



## Estimate for the Financial Year 2019/20

INNOVATION  IMPROVEMENT  INFLUENCE

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## Ombudsman's Review of the Year



Despite a challenging complaints context, I am delighted to be able to report positive 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, in what will be the final year of this corporate plan.

In terms of *innovation* the office made further progress on data analysis, data security and cyber security and has invested substantial resources in renewing and future-proofing our casework management system and developing a new website and intranet.

Our recently established Sounding Boards bedded down this year, providing valuable insight from both healthcare provider and service user perspectives, and we established a local government sounding board which met for the first time.

The volume of health complaints coming to the office continues to be a concern. This year, whilst we've seen a welcome 2% reduction in the total number of complaints, complaints about health boards increased by 11%. The number of local government complaints fell by 10% for a further year.

The performance of most of the bodies that my *improvement* officers have been working with gives me some reason to be cheerful. I was delighted to see reductions against the overall health trend for Betsi Cadwaladr, Hywel Dda and Cwm Taf. I am, however, concerned at substantial increases in complaint volumes for both Abertawe Bro Morgannwg and Aneurin Bevan, and I and my staff will be focussing additional attention on these areas.

Continued pressure on the office as a result of increased numbers of health complaints has been an issue of real strain, resulting in a 11% reduction in the number of cases closed during the past year. Health complaints are generally more complex and there is often a need for

clinical advice, sometimes from multiple advisers, which inevitably extends the investigation process.

However, it was also pleasing to see that the overall number of cases of maladministration and service failure has reduced, with 56% of investigated complaints upheld, compared to 61% in 2016/17. Furthermore, only one improvement body, Hywel Dda Health Board, saw an increase in upheld complaints.

Early resolution and voluntary settlement continue to play an important part in providing administrative justice, now accounting for 63% of positive outcomes for complainants.

The variance in Health Board performance in complaint handling continues to give concern and therefore my office organised a special seminar in June 2017 to share good practice in health service complaints handling and investigation, and a further seminar for all public services in the spring of 2018. At the latter event, I was very pleased to see further progress on Out of Hours services with the Rapid Response for Acute Illness Learning Set (RRAILS) project improving out of hours services in Health Boards across Wales, partly in response to my office's thematic report on the subject.

I published four public interest reports in the course of the year, all health-related and two of which were in relation to Betsi Cadwaladr University Health Board.

In order to meet the needs of the people of Wales, my office can only function effectively by getting the best out of the talented people in its employ. During 2017/18 further developments were made to a new staff performance review and development process, with further investment in training including increased HR support, management training and coaching.

I am particularly pleased with the work conducted on developing our internal values:

- Achievement – doing the best we can
- Togetherness – showing respect and collaborating for success
- Positivity – enthusiasm and pride about who we are and what we do
- Supportiveness – being there for each other and appreciating diversity
- Ownership – taking responsibility for everything we do
- Willingness – a keen and flexible can-do approach

In terms of our *influence* and collaboration with other bodies inside and outside Wales, I was delighted to host visits to the office from the Basque Ombudsman, the Local Government and Social Care Ombudsman for England and the Legal Ombudsman. I attended a workshop on own initiative investigations, hosted by the Dutch Ombudsman, in the Hague, and I also spoke at a seminar to promote peace and understanding between Georgia and Abkhazia in the Basque Country, an event supported by the Council of Europe.

I met with NHS and local government Chief Executives, monitoring officers and corporate complaints officers. In October I visited and addressed Flintshire Standards Committee and

Cymdeithas y Feddygon (Welsh Speaking Doctors Society). In terms of broader stakeholder engagement, I was delighted that PSOW had a stand at the Urdd Eisteddfod in Pencoed and also a presence at the National Eisteddfod in my native Anglesey.

During the course of the year I met with Assembly Members from across the political spectrum and also gave evidence to the Equality, Local Government and Communities Committee and the Finance Committee of the National Assembly for Wales.

Having been elected to both the European and World Boards of the International Ombudsman Institute (IOI) I was also honoured to be elected Chair of the Ombudsman Association (OA) in May 2017.

Finally, during 2017/18 we saw welcome progress on stage 1 of the proposed new legislation governing my work. I was delighted to see the Plenary meeting of the National Assembly vote 47/1 in favour of the principles of the Public Services Ombudsman (Wales) Bill and I hope that further progress can be made during the year ahead. The combination of the challenging complaints context, experience of improvement activities and the possibility of additional legislative power will inform our strategic focus for the year ahead. The next corporate plan is likely to result in:

1. A concentration of improvement resources on bodies facing the greatest complaints challenges
2. A thematic specialisation of investigations to ensure that the office can continue to deal with high health volumes whilst not losing know how and efficiency in other areas
3. A continued focus on good practice and compliance

## 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 2019/20 is £4,651k with a net cash requirement of £4,591k. 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. The increase in resources sought (3.8%) is lower than the 3.9 % change in the Welsh Block (TME).

The submission accommodates staff pay awards and other inflationary pressures, although the annual pension deficit payment is no longer required.

If new legislation, governing the work of the Ombudsman, is introduced the costs associated with new powers would be included in a Supplementary Budget submission, as they are not included in this 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.

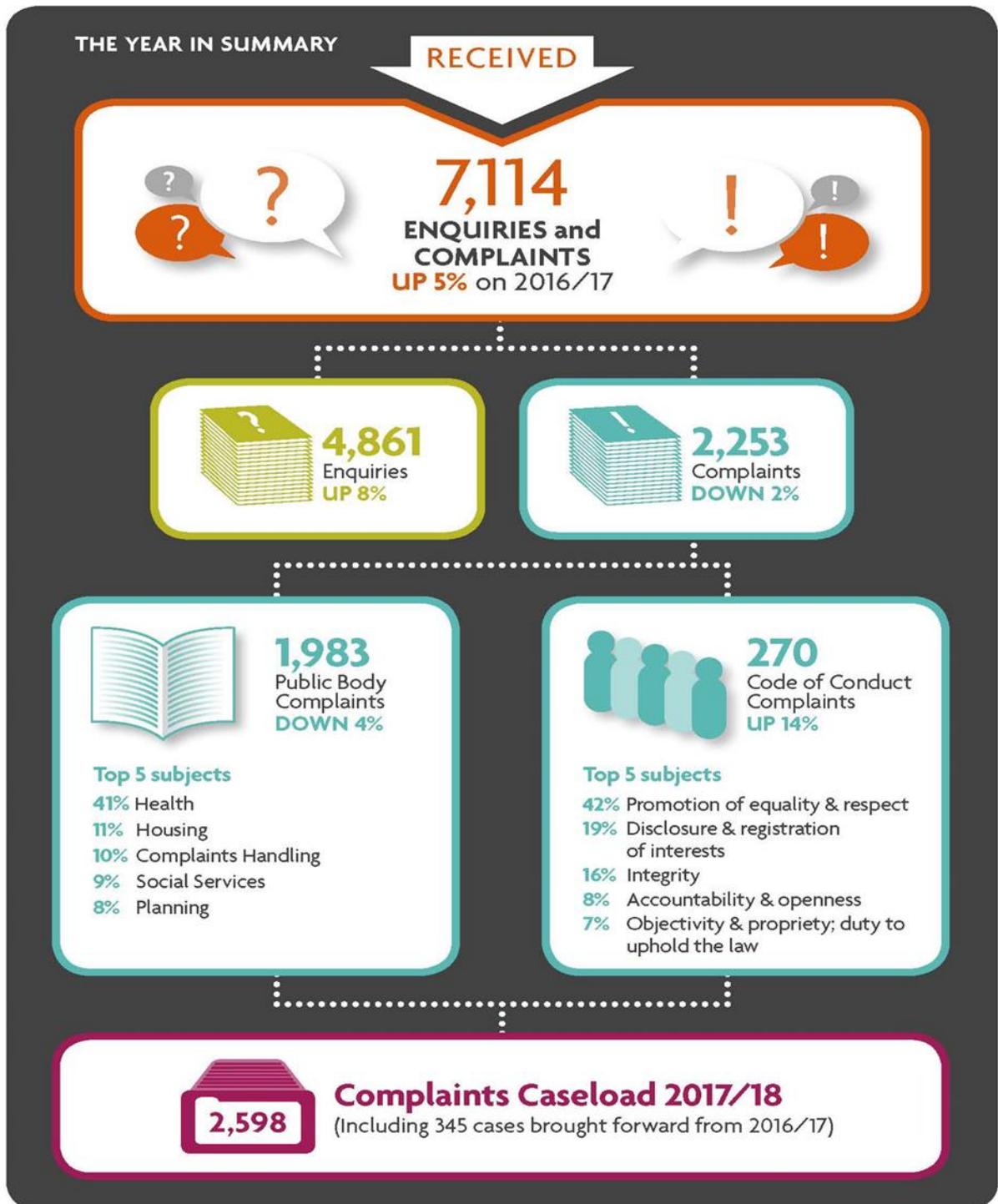
When considering complaints, I look to see whether people have been treated unfairly or inconsiderately, or have received a bad service through some fault on the part of the service provider. Attention will also be given to whether the service provider has acted in accordance with the law and its own policies. If a complaint is upheld I will recommend appropriate redress. When recommending redress, where possible, I will aim 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, recommendations will be made with the aim of reducing the likelihood of others being similarly affected in future.

My Complaints Advice Team also provides an independent and impartial telephone and web-based signposting 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 relevant Orders made by the National Assembly for Wales under that Act, I consider complaints that members of local authorities have breached their authorities' Codes 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.





## Complaints Caseload 2017/18

(Including 345 cases brought forward from 2016/17)

CLOSED

# 2,101

## COMPLAINTS

DOWN 11% on 2016/17



# 1,854

Public Body  
Complaints  
DOWN 12%



# 247

Code of Conduct  
Complaints  
0%

497 detailed  
consideration/  
investigation  
DOWN 9%



30 investigated  
DOWN 32%



# 405

 Resolution or Upheld  
DOWN 12%

**Of these:**

- 54% Health
- 13% Complaint Handling
- 10% Social Services
- 5% Housing
- 5% Planning

# 13

 Evidence of Breach  
DOWN 41%

**Of these:**

- 47% Promotion of equality & respect
- 30% Integrity
- 23% Disclosure & registration of interests

## 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 2017-18, which were published in July 2018.

Key risks identified were:

Risk horizon	Risk affects:	Risk management and mitigation:	Residual risk:
Core function	Ability to manage large and complex caseload effectively	Recruiting staff to maintain full staff establishment. Review and improve internal processes Close management of performance and caseload. Training and support for staff.	In view of growth in health complaints, increased complexity of cases and increased challenge from bodies complained about the residual risk is considered <b>RED (serious)</b>
Data Security	Security of personal data	Information security policy and training for staff. Password restriction of documents and encryption of data. Regular reminders and sharing of lessons from any data loss.	The number of letters, emails and documents handled by my office makes this a significant risk. Human error can occur even with robust control measures in place. The residual risk is considered <b>RED (serious)</b>
Data Security	System security – physical and cyber security	Robust, documented and audited IT controls, password controls, back up arrangements, external IT support, penetration testing, regular software updates.	IT security is a high priority with controls in place, but the risk of cyber security attacks remains real for everyone and for all organisations. The residual risk is considered <b>RED (serious)</b>

I and my Management Team will continue to work to manage and minimise the risks in these key areas in the year ahead, and the risks will be considered at each meeting of the Audit & Risk Assurance Committee.

## Financial Performance

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 2017/18 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 2017/18 an unqualified audit opinion in keeping with previous years.

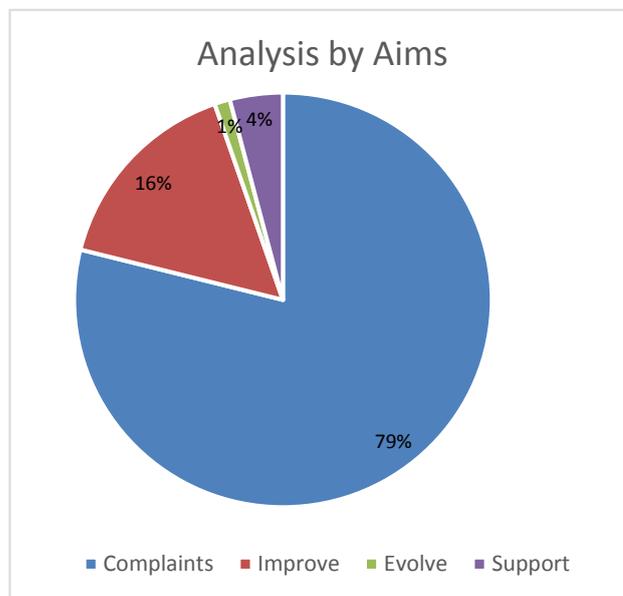
The PSOW has worked on the principle that the overheads of the office should be less than 5% of the total expenditure. This has always been achieved since the office was established under the Public Services Ombudsman (Wales) Act 2005 and is a principle that was derived from good practice within the 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, 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 service 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 approve 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

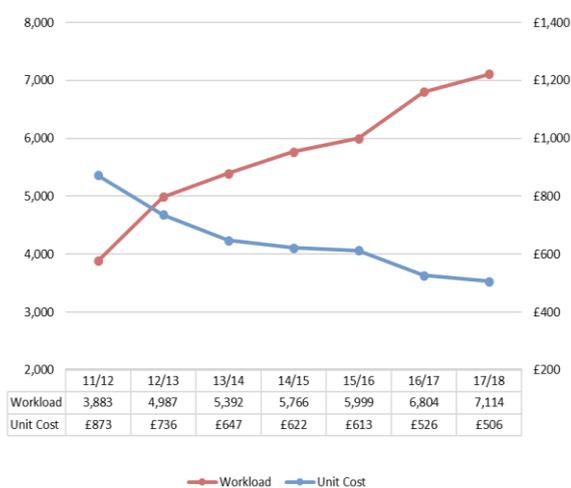
The PSOW has previously reported to the Finance Committee on the concerted effort made to provide a more efficient and effective service at the early stages of the complaints handling process, together with streamlining the investigation stage. These arrangements have continued to be crucial in the context of dealing with the ever-increasing caseload.

	11-12	12-13	13-14	14-15	15-16	16-17	17-18	Change
Enquiries	1,866	2,906	3,234	3,470	3,731	4,512	4861	+161%
Public Body Complaints	1,605	1,790	1,932	2,065	1,992	2,056	1983	+24%
Code of Conduct Complaints	412	291	226	231	276	236	270	-35%
<b>Total Workload</b>	<b>3,883</b>	<b>4,987</b>	<b>5,392</b>	<b>5,766</b>	<b>5,999</b>	<b>6,804</b>	<b>7,114</b>	<b>+83%</b>
Expenditure (£000s) <sup>1</sup>	£3,389	£3,672	£3,488	£3,585	£3,677	£3,580	£3,599	-6%
Unit Cost	£873	£736	£647	£622	£613	£526	£506	-42%

Over the period 2011/12 to 2017/18 workload increased by 83% whilst the unit cost reduced by 42%.

Enquiries caseload +160%  
 Complaints:  
 Code of Conduct caseload -35%  
 Public Body caseload +24%

**WORKLOAD COMPARED TO UNIT COST**



<sup>1</sup> Adjusted for inflation

## PSOW Vision, Mission, Strategic Aims

The office is currently working to the Vision, Mission and Strategic Aims set out in the Three-Year Strategic Plan 2016-17 to 2018-19. As we near the end of that period, work is underway to develop a new strategic plan for 2019-20 onwards, with input from our Sounding Boards, public bodies and the PSOW Advisory Panel, followed by an open consultation.

The current vision is:

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

The current mission is:

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

The current strategic aims are:

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

## Budget Submission

Enquiries and complaints increased by 5% in 2017-18. Complaints have increased by 11% in the first five months of 2018-19 (compared with the equivalent period in 2017-18). Complaints about health boards, GPs and dentists continue at levels similar to those in 2017-18. Such complaints are generally complex and time-consuming, making it difficult to manage the overall caseload as quickly as I would wish. Our assumption is that enquiries and complaints will rise between 5% and 12% in 2019-20.

The budget submission seeks, therefore, to prioritise funding for staff, to help manage this growing caseload. Staff pay is linked to Local Government National Joint Council pay negotiations. In line with the settlement for 2018-19 we have included a 2% pay increase for 2019-20. The proposed budget reflects the full year cost of planned appointments to vacant posts during the current year and small sums to support staff development in key investigative roles.

The Finance Committee, in its November 2017 report, recognised the work done with public bodies to reduce the number of complaints and upheld complaints. This work was undertaken by a small number of investigation staff who were expected to spend 15% to 20% of their time on improvement work. This approach has secured some progress and improvement, but it is, of course, difficult for one officer working on improvement activity for up to 20% of their working hours to secure substantial change across large organisations employing thousands of staff. The pressure of increasing numbers of complex complaints about healthcare, and the associated increase in the caseload of these staff, have made it more difficult to sustain the planned level of improvement work.

In the light of the Committee's recommendation that improvement work is extended, and in the context of the pressures of caseloads, I have reviewed our approach to improvement activity and now wish to make it a more formal and significant part of my work. Accordingly, I wish to provide greater coordination of improvement work by appointing a Learning & Improvement Officer, with skills in engagement and promoting learning. This officer will guide and manage improvement activity, initially focussing on the small number of organisations supported by improvement officers, but with a view to developing and promoting learning across each sector and across public services in Wales. My budget submission for 2019-20 includes provision to fund such a post.

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 the budget is subject to inflationary pressures on business rates, insurance and utilities.

Key Information and Communication Technology contracts were re-tendered during 2017-18 and a new website is now in place. Following tendering for a case management system, work is scheduled for completion by 31 March 2019 to provide an improved case management system, which supports paper-light working and supports valuable analysis of data on complaints. The IT systems architecture has recently been reviewed and this will be updated to provide greater stability and to future-proof our systems. In addition, new infrastructure will address current concerns about recovery time following an event that affects business continuity.

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

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

Costs associated with additional powers arising from new legislation are not included in this submission.

## Annex

### Public Services Ombudsman for Wales - Estimate for 2019-20

	<b>Actual 2017/18</b>	<b>Budget 2018/19</b>	<b>Estimate 2019/20</b>
	£000s	£000s	£000s
<b>A Capital</b>	<b>20</b>	<b>147</b>	<b>25</b>
<b>B Fiscal Revenue</b>			
Staff costs	2,898	3,224	3,433
Training and recruitment	55	51	55
Advisory and legal	319	281	260
Communications	45	45	50
Travel and subsistence	36	32	40
Office costs	128	138	120
IT	239	156	225
Premises	440	378	380
Other	18	0	0
<b>Sub total</b>	<b>4,178</b>	<b>4,427</b>	<b>4,563</b>
Income	-31	-62	-17
<b>Total Revenue</b>	<b>4,147</b>	<b>4,365</b>	<b>4,546</b>
<b>C Non cash DEL</b>			
Depreciation	43	70	60
<b>Revenue DEL (B+C)</b>	<b>4,190</b>	<b>4,435</b>	<b>4,606</b>
<b>Total DEL (A+B+C)</b>	<b>4,210</b>	<b>4,460</b>	<b>4,631</b>
<b>D Annually Managed Expenditure</b>			
Provisions movement	0	20	20
<b>Total AME</b>	<b>0</b>	<b>20</b>	<b>20</b>
<b>E Total Managed Expenditure</b>	<b>4,210</b>	<b>4,480</b>	<b>4,651</b>
<b>Resources Required</b>	<b>4,210</b>	<b>4,480</b>	<b>4,651</b>
Depreciation	-43	-70	-60
Change in Provisions	0	-20	-20
Other non-cash movements	11	20	20
<b>Total cash requirement from the WCF</b>	<b>4,178</b>	<b>4,410</b>	<b>4,591</b>