



Ombudsman

PUBLIC SERVICES OMBUDSMAN FOR WALES

Estimate for the Financial Year 2018/19

INNOVATION  IMPROVEMENT  INFLUENCE

Contents

Review of 2016-17.....	1
Introduction to this estimates submission	2
The role of the Public Services Ombudsman for Wales.....	3
The Complaints Service	4
Corporate Governance	6
Financial Performance.....	7
Efficiency and Effectiveness	8
PSOW Vision, Mission, Strategic Aims and Values.....	9
Budget Submission	10
Annex	12

Review of 2016-17

I am delighted to be able to report substantial progress in the activities of the office over the past year, with specific reference to our three year strategic themes of innovation, improvement and influence, which have led to substantial increases in outcomes for complainants and, I hope, positive impacts on public services.

In terms of innovation the office made further progress on compliance, working to ensure that recommendations for improvement are implemented and that we ensure that the learning from complaints is acted upon.

The improvement function has started well. All Improvement Officers have developed specific action plans for the relevant bodies in jurisdiction. This has led to a number of specific improvements in their complaint handling cultures.

One area of particular improvement was the improvement on timescales – with a move towards complainant-centred timescales. The establishment of the internal Code Advisory Group has meant the proactive oversight of code of conduct complaints, and a seven per cent reduction in cases taking longer than six months.

I was delighted that my first thematic report on Out of Hours services led to a peer review by the Welsh Government to be implemented throughout 2017. I produced a further thematic report Ending Groundhog Day: Lessons from Poor Complaint Handling in March 2017.

In 2016/17 there was a further increase in the use of Voluntary Settlement, an increase of some 26 per cent on the previous year. However, whilst this can lead to speedier resolution for complainants and cheaper processes for public services, it is important that Early Resolution is not seen as some form of easy escape for bodies in my jurisdiction.

I published six public interest reports in the course of the year, three of which were in relation to Betsi Cadwaladr University Health Board, a number of health reports also related to Out of Hours services.

In terms of our influence and collaboration with other bodies inside and outside Wales 2016/17 was a busy year. We implemented joint Internal Audit arrangements with the Older People and the Children's Commissioners and also implemented payroll arrangements for the Future Generations Commissioner. I was also delighted to participate in Wales Audit Office events on complaints in both North and South Wales. Memoranda of Understanding were signed with a number of Commissioners and the Healthcare Inspectorate Wales.

During 2016/17 we submitted a Regulatory Impact Assessment to the Finance Committee and I am very hopeful that the legislation will now be taken forward in 2017/18.

Finally, 2016/17 was a year of not just positive activity, but of positive outcomes. Despite the challenge of increasing workloads the number of complainants who received a positive outcome from my office, either through voluntary settlement or an upheld complaint, increased by 16 per cent!



Introduction to this estimates submission

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 apart from my salary, National Insurance and pension costs, which are a separate 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.

This is the second submission of the Public Services Ombudsman for Wales's (PSOW) estimates to the Fifth Assembly. 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 to discuss the Annual Accounts 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.

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.

The net resource expenditure sought for 2018/19 without new powers is £4,480k, with a net cash requirement of £4,410k. These figures represent the funding required to manage the workload of the Office at projected levels, whilst keeping my budget at no more than 0.03% of the Welsh Block. It accommodates both staff pay awards and other inflationary pressures, although the annual pension deficit payment is no longer required. The detail in this paper supports this estimate submission.

If new legislation, governing the work of the Ombudsman, is introduced the net resource requirement increases to £4,820k and cash to £4,750k in a full year. The costs associated with new powers are shown in the Annex for completeness but are not part of the formal budget submission.

The role of the Public Services Ombudsman for Wales

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.

Complaints about public service providers

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);
- the Welsh Government, together with its sponsored bodies; and
- privately arranged or funded social care and palliative care services.

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.

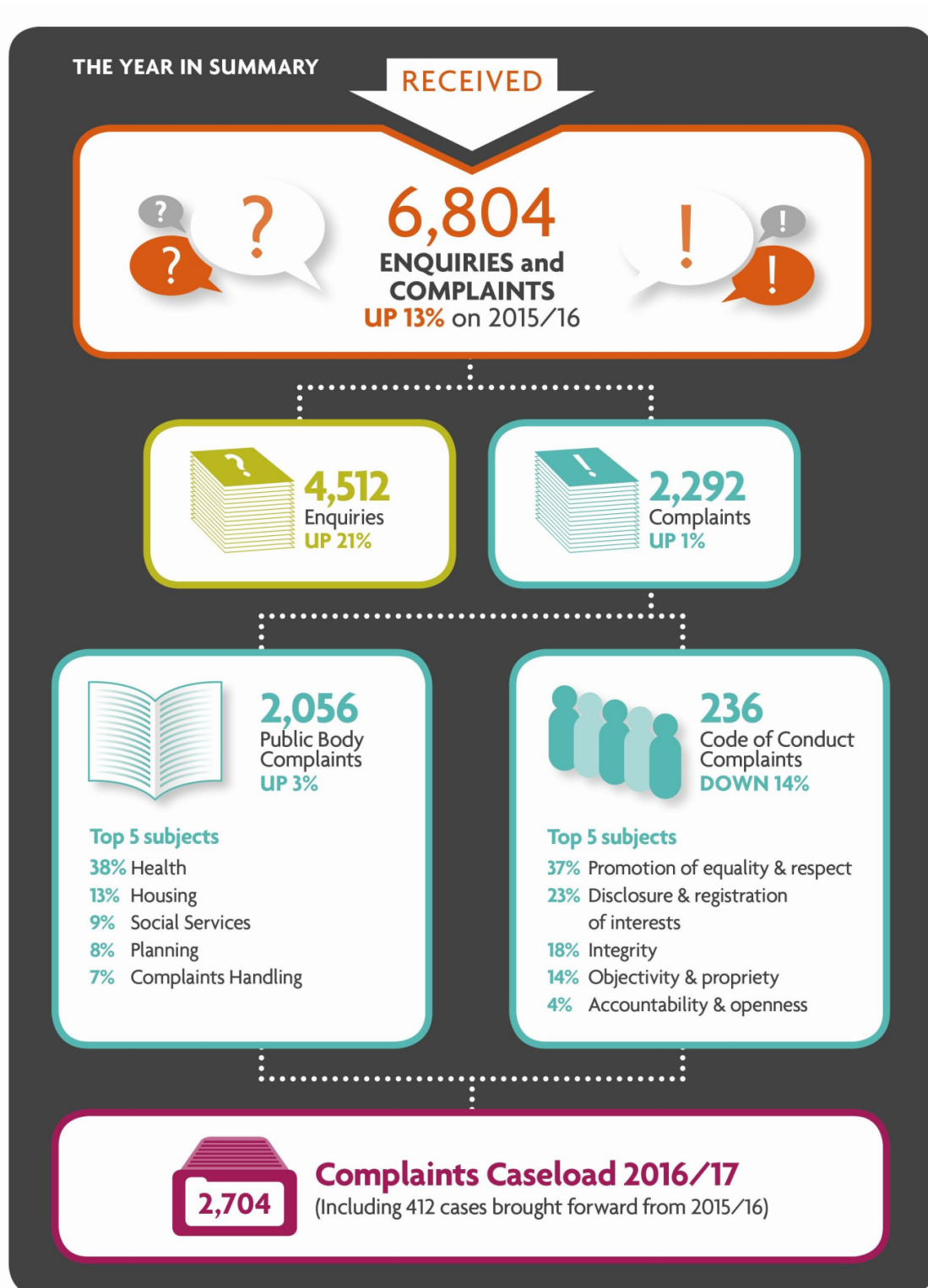
My Complaints Advice Team also provides the Complaints Wales signposting service, which is an independent and impartial telephone and web based service. It offers advice to members of the public on how to complain about a public service and signposts their complaint to the organisation that provides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

Code of Conduct Complaints

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.

The Complaints Service



2,704

Complaints Caseload 2016/17

(Including 412 cases brought forward from 2015/16)

CLOSED

2,362
COMPLAINTS
UP 2% on 2015/16



2,114
Public Body
Complaints
UP 3%



248
Code of Conduct
Complaints
DOWN 6%

544 detailed
consideration/
investigation
UP 4%



44 investigated
UP 19%



462 Resolution or Upheld
UP 16%

Of these:

- 55% Health
- 10% Complaint Handling
- 9% Housing
- 9% Social Services
- 4% Planning

22 Evidence of Breach
UP 38%

Of these:

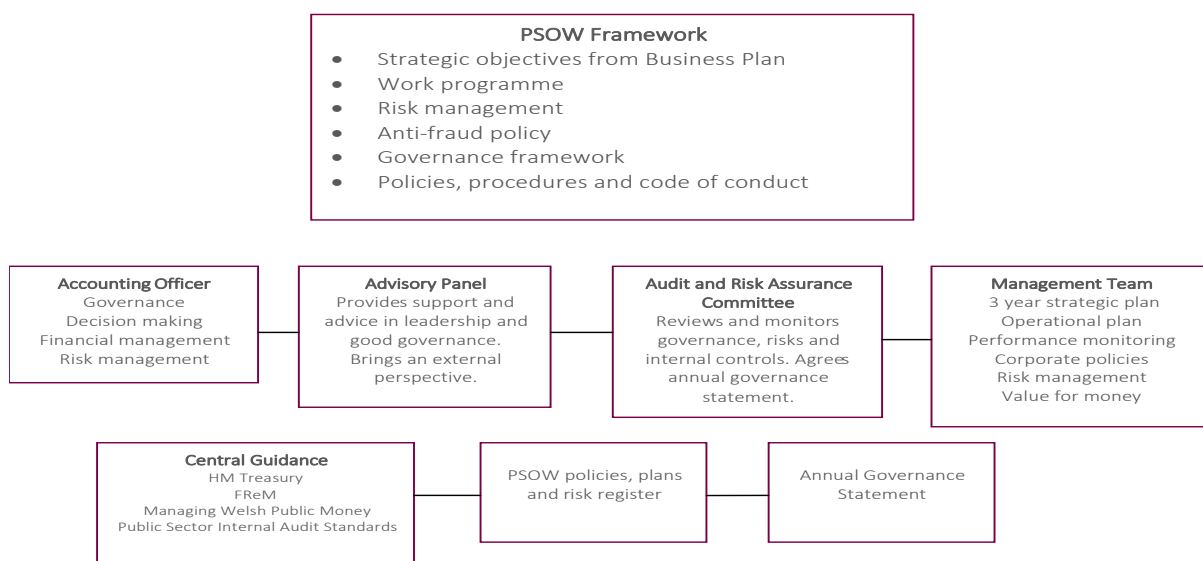
- 45% Promotion of equality & respect
- 32% Disclosure & registration of interests
- 9% Integrity
- 9% Objectivity and propriety
- 5% Accountability and Openness

Corporate Governance

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.

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 for over the past year has been addressed in greater detail as part of the Governance Statement within my Annual Accounts for 2016-17, which was published in July 2017.

Risk Assurance Framework Arrangements



Assurance Map Components



Financial Performance

The arrangements for financial management and internal control have been independently reviewed by Deloitte as the PSOW's internal auditors. Their reports have highlighted the satisfactory internal control framework within the organisation and made recommendations for improvement where necessary. Their Internal Audit Annual Report in respect of the year 2016/17 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."

The Auditor General gave the annual accounts for the year 2016/17 an unqualified audit opinion in keeping with all previous years.

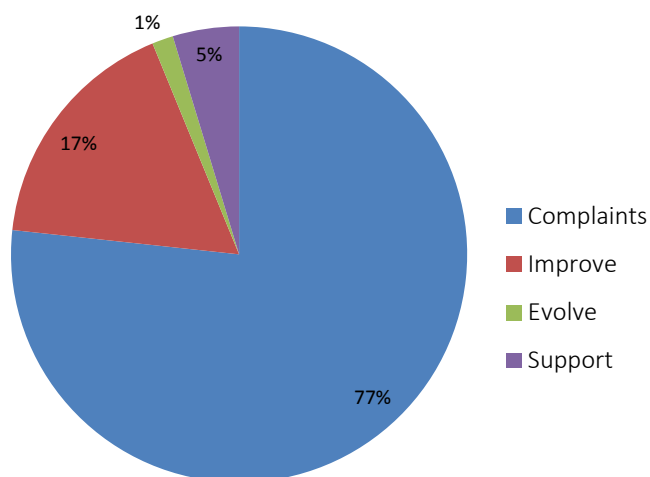
The PSOW has worked on the principle that the overheads of the office should be less than 5% of the total expenditure. This has always been achieved since the office was established under the Public Services Ombudsman (Wales) Act 2005 and is a principle that was derived from good practice within the public sector. This is evidenced in the analysis of expenditure based on the aims and objectives of my Strategic Plan as set out in the Annual Accounts where overheads are identified as 5% of total costs.

Aim 1: To provide a **complaints service** that is of the highest quality, proportionate and effective.

Aim 2: To use the knowledge and insight obtained from the complaints we consider to **improve complaint handling** by public services providers and to have an impact on improving public service delivery and informing public policy.

Aim 3: To continue to **evolve and grow** as an office, specifically planning for implementation of the Ombudsman's new powers should the National Assembly for Wales create a new Public Services Ombudsman (Wales) Act.

Aim 4: To be accountable for the **service and support** we provide and the public money we spend.



Efficiency and Effectiveness

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.

	10-11	11-12	12-13	13-14	14-15	15-16	16-17	Change
Enquiries	1,127	1,866	2,906	3,234	3,470	3,731	4,512	+300%
Public Body Complaints	1,425	1,605	1,790	1,932	2,065	1,992	2,056	+44%
Code of Conduct Complaints	277	412	291	226	231	276	236	-15%
Total Workload	2,829	3,883	4,987	5,392	5,766	5,999	6,804	+140%
Expenditure (£000s) ¹	£3,684	£3,389	£3,672	£3,488	£3,585	£3,677	£3,580	-3%
Unit Cost	£1,302	£873	£736	£647	£622	£613	£526	-60%

Over the period 2010/11 to 2016/17 workload increased by 300% whilst the unit cost reduced by 60%.

Enquiries +300%

Complaints:
Public Body +44%
Code of Conduct -15%

Over the same period resource expenditure decreased from £3.7m to £3.6m when adjusted for inflation – a reduction of 3%.

Workload compared to Unit Cost



¹ Adjusted for inflation

PSOW Vision, Mission, Strategic Aims and Values

Our **Vision** is:

A public service culture that values complaints and learns from them to improve public service delivery.

Our **Mission** is:

By considering complaints, to put things right for service users and contribute to improved public service delivery and standards in public life.

Our **Four Strategic Aims** are:

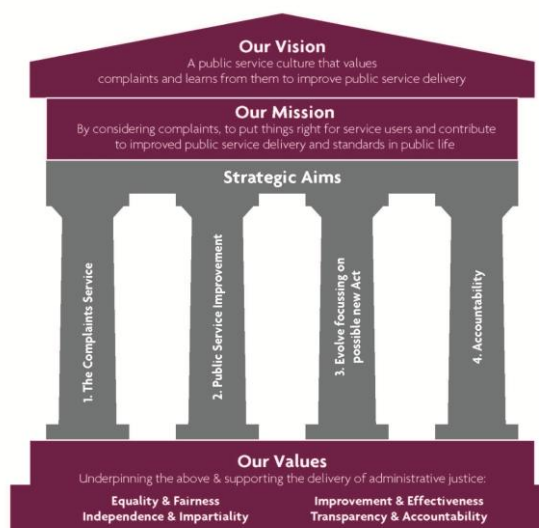
1. To provide a complaints service that is of the highest quality, proportionate and effective throughout the various stages through the complaint journey.



2. To use the knowledge and insight obtained from the complaints we consider to improve complaint handling by public services providers and to have an impact in improving public service delivery and informing public policy.
3. To continue to evolve and grow as an office, specifically planning for implementation of the Ombudsman's new powers should the National Assembly for Wales create a new Public Services Ombudsman (Wales) Act.
4. To be accountable for the service we provide and the public money we spend.

Our **Values**, underpinning the above and to support our delivery of administrative justice, are:

- Equality and Fairness
- Independence and Impartiality
- Improvement and Effectiveness
- Transparency and Accountability.



Budget Submission

Enquiries and complaints increased by 13% in 2016-17. Enquiries for the first four months of 2017-18 show an increase of 12% whilst, although complaints overall have fallen over the same period, NHS complaints have risen by 15%. Our assumption is that enquiries and complaints will rise between 5% and 12% in 2018-19.

Staff pay is linked to Local government National Joint Council pay negotiations. Although the latest pay submission by Unite is for over 5% we have included a 1% pay increase for 2018-19. This budget will also provide full year funding for a finance officer post (allowing an existing member of staff to focus on IT developments and IT security). The proposed budget reflects the full year cost of planned appointments to vacant posts during the current year, maternity pay and maternity cover, and small sums to support staff development in key investigative roles.

The Pension Fund deficit was eliminated at the end of March 2017 and £292k was returned to the Welsh Consolidated Fund in 2017-18. It is anticipated that with the move to a low risk pension funding strategy no further deficit payments will be required. This has an effect on cash only.

We continue to rent our offices in Pencoed at a low cost of £9 per square foot, providing value for money for office space, but are subject to inflationary pressures on business rates, insurance and utilities.

IT contracts will be re-tendered during 2017-18 and there is a need to continue to invest in IT to increase efficiencies. The total cost of £225k includes costs to manage the transition of suppliers or processes and estimated increased costs for systems and support. It also includes a further increase of £25k to bring planned expenditure on IT to around 5% of resource budgets. Whilst there is no universal proportion of budget that organisations should expect to spend on IT, it is generally accepted that between 4% and 6% is appropriate. In view of the PSOW focus on moving to paper-light and paperless working, and the need to enhance IT resilience and recovery arrangements (in view of internal audit recommendations and concerns expressed by the Audit & Risk Assurance Committee), this is considered appropriate. The budget would support development of our critical IT systems to provide updated and effective systems that are flexible but secure. This additional funding is anticipated to be required also in future years.

Income of £17k represents the recharged costs of managing the Future Generations Commissioner's payroll as well as staff secondments.

Our training budget includes participation in the All Wales Public Service Graduate Programme, coordinated by Academi Wales, at a cost of approximately £15k per annum.

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

In view of the additional powers included in the draft Public Services Ombudsman (Wales) Bill, the Annex shows, as well as the submission for the 2018/19 financial year, an indication of the full year budget requirement once the legislation is in place. This is for completeness and does not imply any assumption that the legislation will proceed in its current form or at all. The costs included in the final

column include the costs of staff and associated office and IT costs arising from the additional powers to consider oral complaints, to undertake own initiative investigations and introduce a complaints standards function. (No costs are included in respect of the proposed limited extension of powers to investigate health complaints that include an element of private health treatment. It is expected that these can be absorbed within the existing resources available to the office.)

The costs associated with the additional powers in the new legislation are those included and explained in the draft Regulatory Impact Assessment, which will be considered in detail as part of the legislative process.

Annex

Public Services Ombudsman for Wales - Estimate for 2018-19

	Actual 2016/17	Budget 2017/18	Estimate 2018/19	New Powers Estimate 2018/19
	£000s	£000s	£000s	£000s
A Capital	27	25	25	25
B Fiscal Revenue				
Salaries and related costs	2,827	2,934	3,107	3,372
LGPS related costs	280	292	0	0
	3,107	3,226	3,107	3,372
Leases, including premises	435	416	435	435
Computer systems and support	177	191	225	243
Office costs	113	130	130	151
Professional fees	230	294	300	320
Communications	57	78	70	70
Training and recruitment	45	30	55	62
Travel and subsistence	39	31	40	49
Audit fee	20	20	20	20
Sub total	4,223	4,416	4,382	4,722
Income	-5	-1	-17	-17
Total Revenue	4,218	4,415	4,365	4,705
C Non cash DEL				
Depreciation	82	80	70	70
Revenue DEL (B+C)	4,300	4,495	4,435	4,775
Total DEL (A+B+C)	4,327	4,520	4,460	4,800
D Annually Managed Expenditure				
Movement on LGPS	-280	-292	0	0
Provisions movement	21	20	20	20
Total AME	-259	-272	20	20
E Total Managed Expenditure	4,068	4,248	4,480	4,820
Resources Required	4,068	4,248	4,480	4,820
Depreciation	-82	-80	-70	-70
Annually Managed Expenditure	259	272	-20	-20
Other non-cash movements	0	20	20	20
Total cash requirement from the WCF	4,245	4,460	4,410	4,750