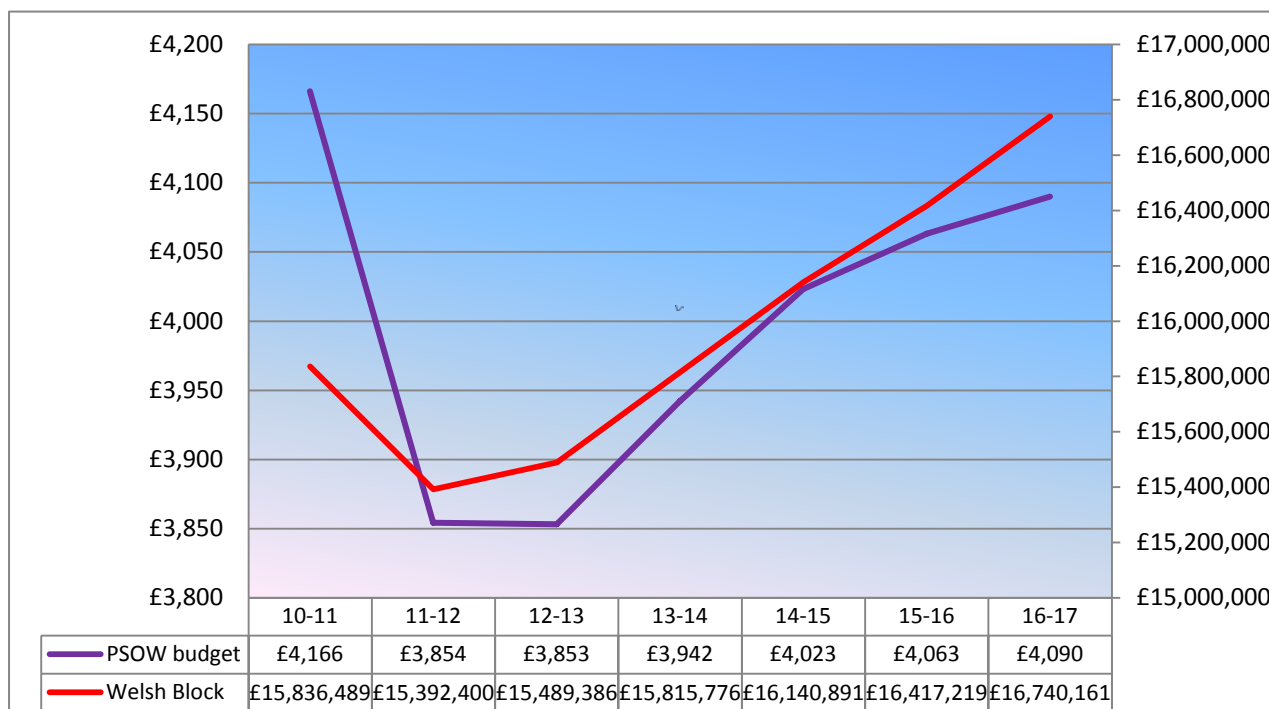
5.3 Over the six year period 2010/11 to 2015/16 the actual number of enquiries and complaints received more than doubled and workload is forecast to increase in 2016/17 and 2017/18. This is summarised in the table below, with further details in Appendix B.

	Actual 10-11	Actual 11-12	Actual 12-13	Actual 13-14	Actual 14-15	Actual 15-16	Forecast 16-17	Estimate 17-18	% change 10-11 to 17-18
Enquiries	1,127	1,866	2,906	3,234	3,470	3,731	4,365	4,736	+320
Public Body Complaints	1,425	1,605	1,790	1,932	2,065	1,992	2,191	2,301	+61
Code of Conduct Complaints	277	412	291	226	231	276	362	418	+51
Total	2,829	3,883	4,987	5,392	5,766	5,999	6,918	7,455	+164

5.4 The funding sought within this estimate is similar to that in 2010/11. In real terms (i.e. adjusted for inflation) it is 9% lower than in 2010/11. This is despite the increase in workload illustrated above. The detail of expenditure is illustrated in the chart below (the bars in the chart illustrate actual expenditure, whilst the line shows what the figures would be like if they were adjusted for inflation). In other words what this demonstrates is that the true value (spending power) of the PSOW budget, as shown by the black line, has declined by £475k in the years 2010/11 to 2016/17. The 2017/18 submission would reduce this to £349k.



5.5 A number of years ago, the office gave the undertaking to limit its financial resource to 0.03% of the Welsh block. It is worth noting that as well as the office budget running below inflation, the PSOW's resources as a proportion of the Welsh block has reduced from 0.026% to 0.024% (all figures in £000s). This is shown below:



5.6 Against the background of efficiencies achieved against the historic increase in cases and the financial resources received by the office, I clearly have to give serious consideration as to the implications of these trends for the future. Finance Committees of the past have been made aware of innovations introduced into the office, including the streamlining of the PSOW's complaints handling processes, etc. Over the past year in particular, we have been working with selected bodies in jurisdiction with a view to improving their complaints handling, with a long term aim of reducing complaints that come to me. In addition, we have been working to increase the number complaints resolved at an early stage. However, many cases are not suitable for this 'light touch' approach to resolution and require full investigation.

5.7 We have also worked hard to make efficiencies across the range of running costs. For example, we have achieved improved office rent terms, progressed our paperless office project, reduced legal reference material costs and generally secured savings across a range of smaller office support services.

- 5.8 I have also continued to seek opportunities to collaborate, where appropriate, with Wales's Commissioners. In particular, my office led on a joint tender process for internal audit services, which included the offices of the Children's Commissioner and the Older People's Commissioner. Furthermore, I have also during 2016 agreed to provide the Future Generations Commissioner with a payroll service in respect of the staff of her office, on a cost neutral basis and saving the taxpayer money.
- 5.9 The situation explained above has been managed through both the innovations introduced and by operating at staff levels below the office establishment, together with delaying recruitment. I am of the view that my staff are already working at full capacity and that we cannot continue to operate with a reduced level of staff.
- 5.10 Previous Finance Committees have asked the Ombudsman not to change criteria for taking complaints forward in the light of tensions between volumes of complaints and budget constraints, without discussing that with the Committee first. It is against this background that this estimate has been prepared. It is my view that the £4,248k net resource expenditure sought for 2017/18 (net cash requirement of £4,460k) is the level of resource required to enable my office to continue to provide the current level of service.

6. Pensions Deficit

- 6.1 Some PSOW staff are members of the Local Government Pension Scheme and a deficit has been identified since 2010/11. The Cardiff and Vale of Glamorgan Pension Fund shows a deficit of £230k as at 31 March 2016. A process is in place to fund this deficit and it is anticipated that by 2017/18 it will have been addressed.

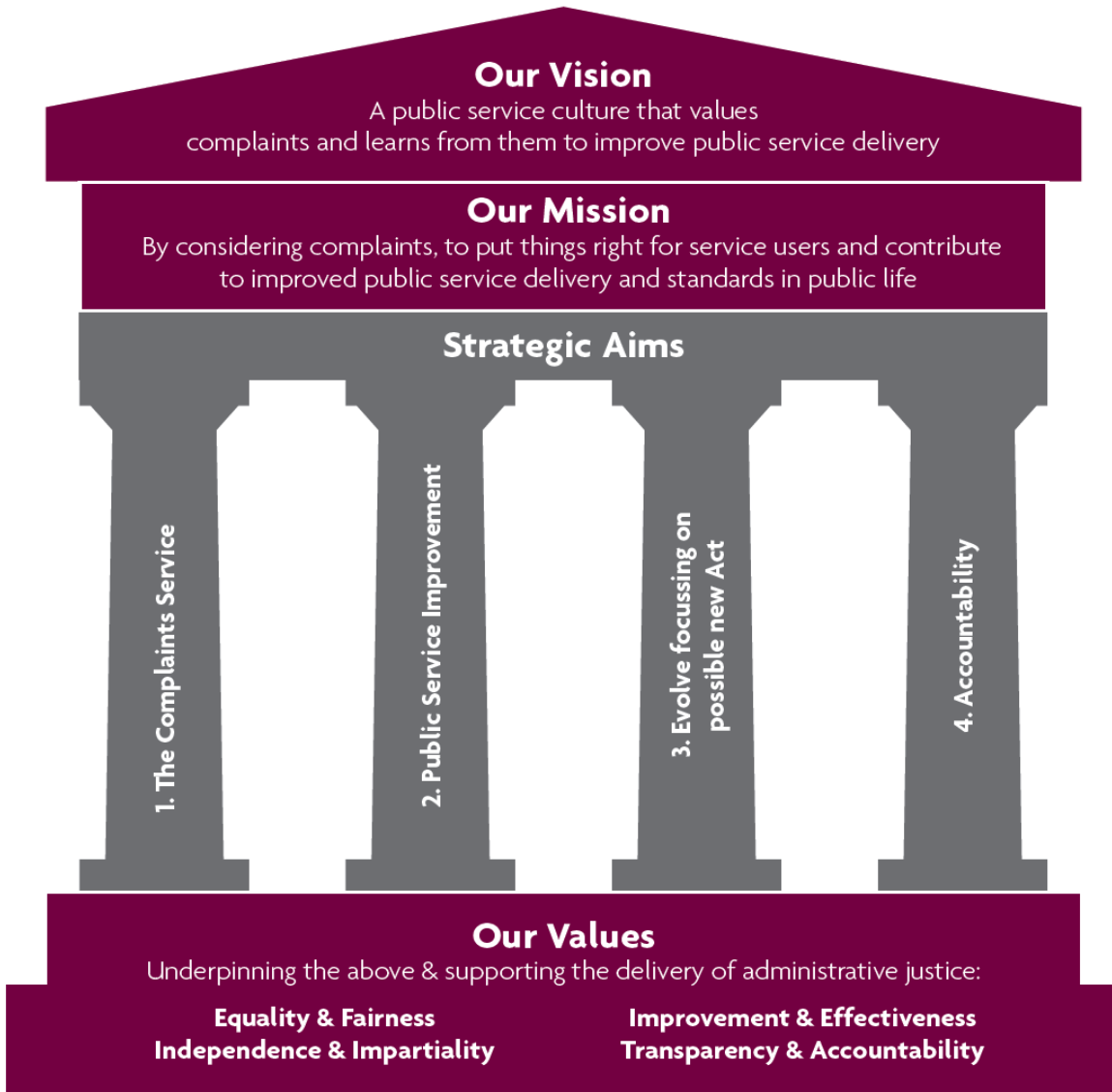
7. Pressures

- 7.1 Staff pay is linked to Local Government National Joint Council pay negotiations. The staff budget reflects a 1% pay increase that has been agreed for each financial year from April 2016 to March 2018 plus the additional costs that arise from the end of contracting out for National Insurance as well as changes to the Civil Service Pension Scheme. This budget will provide full year funding for 58 staff posts, 55 full time equivalents.

- 7.2 I use clinical advisers with expertise in various areas of the health professions to assist me with the consideration of health cases. The office has some reliance 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. The PHSO has advised that they may no longer be able to provide this service and as a consequence there are likely to be increased costs to my office to obtain alternative advice. This is not currently accounted for in this estimate submission.
- 7.3 The IT contract will be re-tendered during 2016/17 and there is a need to continue to invest in IT to increase efficiencies. The total cost of £191k includes additional funding to progress procurement.
- 7.4 Finally, I would draw the Committee's attention to the fact that my budget estimate does not include any contingency provision for meeting unexpected items of expenditure, such as legal challenges to my casework decisions.

8. Strategic Planning and to the Future

- 8.1 Last year, under the theme of 'Innovation, Influence and Improvement', I produced a new three year strategic plan, an illustrated summary of which can be found on the following page.
- 8.2 As already demonstrated in this paper, office casework continues on an upward trend and a key focus will remain the office's core complaints service function. We will continue to look to innovate to support our aim of ensuring that we provide a service that is of the highest quality, proportionate and effective. We are also committed to ensuring that the knowledge and insight obtained from the complaints we consider improve complaint handling by public service providers and have an impact in improving public service delivery.
- 8.3 The Strategic Plan also addresses the prospect of a new PSOW Act. A key unknown at the time of presenting this submission to the Finance Committee is the Assembly's intention in relation to taking forward the Draft Public Services Ombudsman Bill produced towards the end of the Fourth Assembly. For the time being, I have not made any provision within these estimates for any additional powers that may be conferred upon the PSOW. However, I draw the Committee's attention to the fact that I may need to submit a Supplementary Estimate should it become clear that a new Act will come to fruition prior to, or during, the financial year in question.



8.4 Needless to say, my staff and I remain committed to being accountable for the service we provide and the public money we spend.

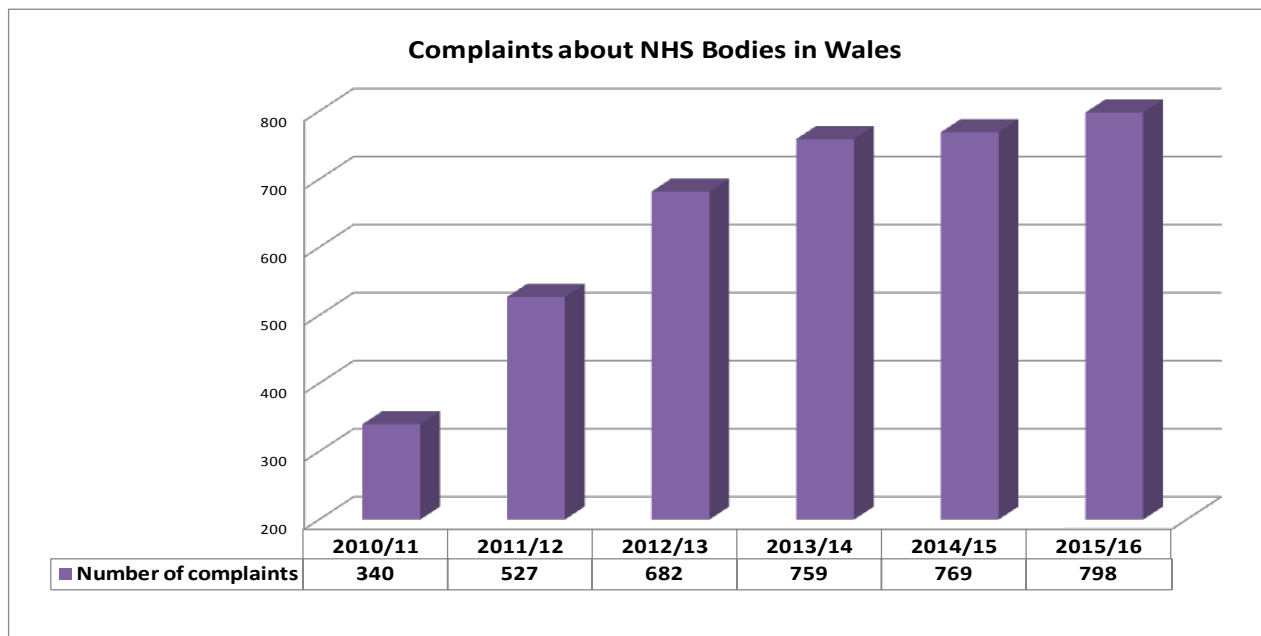
Public Services Ombudsman for Wales
September 2016

Appendix A Estimates 2017/18

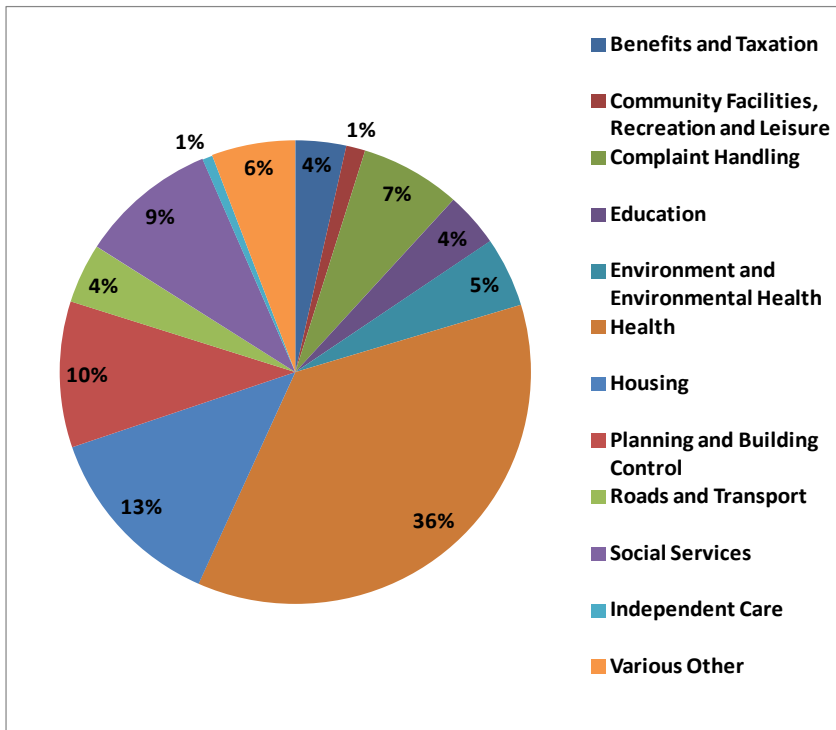
	Actual 2015/16	Budget 2016/17	Estimate 2017/18
	£'000	£'000	£'000
Capital DEL	144	25	25
Fiscal Revenue DEL			
Salaries and related costs	2,498	2,788	2,934
LGPS related costs	266	279	292
	2,764	3,067	3,226
Premises	646	407	416
Computer systems and support	151	149	191
Office costs	161	130	130
Advisory and legal fees	250	310	294
Communications	73	82	78
Training and recruitment	68	40	30
Travel and subsistence	34	29	31
Audit fee	20	20	20
Sub total	4,167	4,234	4,416
Income	0	0	-1
Total Fiscal Revenue DEL	4,167	4,234	4,415
Non cash DEL			
Depreciation	83	80	80
Revenue DEL (B+C)	4,250	4,314	4,495
Total DEL (A+B+C)	4,394	4,339	4,520
Annually Managed Expenditure (AME)			
Movement on LGPS	-266	-279	-292
Provisions movement	11	30	20
Total AME	-255	-249	-272
Total Managed Expenditure A+B+C+D	4,139	4,090	4,248
Resources Required	4,139	4,090	4,248
Depreciation	-88	-80	-80
Change in Provisions	-11	-30	-20
Utilisation of Provisions	266	279	292
Other movements in Working Capital	-93	20	20
Net Cash Requirement	4,218	4,279	4,460

Appendix B Growth in complaints

Within the overall complaints caseload about public service providers, complaints about NHS bodies have increased year on year, and by 135% since 2010/11 as follows:

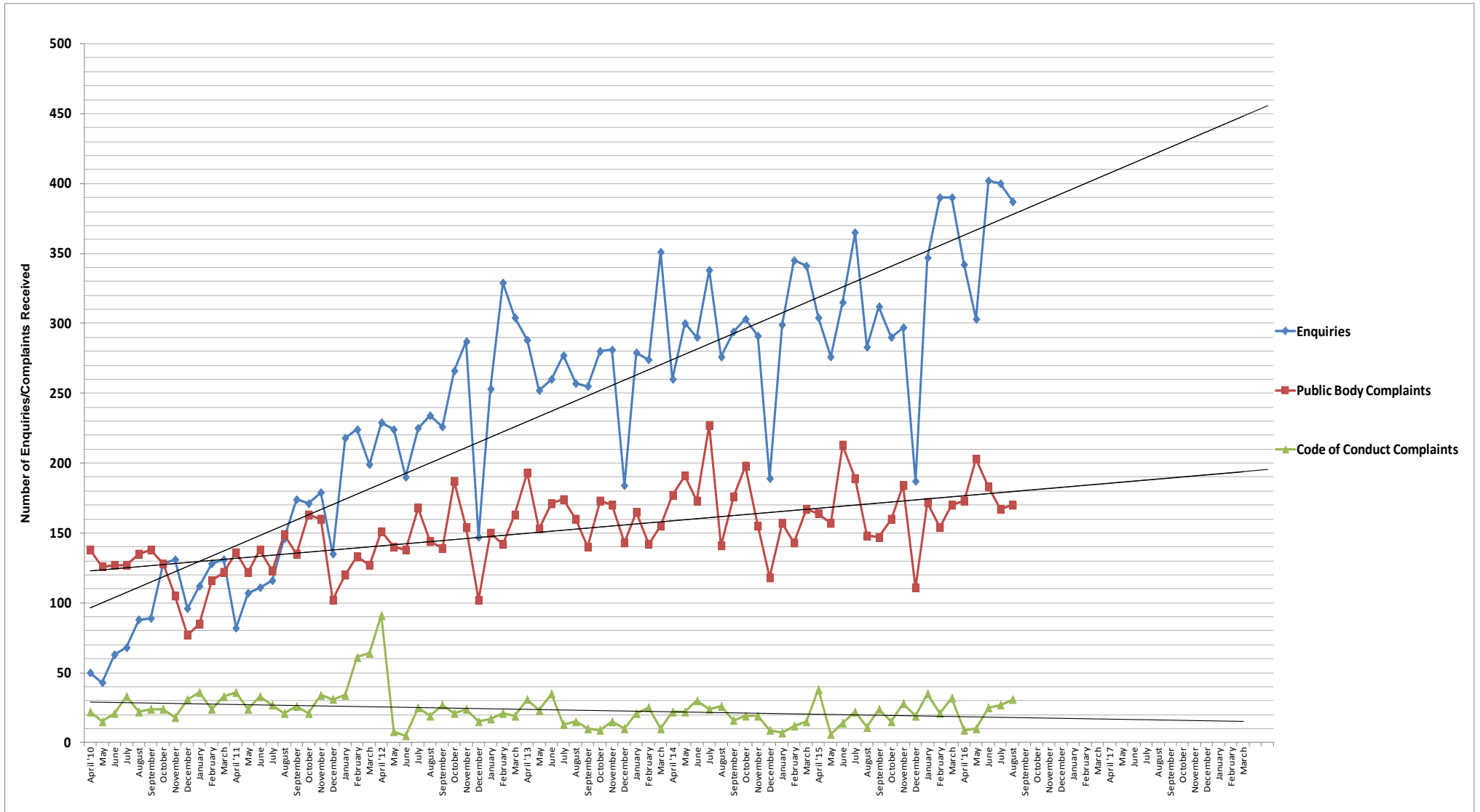



In context of all complaints about public services, health makes up 36% of the caseload as seen in the chart opposite. The growth in health complaints has had particular impact on the work of my office, since complaints about health bodies are invariably the most resource intensive to consider and investigate.



In considering the future implications for my office, and taking data from the beginning of this decade, including the first quarter of 2016/17, the trend lines on the graph overleaf project what the office caseload volume could look like at end March 2018.

Enquiries and Complaints Received per month since 2010/11 to end August 2016 and projected end March 2018





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](https://twitter.com/OmbudsmanWales)