

Our ref: NB/mm

Ask for: Marilyn Morgan

Your ref:

 01656 641150

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 Marilyn.morgan@ombudsman-wales.org.uk

Llyr Gruffydd AM
Chair
Finance Committee
National Assembly for Wales

By Email Only:
SeneddFinance@Assembly.Wales

Dear Llyr

Finance Estimates 2019-20

Thank you for your letter dated 21 November. I am delighted that you will be the Member in Charge of the new PSOW legislation and I look forward to working with you too. In your letter you refer to the Committee wishing to have my formal response to the recommendations of the report. I have the following responses and observations to make:

Recommendation 1 – Focus on statutory functions and considering/investigating complaints. I have always focussed PSOW resources on statutory functions and in dealing with complaints. Analysis in my most recent annual report shows that, in 2017/18, 98.8% of my resources were dedicated to statutory functions and duties, with 1.2% related to the work on the new PSOW Bill.

The improvement work, identified in my Annual Report and Accounts, has a statutory basis and includes making recommendations for systemic improvement where a complaint shows this is appropriate, following-up my recommendations to secure compliance, publishing my reports in the public interest, publishing Casebooks of complaint summaries and learning points, preparing and publishing annual letters and general engagement with public and representative bodies to secure improvement in complaint handling. These elements of improvement work are integral to the consideration and investigation of complaints.

The Committee will be aware that it was the Finance Committee which last year recommended that I expand the additional targeted improvement activity undertaken by my improvement officers. In my evidence session I explained that this element of our improvement work was limited, and that casework pressures and resource constraints had meant that I had not been able to expand it. In view of the Committee's Recommendations 1 and 4, coupled with caseload and financial pressures, I will reduce the targeted work of my improvement officers in 2019/20.

Recommendation 2 – Budget headings, basis for resources sought and links to objectives. This is accepted fully.

Recommendation 3 – Accounting treatment of leases. This is accepted fully and my officials have already started to look in detail at this matter. However, we have recently been informed by Welsh Government Finance and the WAO that the implementation of IFRS16 (Leases) has been postponed until 2020-21 for the Public Sector.

Recommendation 4 - The creation of a Learning and Improvement Officer.

Clearly individual staffing decisions are a matter for me as an independent corporation sole, and I remain committed to the principle of promoting improvement and learning from complaints, as well as investigating them and reaching a finding. However, given the Committee's stated view on improvement work and the revised timetable for new legislation which will support such learning and improvement, I have reflected on this and am content not to progress this proposed appointment.

Recommendation 5 – Details of staff costs. I am mindful of the independent, arms-length nature of my role and the requirement that an Ombudsman is visibly and demonstrably independent. In that I context I trust that you will appreciate that, although the Finance Committee considers and makes recommendations on the level of funding provided, the detail of the staffing structure I put in place is a matter for me. Recent events have also made for genuine difficulties in being as precise as I would like to be. That said, I accept the recommendation in principle and I will, of course, provide more detail on my overall staffing costs in future submissions.

Conclusion 1 – Supplementary budget submission for new powers. This is accepted and welcomed.

Conclusion 2 – Reference to Welsh Block. I am afraid that there appears to be some confusion on this matter which I would like to clarify. My office does not base our estimates on the previous year's increase. Our estimates are based upon a "bottom-up" assessment of need. However, the Finance Committee last year made it clear that our budget growth should not exceed growth in the block - in effect placing a ceiling on our estimate. Given the timing of our budget estimate it is impossible for us to refer to the growth in the budget for the following year (I understand this is even now not clear) and we have therefore referred to the most recent official and confirmed figures. I hope this clarifies the matter logically.

Conclusion 3 – Aligning directly funded bodies’ budgets and the Welsh Block.

This conclusion is welcomed, not least given my remarks about Conclusion 2. My staff have since met with Welsh Government Finance officials to discuss reference to the Block in compiling budgets for directly funded bodies. They too have concerns over the suitability of using the Block and have agreed to look at alternative methods, particularly as the budget for the following year is unavailable when both the Assembly Commission and PSOW submit their Estimates.

Thank you for giving me the opportunity to respond.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Bennett', written in a cursive style.

Nick Bennett
Ombudsman