

Nick Bennett
Public Services Ombudsman for Wales
Via email

17 October 2018

Dear Nick

Public Services Ombudsman for Wales Estimates 2019–20

Thank you for attending the Finance Committee on Thursday 11 October to present your estimate. I am writing to inform you that having considered your Estimate and the evidence you provided, the Committee is unable to lay your Estimate as submitted to the Committee. Our concerns relate to two specific areas, outlined below, which you will need to address and resubmit to the Committee.

1. Costs in relation to the Public Services Ombudsman (Wales) Bill

The Committee notes your view that you have not included costs in the estimate in respect of the Public Services Ombudsman (Wales) Bill (the Bill) as you did not want to “predetermine things” by assuming the Bill would pass through the Assembly. You indicated you would bring forward a supplementary budget during the 2019–20 financial year, should the Bill receive Royal Assent. However, for your 2018–19 Estimate you included an estimation of costs of £340,000 should the Bill receive Royal Assent in this financial year. Your 2018–19 estimate stated:

“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.”

The Committee is concerned that the 2018–19 Estimate included these costs “for completeness”, yet you have chosen to exclude them from the Estimate you submitted for 2019–20.

Whilst recognising that it would be presumptuous to include the costs in your Estimate as a firm requirement for the year ahead, the Committee would wish to see detail on the expected costs, including your reflection on the stage 1 scrutiny and any potential change to the possible costs. The Committee recognises it is not always possible to identify when a supplementary budget might be needed, but where there is a known possibility of a supplementary budget to ensure openness and transparency the Committee would expect this estimation of costs to be included.

Please could you update your Estimate to show possible costs you will bring forward as a supplementary budget should the Bill receive Royal Assent. These should be readily identifiable in your analysis of costs.

2. An increase of 3.8% in resources sought for 2019–20

The Committee has noted that your Estimate 2019–20 includes a proposed net resource expenditure of £4,651k with a net cash requirement of £4,591k. Your submission states:



“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).”

When presenting evidence to the Committee you were asked how you had established that the Welsh Block had increased by 3.8%, the official accompanying you said:

‘We don't base those figures on the estimate of what the block is going to change. We always calculate it in arrears, so we compare the annual budget motion, for example, in 2018–19, with the annual budget motion of 2017–18, and we've consistently done that over the last 10 years. So, in the last two years, the block moved from £17.3 billion to £18 billion of total managed expenditure, which is where we get the 3.9 per cent.’

The Committee is concerned that your approach to budgeting for the upcoming financial year is based on the Welsh block increase of the previous financial year.

Furthermore, you will be aware that on the 3 October¹ the Committee scrutinised the National Assembly for Wales Commission on its draft Budget 2019–20². The Commission has budgeted on an expected increase in the Welsh Block for 2019–20 of 1.67% and its operational budget is increasing by 1.66% (excluding a change in the approach to budgeting for Commission projects). The Committee is of the view that this approach, which utilises a likely increase in the Welsh block for the upcoming financial year, is more suitable than the method you have used.

¹ <http://record.assembly.wales/Meeting/5130>

² <http://senedd.assembly.wales/documents/s79021/FIN5-21-18-P1%20-%20National%20Assembly%20for%20Wales%20Commission%20draft%20budget%202019-20.pdf>



The Committee has not yet reported on the scrutiny of the Assembly Commission draft Budget 2019–20, but in the main is content with the proposed increase, based on their calculations of changes to the Welsh Block. The Committee feels it would not be appropriate to support your proposed increase, in light of the Commission's proposed increase. As such, we are requesting that you modify, and resubmit, your estimate reducing your proposed increase from 3.8% to 1.6% (prior to reflecting the additional costs as a result of Bill)

As required by Standing Order 20.24 we are consulting with you on these changes. I hope you will understand the Finance Committee's reasoning behind this approach and we request that you modify your 2019–20 Estimate to incorporate these changes, and re-submit your Estimate to the Committee by Friday 2 November. However, should you wish to make representations with regards to our requests, please inform the Finance Committee Clerk (Bethan Davies, Bethan.Davies@assembly.wales) at the earliest opportunity, but no later than 24 October.

Yours sincerely



Llyr Gruffydd AM

Temporary Chair of the Finance Committee

