



RHONDA CYNON TAF COUNTY BOROUGH COUNCIL

STANDARDS COMMITTEE

20 SEPTEMBER 2019

PUBLIC SERVICES OMBUDSMAN FOR WALES - ANNUAL REPORT AND LETTER 2018–2019

REPORT OF THE MONITORING OFFICER

1. PURPOSE OF THE REPORT

To provide Members with a summary of matters pertaining to standards of conduct of County, Town and Community Councillors as set out in the Public Services Ombudsman for Wales' ('PSOW') Annual Report and Annual Letter to this Council for 2018-2019.

2. RECOMMENDATION

- 2.1 That the Committee notes the matters relating to Code of Conduct Complaints reported in the Public Services Ombudsman for Wales' Annual Report and Annual Letter to this Council 2018-2019.

3. BACKGROUND

- 3.1 The PSOW has published his Annual Report for 2018-2019 ('AR') pursuant to Paragraph 14 of Schedule 1 of the Public Services Ombudsman (Wales) Act 2005. The AR has been combined with the annual accounts for the PSOW as it was last year. The purpose of the AR is to report on the performance of the PSOW's office over the year, provide an update on developments and to deliver any key messages arising from their work carried out during the year.

- 3.2 The AR is attached at Appendix 1 and can be accessed via the following link on the PSOW website:

<https://www.ombudsman.wales/wp-content/uploads/2019/07/Annual-Report-and-Accounts-2018-2019-Final-ENG.pdf>

- 3.3 The PSOW also issues an Annual Letter (AL) to each Local Authority in Wales with a summary of complaints received by his office that relate specifically to that Local Authority. The AL is attached as Appendix 2 to this report and can be accessed via the following link on the PSOW website:

<https://www.ombudsman.wales/wp-content/uploads/2019/08/Rhondda-Cynon-Taf.pdf>

- 3.4 The AR sets out the workload that has been dealt with by the PSOW during 2018-2019. It breaks the workload down into the number of enquiries received and the number of complaints received, and also breaks down the complaints into those received about services (public body complaints) and those received in relation to Code of Conduct Complaints (CCCs). This report will highlight the data relating to CCCs only (issues arising from public services or the annual accounts section of the AR are beyond the scope of this report).
- 3.5 The number of CCCs has risen by 4% since 2017-18. The total number of complaints for the year 2017-18 was 270 and for 2018-19, 282. Of those 282 complaints 147 related to Town and Community Councils, 102 to Local Authorities and 1 to a National Park. As in previous years the majority of CCCs (51%) related to matters of the promotion of equality and respect; 17% related to the failure to disclose or register interests; 13% related to integrity; 7% related to accountability and openness; 2% related to failure to be objective or act with propriety; 9% related to the duty to uphold the law and 1% related to selflessness and stewardship.
- 3.6 The 4% increase in CCCs overall is again primarily due to a 14% increase in complaints regarding Town and Community Councillors. The PSOW has noted a number of these complaints are from Clerks or staff members of such councils. These complaints often pose some evidential difficulties and therefore need to be considered in the context of the relevant case law. Such complaints are often indicative of a breakdown in the employment relationship, as opposed to true Code of Conduct issues. However where the PSOW has found conduct suggestive of a failure to show respect and consideration or bullying and harassing behaviour he has referred such behaviour for consideration by the appropriate Standards Committee. The PSOW has also committed to assisting the representative organisations in production of guidance for employees of Town and Community Councils to assist them in understanding his role and jurisdiction and in distinguishing between employment and conduct matters.
- 3.7 Further statistical data is contained at pages 13 to 14 of the AR and detailed data at pages 23 to 25 of the AR. As can be seen from the figures above in general terms the nature of the complaints were weighted towards those around equality and respect, followed by failure to register or declare interests and then issues related to integrity, which mirrors the position last year.
- 3.8 The most common outcome of the complaints were that they were 'Closed after initial consideration.' Of the 308 complaints in 2018-19, the majority (255) were closed under this outcome. These include decisions where there is no 'prima facie' evidence of a breach of the Code and it is not in the public interest to investigate.
- 3.9 36 complaints were closed after full investigation in 2018-19 with the PSOW again directing investigative resources towards the more serious complaints where an investigation is required in the public interest.
- 3.10 In 2018-19 the PSOW received seven complaints which raised potential whistleblowing concerns about alleged breaches of the Code of Conduct. Most of these complaints were received from employees of local authorities and raised issues relating to alleged criminal offences and a perceived failure

to comply with equality duties, as set out in law. The remainder were received from staff or former staff of Town and Community Councils and raised concerns primarily relating to the duty to comply with the law in the context of financial impropriety and confidentiality of information. Two of the complaints did not meet the PSOW criteria for investigation. Two were subsequently discontinued as the circumstances were such that the continuation of the investigation was no longer in the public interest. Investigations in respect of the remaining three complaints are continuing.

- 3.11 Of the cases the PSOW investigated and closed this year, four cases were referred to the Adjudication Panel for Wales. A significant percentage focus on the principle of the promotion of equality and respect. This is not representative of a wider decline in member conduct. Two of referrals made featured a single serious allegation of disrespectful behaviour towards a fellow member. The third related to the way in which that particular member responded to the complaint and its subsequent investigation. The fourth referral was made due to disreputable conduct of a member which came to the Ombudsman's attention as a result of his investigation. These matters are yet to be determined by the Adjudication Panel for Wales.

4. LEGAL IMPLICATIONS

- 4.1 There are no legal implications arising from this report.

5. CONSULTATION

- 5.1 There are no consultation implications arising from this report.

6. EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 There are no equality and diversity implications arising from this report.

7. FINANCIAL AND RESOURCE IMPLICATIONS

- 7.1 There are no financial implications arising from this report.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

STANDARDS COMMITTEE

20 SEPTEMBER 2019

REPORT OF THE MONITORING OFFICER

Background Papers: Freestanding matter

Contact: Mr. Andy Wilkins (Director of Legal Services & Monitoring Officer)
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The Public Services Ombudsman for Wales

Annual Report and Accounts

2018/19

INNOVATION  IMPROVEMENT  INFLUENCE

Annual Report & Accounts

of

The Public Services Ombudsman for Wales
for the year ended
31 March 2019

Laid before the National Assembly for Wales
under paragraphs 14,16 and 17 of Schedule 1
of the Public Services Ombudsman (Wales) Act 2005

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**Performance
Report**

Ombudsman's Review of the Year



Innovation, Improvement and Influence: A Review of 2018/19

This is the final year covered by my corporate plan *Innovation, Improvement* and *Influence*. In terms of *innovation* I am delighted that new legislation has now been passed by the National Assembly for Wales. The new Act draws on best practice from Ombudsman schemes across the world, from Scotland and Ireland to Catalonia and Ontario.

The increasing number of health complaints coming to the office continues to be a challenging concern. This year the overall number of complaints about public bodies increased by 11%. Complaints about Health Boards increased by 4% compared with the previous year, though the rate of increase has slowed. Complaints about GPs and Dentists increased significantly, meaning that overall complaints about NHS bodies increased by 9%.

The performance of the four health boards that we have continued to designate as *improvement* bodies has been disappointing. Hywel Dda University Health Board's complaint figures were the same as for the previous year and the increase in complaints about Betsi Cadwaladr Health Board matched the all-Health Board average. There were substantial increases in complaints about both Abertawe Bro Morgannwg and Aneurin Bevan Health Boards of 15% and 11% respectively.

A significant number of the complaints about NHS bodies were principally about complaint handling (9%). This suggests that there is a cultural issue within Health Boards, which I hope the additional powers provided under the new Public Services Ombudsman (Wales) legislation can help address.

Despite the continued pressure and strain on the office as a result of increased numbers of health complaints, my staff have succeeded in increasing case closures substantially, compared with the previous year; a fantastic achievement.

However, as well as the number of complaints going up, the proportion of cases where I found maladministration or service failure has also increased during the year, with 67% of investigated complaints upheld or settled. Early resolution continues to play an important part in providing administrative justice, accounting for 57% of positive outcomes for complainants.

Fourteen complaints resulted in public interest reports in the course of the year. The majority were health-related though there were significant local government cases, too. I also issued one special report, under Section 22 of the Public Services Ombudsman (Wales) Act 2005, in respect of Wrexham County Borough Council. The Council failed to complete the actions it had agreed with me to address shortcomings in its service provision in the Welsh language.

In order to meet the ever-increasing demands on my office, we can only function successfully by getting the best from the talented staff we employ. During the year, we were able to further develop support for staff and we are working to improve wellbeing. I was absolutely delighted that, during 2018/19, our staff survey revealed that 93% of staff were proud to work in the office.

My office has continued to have *influence* within Wales and outside Wales. I was pleased to host visits to the office from the Republic of Korea's Anti-Corruption and Civil Rights Commission, while I also hosted a delegation from the Jiangsu Government Action Supervision Training Program. Additionally, I participated in a Council of Europe seminar with delegates from Georgia and Abkhazia. I also met with new colleagues taking up their roles as Older People's Commissioner for Wales, Welsh Language Commissioner and Auditor General.

I participated fully in International Ombudsman Institute events and Public Service Ombudsman Group meetings, including meetings in Gibraltar in December. In September I was pleased to be at Aberystwyth University to address the Standards Conference. In terms of broader stakeholder engagement, I was delighted that my office had a stand at the National Eisteddfod in Cardiff.

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, the Public Accounts Committee and the Finance Committee of the National Assembly for Wales.

As Chair of the Ombudsman Association (OA) I also attended the launch of the All-Party Parliamentary Group on Consumer Protection Report following their Ombudsman Inquiry.

The new legislation governing my work provides for a more proactive role for my office. I want this to provide a voice for the voiceless, ensuring that our services are accessible and allowing my office to initiate investigations proactively rather than waiting for a complaint to arrive at my door.

During the year, our Welsh Language Policy has been reviewed and revised. Changes to our case management systems have improved our recording of language preferences and I look forward to working with the Welsh Language Commissioner in the year ahead to develop formal language standards as required under the new legislation governing my work.

The combination of a challenging complaints context, our experience of improvement activities and the additional legislative powers will inform our strategic focus for the next three years ahead. My next Corporate Plan, **Delivering Justice**, will focus on delivering our key complaint service, promoting learning and improvement and using resources wisely so that we are as fit as we can be to face future challenges.

Who we are, what we do

Role of the Public Services Ombudsman for Wales

As Ombudsman, I have two specific roles. The first is to consider complaints about public services providers in Wales; the second 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 Public Services Ombudsman (Wales) Act 2005, I consider complaints about bodies providing 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.

I am also able to consider complaints about 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 principal approach taken when recommending redress is, where possible, to put the complainant (or the person who has suffered the injustice) back in the position they would have been in if the problem had not occurred. Furthermore, if, from my 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.

Code of Conduct Complaints

Under the provisions of Part III of the Local Government Act 2000, together with 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 am also a "prescribed person" under the Public Interest Disclosure Act for raising whistleblowing concerns about breaches of the Code of Conduct by members of local authorities. 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 for behaviour in public life. If a county councillor wishes to make a complaint about another county councillor within their own authority, I expect them first to make their complaint to the authority's Monitoring Officer, as it may be possible to resolve the matter locally without my involvement.

Snapshot of the Year 2018/19

Snapshot of the Year 2018/19

April

Ombudsman conducts Compliance Visits on two public interest reports issued about Betsi Cadwaladr University Health Board in 2017/18



May

Ombudsman Chairs Ombudsman Association 25th Annual Conference



June

Two Public Interest Reports issued about Cwm Taf University Health Board and Hywel Dda University Health Board highlighting serious shortcomings in clinical care and treatment



July

Ombudsman issues a Special Report about Wrexham County Borough Council regarding its failure to honour a settlement agreement on Welsh language service provision



August

PSOW takes part in the National Eisteddfod of Wales in Cardiff Bay and Ombudsman issues a public interest report about Newport City Council highlighting financial safeguarding concerns in respect of a person with learning difficulties



September

Ombudsman address the Standards Conference on ethical standards in Wales and begins preparation of PSOW's new Corporate Plan



Snapshot of the Year

2018/19



October

Ombudsman hosts delegation from Jiangsu Government Action Supervision Training Program



November

Ombudsman publishes Thematic Report **Home Safe and Sound: Effective Hospital Discharge**

December

Ombudsman consults on PSOW's draft Corporate Plan 2019/20 – 2021/22 **Delivering Justice**



January



Ombudsman appears before the Equalities Local Government and Communities Committee on his Annual Report & Accounts of 2017/18



February

Work with staff to develop Wellbeing Strategy



March

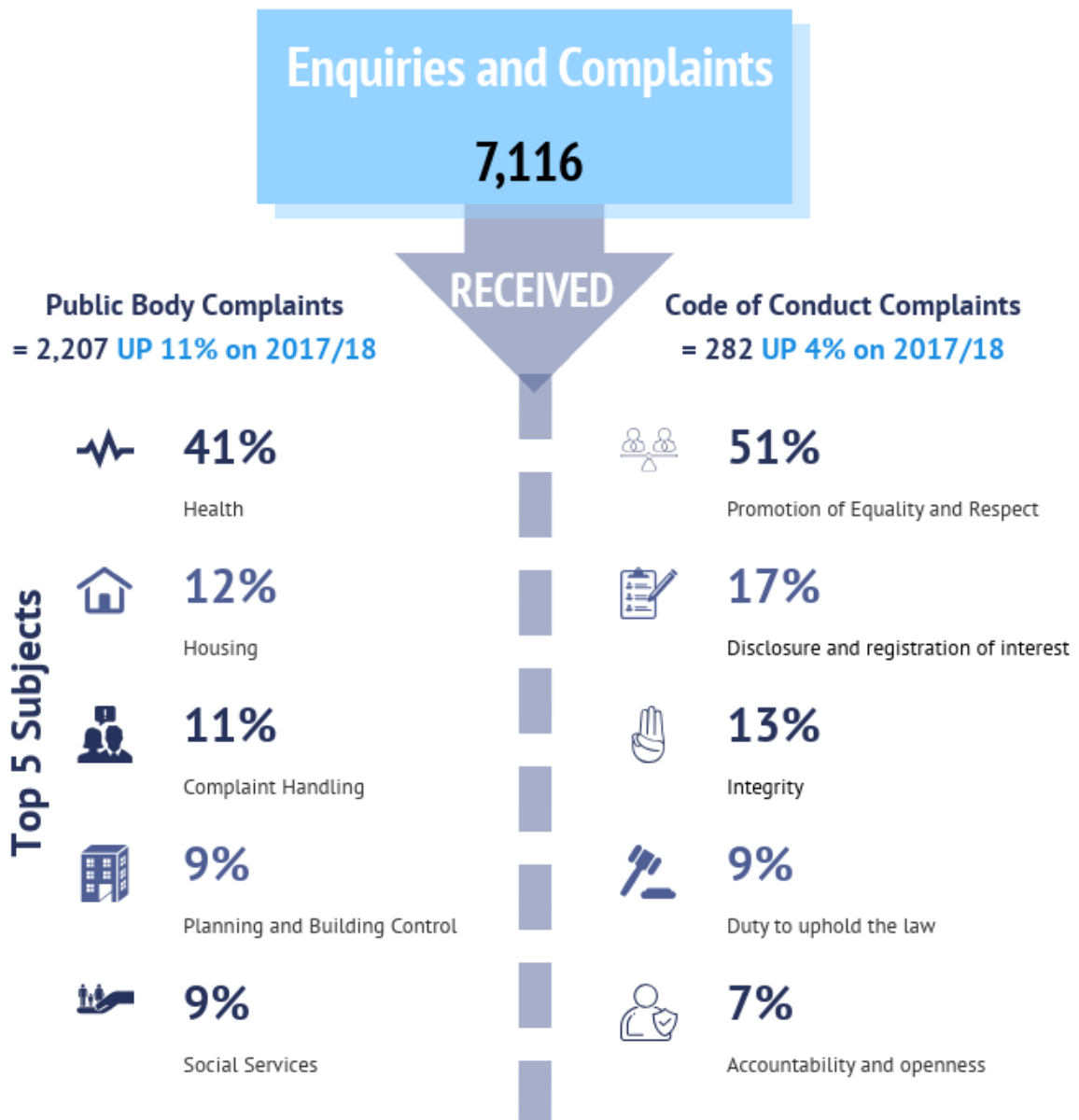
Assembly approves the Public Services Ombudsman Wales Bill 2019.
Ombudsman finalises his Corporate Plan for 2019/20 – 2021/22 **Delivering Justice**

The Complaints Service

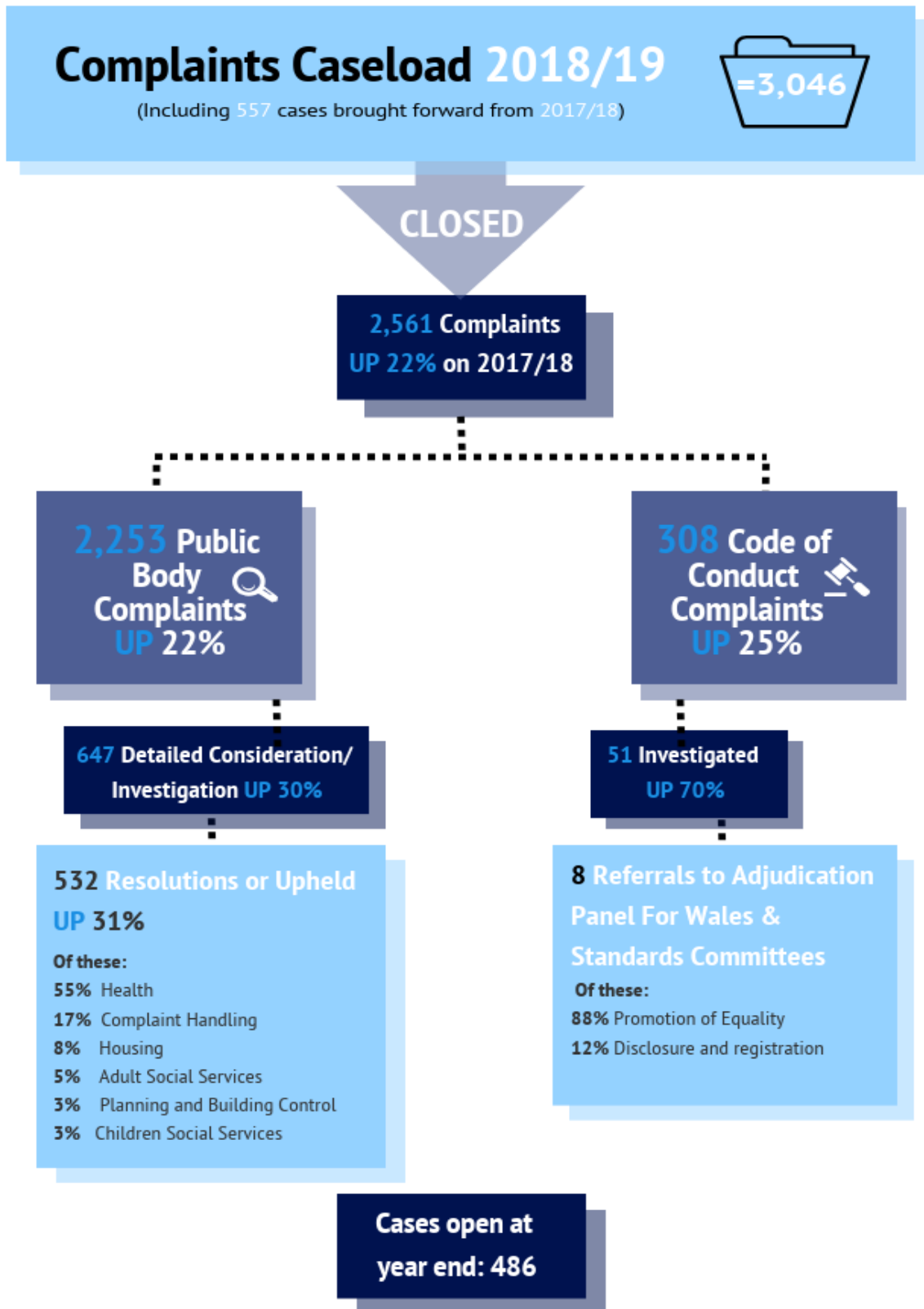
Information on the complaints service is presented in two sections. The analysis firstly reflects the complaints **received** during the year and then shows complaints **closed** during the year.

The year in summary: Complaints Received

4,627 Enquiries **DOWN 5%** on 2017/18 **2,489 Complaints** **UP 10%** on 2017/18



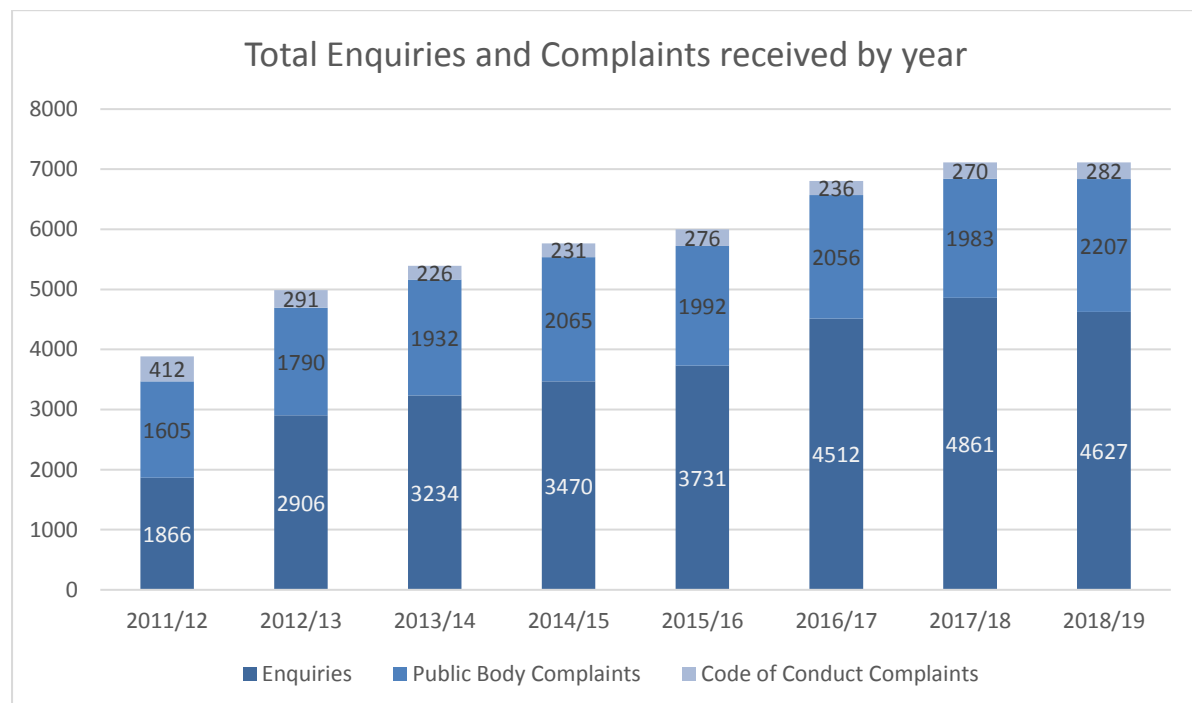
The year in summary: Complaints Closed



Strategic Aim 1 – A high quality, proportionate and effective complaints service

Public Body Complaints Received

During 2018/19 we received 2,207 complaints about public service providers, a considerable 11% increase compared to the previous year. This is the highest number of complaints received by the office since it was established. Unsurprisingly, it is the number of complaints (and particularly complaints about health care) that is the prime driver of the workload of the office.



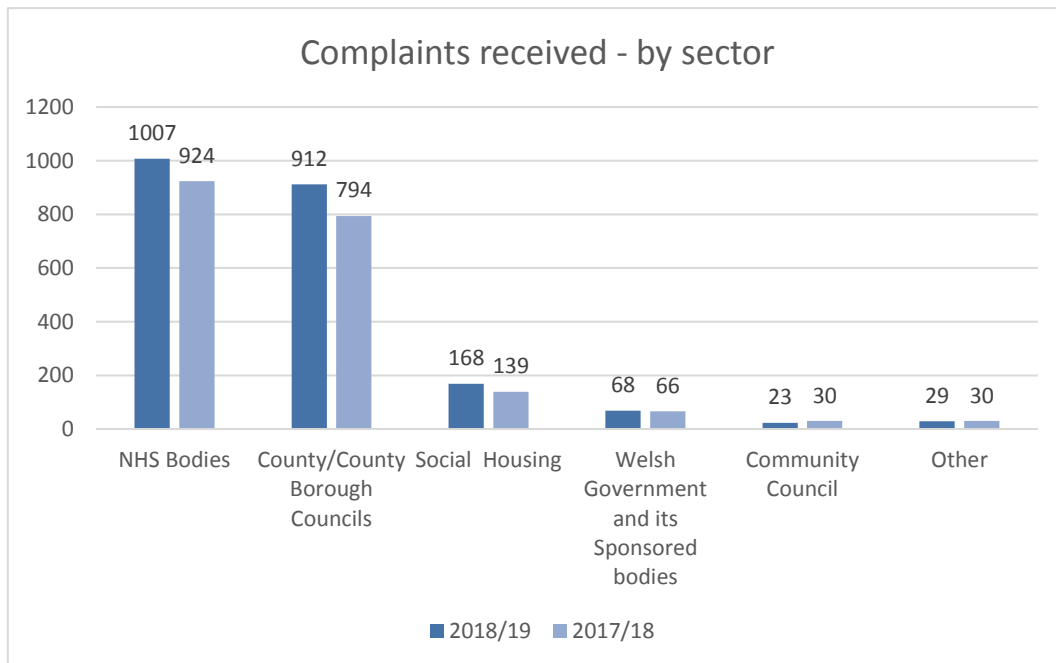
Graph 1.1

Sectoral breakdown of complaints received

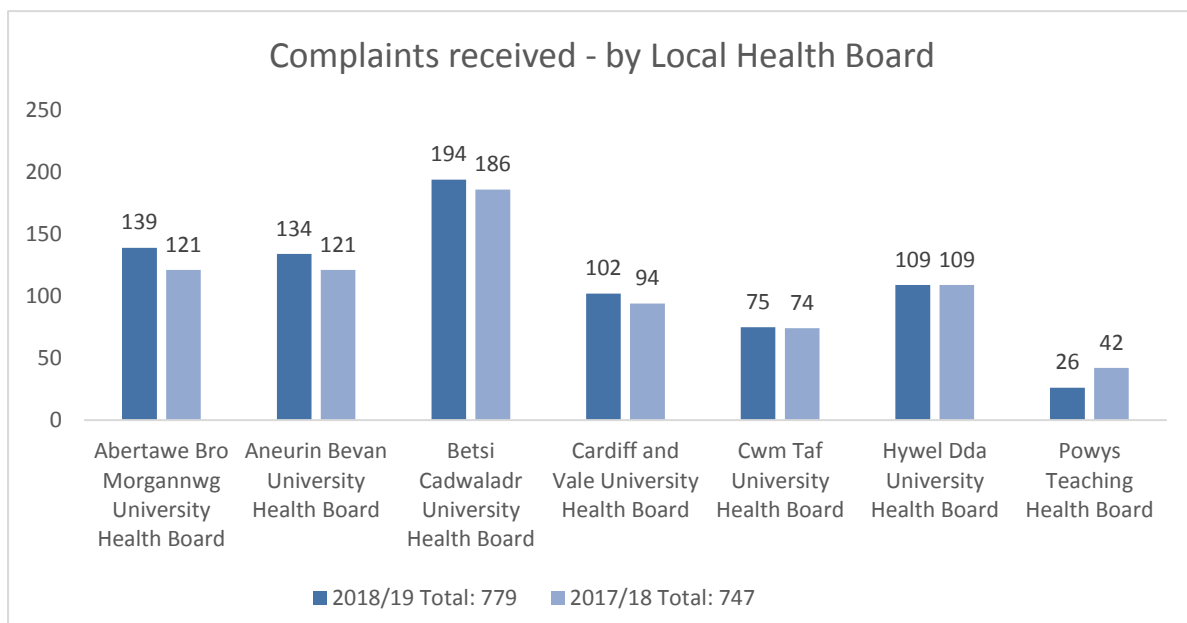
The sectoral breakdown of the complaints received can be found in Graph 1.2 below. Complaints about NHS Bodies have increased by 9% on the previous financial year – 1,007 in 2018/19 compared to 924 in 2017/18. This is the first time that the number of complaints about NHS bodies has exceeded 1,000 in one year.

Betsi Cadwaladr, Abertawe Bro Morgannwg, Aneurin Bevan and Hywel Dda remain the Health Boards about which the Ombudsman has received the highest number of complaints. Of these, the Health Board with the largest year-on-year increase in complaints was Abertawe Bro Morgannwg. I received 139 complaints about Abertawe Bro Morgannwg in 2018/19 compared to 121 in 2017/18; an increase of 15%.

In last year’s Annual Report, I reported that complaints about health care are five times more likely to require investigation than complaints about other public services. This remains the case because we are less likely to be able to resolve a complaint or reach a decision without securing additional information, including medical records. It also continues to be the case that they can be complex and time-consuming to investigate because, since I am able to consider professional judgement in health complaints, I frequently need to seek professional clinical advice to inform my decision making.



Graph 1.2



Graph 1.3

Complaints received about public bodies by subject

Analysis of complaints by subject, rather than sector, shows that, as in previous years, health complaints make up the largest part of our caseload – 41%. Housing (12%), Complaint Handling (11%) Social Services and Planning and Building Control (9% each) remain other areas where there are significant numbers of complaints.

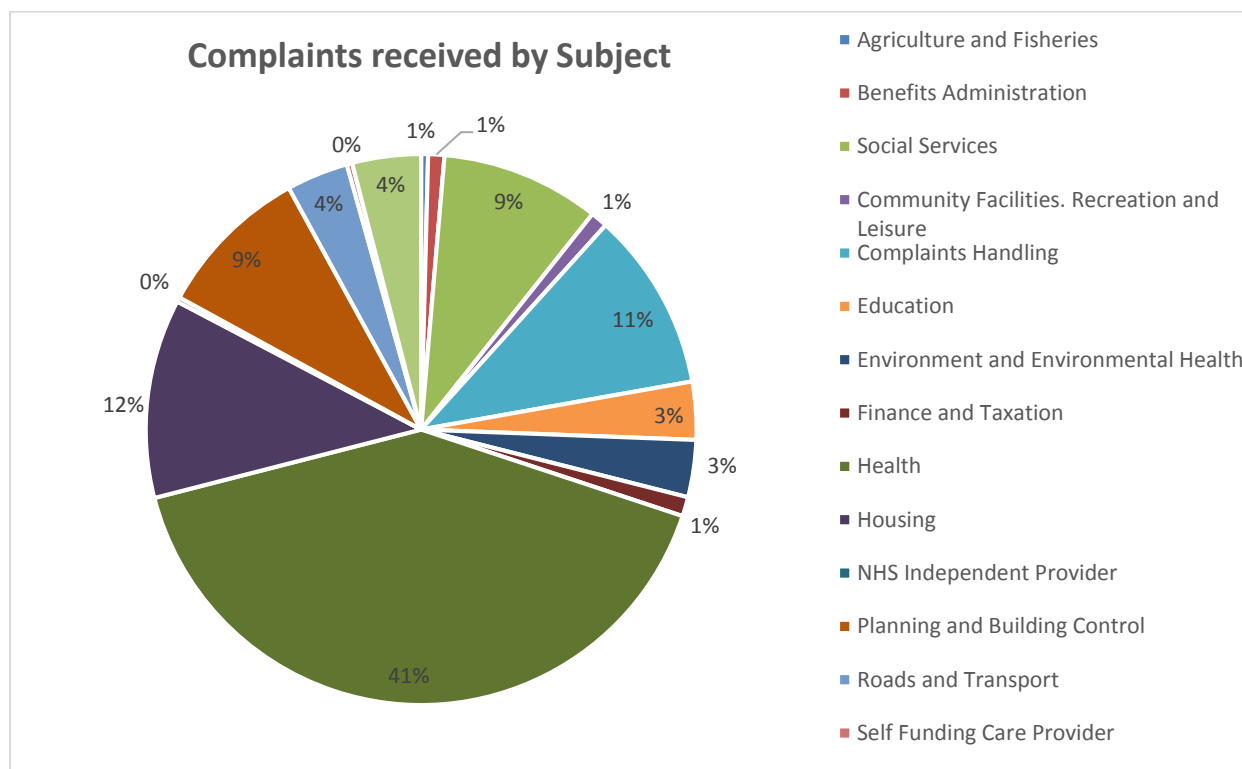


Chart 1.1

Outcomes of public body complaints considered – cases closed during 2018/19

During 2018/19 we closed 2,252 cases. Despite the competing pressures arising from the continuing increases in health-related complaints made to my office, we achieved a significant increase in the number of cases closed - a 22% increase compared to the previous year. This is testament to the hard work and commitment of my staff.

Cases closed per sector

Sector	2018/19	2017/18
NHS Bodies	1,040	812
County/County Borough Councils	905	766
School Appeal Panels	23	13
Social Housing	167	140
Welsh Government and its sponsored bodies	68	65
Community Council	22	30
Other	27	28
Total cases closed	2,252	1,854

Table 1.1

A detailed breakdown of the outcomes can be found below.

Complaint about a Public Body	2018/19	2017/18
Closed after initial consideration	1604	1357
Complaint settled voluntarily (2018/19 – includes 302 Early Resolutions)	322	257
Investigation discontinued	12	8
Investigation: complaint not upheld	103	84
Investigation: complaint upheld in whole or in part	196	144
Investigation: complaint upheld in whole or in part - public interest report	14	4
Special report under Section 22 of the PSOW Act – public body failed to carry out actions it had previously agreed with the Ombudsman	1	0
Total Outcomes – complaints	2252	1854

Table 1.2

Upheld complaints and voluntary settlements of complaints are interventions by my office that provide positive outcomes for complainants. These increased markedly in 2018/19. Table 1.3 below shows the numbers and percentages of complaints, about the seven Health Boards and the 22 local authorities in Wales, in which my office has intervened (whether in upholding a complaint or settling a complaint) and delivered a positive outcome for complainants.

	No. of complaints with PSOW intervention	Total number of closed complaints	% interventions
Abertawe Bro Morgannwg University Health Board	54	139	39%
Aneurin Bevan University Health Board	49	128	38%
Betsi Cadwaladr University Health Board	86	210	41%
Cardiff and Vale University Health Board	37	107	35%
Cwm Taf University Health Board	27	82	33%
Hywel Dda University Health Board	48	115	42%
Powys Teaching Health Board ¹	10	17	59%
Powys Teaching Health Board – All-Wales Continuing Health Care cases	7	16	44%
Total	318	814	39%

1. Powys Teaching Health Board figures exclude complaints relating to All-Wales Continuing Health Care cases which are shown separately.

Table 1.3a

	No. of complaints with PSOW Interventions	Total number of complaints closed	% of cases with PSOW intervention
Blaenau Gwent County Borough Council	2	7	29%
Bridgend County Borough Council	6	36	17%
Caerphilly County Borough Council	8	68	12%
Cardiff Council	19	110	17%
Cardiff Council – Rent Smart Wales	1	3	33%
Carmarthenshire County Council	4	48	8%
Ceredigion County Council	5	24	21%
Conwy County Borough Council	5	39	13%
Denbighshire County Council	4	30	13%
Flintshire County Council	16	56	29%
Gwynedd Council	6	35	17%
Isle of Anglesey County Council	5	31	16%
Merthyr Tydfil County Borough Council	0	14	0%
Monmouthshire County Council	0	23	0%
Neath Port Talbot County Borough Council	4	40	10%
Newport City Council	7	43	16%
Pembrokeshire County Council	6	33	18%
Powys County Council	11	64	17%
Rhondda Cynon Taf County Borough Council	4	34	12%
Swansea Council	11	81	14%
Torfaen County Borough Council	1	12	8%
Vale of Glamorgan Council	7	30	23%
Wrexham County Borough Council	8	44	19%
Total	138	905	15%

Table 1.3b

Early Resolutions and Settlements - Positive outcomes for complainants

We adopt a proportionate approach to our complaint handling and aim to provide effective resolutions to complaints whenever possible. Below are examples of such resolutions which have provided complainants with appropriate remedies without the need for my office to fully investigate the complaint.

Loss of medical records by Health Board

Mr A complained about the care and treatment provided to his late mother, Mrs A, during the hospital admission before her death and that the medical notes relating to the admission had been mislaid by Cwm Taf University Health Board.

My office contacted the Health Board to express concern that the records were missing and that this would deny Mr A the opportunity to have his complaint reviewed by my office. The loss was a serious matter and evidence of maladministration on the Health Board's part that

had resulted in a significant injustice to Mr A. The Health Board agreed to provide Mr A with an appropriate apology and a payment of £1750 in recognition of the uncertainty and distress caused to Mr A due to its administrative failing.

Loss of education as a result of school exclusion

Mrs X complained, following her son's permanent exclusion from school in November 2018, that her local authority had not arranged education for him until February 2019. A gradual integration into the child's new school was to start early in March, but only for one hour a day. The complainant said that her son was depressed as a result of being out of his educational routine and she had been unable to go to work.

The child had missed a substantial number of hours of his education following his exclusion and the local authority had acted contrary to Welsh Government guidance which says that all learners should receive education 15 days after an exclusion for 5 hours a day.

The Council agreed to apologise to the family, consider any systemic issues identified from the failings in this case, provide the child with extra tuition to allow him the opportunity to catch up with the education he had missed and provide a plan for the child to receive the five hours a day education he is entitled to.

Failure to provide financial assistance to a family member whose niece had been placed in her care

Mrs T complained that she had not received financial assistance from the Council following her niece's placement with her in November 2016. She said she was informed that she would receive the same payments as a foster parent. However, despite contacting the Council about this and chasing the matter for over one year, the Council had not responded to her request.

I was satisfied that financial assistance should have been provided. The Council agreed to apologise to Mrs T for the failure to respond to her request for financial assistance; to provide Mrs T with a payment of £250 in recognition of the time and trouble caused to her due to the failure to respond to her request; to calculate the amount of financial assistance due to Mrs T and provide her with this backdated payment of approximately £20,000.

Failure to fulfil duties owed to Special Guardians for two young people

Mr C and his wife were Special Guardians for two young people. Mr C complained that the Council had failed to fulfil its duties to them and the young people, both during and on expiry of the Special Guardianship Orders.

The investigation into this complaint was discontinued when the Council agreed to settle the complaint by making the payment of £32,275 in respect of guardianship and lodgings payments. The Council also agreed to write to Mr C to inform him of the learning areas identified as a result of his case.

Performance - Decision times

Time taken to tell the complainant if I will take up their complaint

We have set ourselves target times within which we will decide and tell complainants whether or not we will take up their complaints.

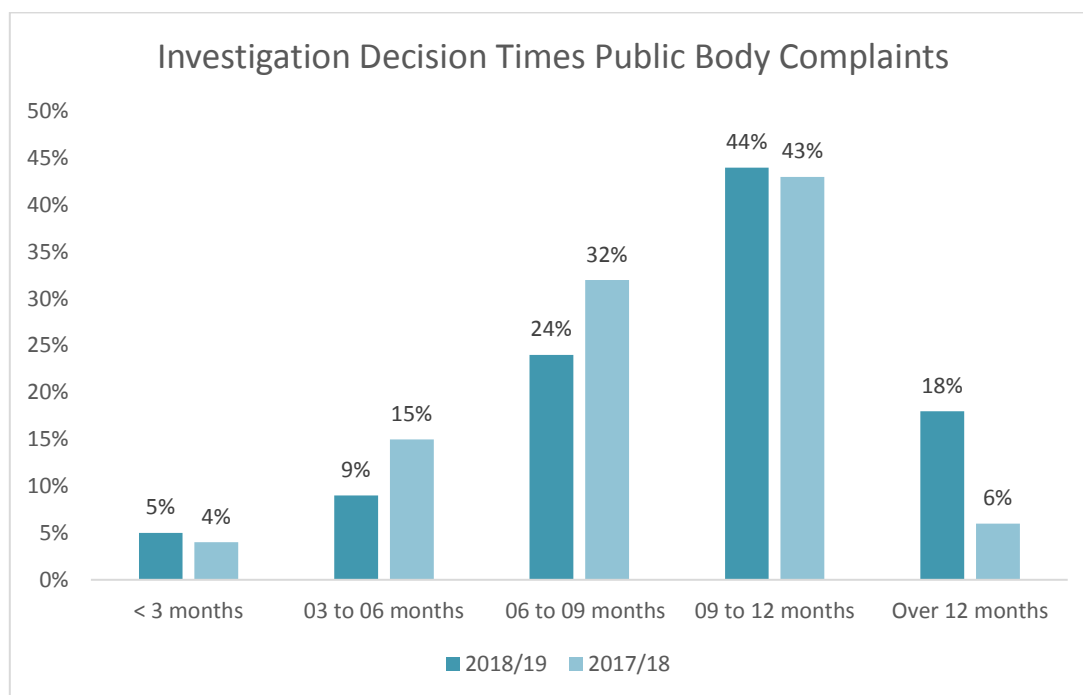
We aim to achieve the following times:

- Decision on whether complaint is within jurisdiction/premature - within 6 weeks.
- Decision on whether or not to investigate, following detailed assessment – within 6 weeks.
- Resolution of complaint, where we seek early resolution without the need to investigate – within 9 weeks.
- Investigation start, where investigation is required – within 6 weeks of the Date Sufficient Information is Received (DSIR).

The following table shows the percentage of cases where we met these targets.

	Percentage 2018/19	Percentage 2017/18
Decision on whether complaint within jurisdiction/premature – within 3 weeks	83%	92%
Decision on whether or not to investigate, following detailed assessment - within 6 weeks.	84%	89%
Where decision to seek early resolution without need to investigate, resolution achieved – within 9 weeks	85%	91%
DSIR to Investigation start date – within 6 weeks	55%	74%

Table 1.4



Graph 1.4

Decision Times

It is very disappointing that our performance against our target decision times to inform a complainant whether we will take up their complaint fell significantly. We carried over a high number (557) of open cases into 2018/19 compared with the previous year. A significant number of these cases were open investigations. We also appointed a number of new members of staff to cover maternity/adoption leave and the time taken for induction, training and development meant that they were not immediately as productive as the colleagues they were covering.

In view of the pressures of an increasing caseload on our casework staff, we needed to ‘queue’ new cases received in the office between May and September 2018, to prevent staff from having a caseload that was too high to progress effectively. Each case was generally queued for one month. Whilst the queuing of new cases gave our investigative staff an opportunity to make progress on, and close, a high number of cases during this period, the inevitable consequence of the queue was that we did not meet our 6 weeks decision timescale for informing complainants we were starting investigations in 45% of cases last year.

It is also disappointing that, in 2018/19, we completed 82% of investigations within 12 months, compared with 94% in 2017/18. This is despite the fact that we closed 30% more cases after detailed consideration or investigation during 2018/19 compared with the previous year. Many of the 557 open cases we carried over into 2018/19 from the previous year were open investigations. Health cases account for 80% of the cases we fully investigate, so many of those cases from 2017/18 were complex, with multiple heads of complaint, requiring clinical advice from more than one adviser.

The introduction of the 'queue' for the five-month period, together with the dedication of my staff and managers, helped us complete many of the older cases and alleviated some of the casework pressures. Since we closed more cases in 2018/19, fewer open cases (486) have been carried over into 2019/20. This remains a high and demanding caseload, but is more manageable. Whilst I am disappointed with the time it took us to close some cases, I am pleased that we are in a better position and we will work to improve decision times.

Code of Conduct Complaints received

The total number of Code of Conduct complaints received increased slightly by 4% from 270 to 282. Within this, complaints against members of Town and Community Councils increased significantly, by 14%.

Code of Conduct complaints received

	2018/19	2017/18
Town and Community Councils	190	167
Local Authorities	91	102
National Parks	1	1
Total	282	270

Table 1.5

As in previous years, the majority of Code of Conduct complaints received during 2018/19 related to matters of 'promotion of equality and respect'. These accounted for 51% of complaints. 'Disclosure and registration of interests' (17%), 'Integrity' (13%), 'Duty to uphold the law' (9%) and 'Accountability and openness' (7%) were the other common subjects of complaints. Chart 1.2 below shows a breakdown of the nature of Code of Conduct complaints received:

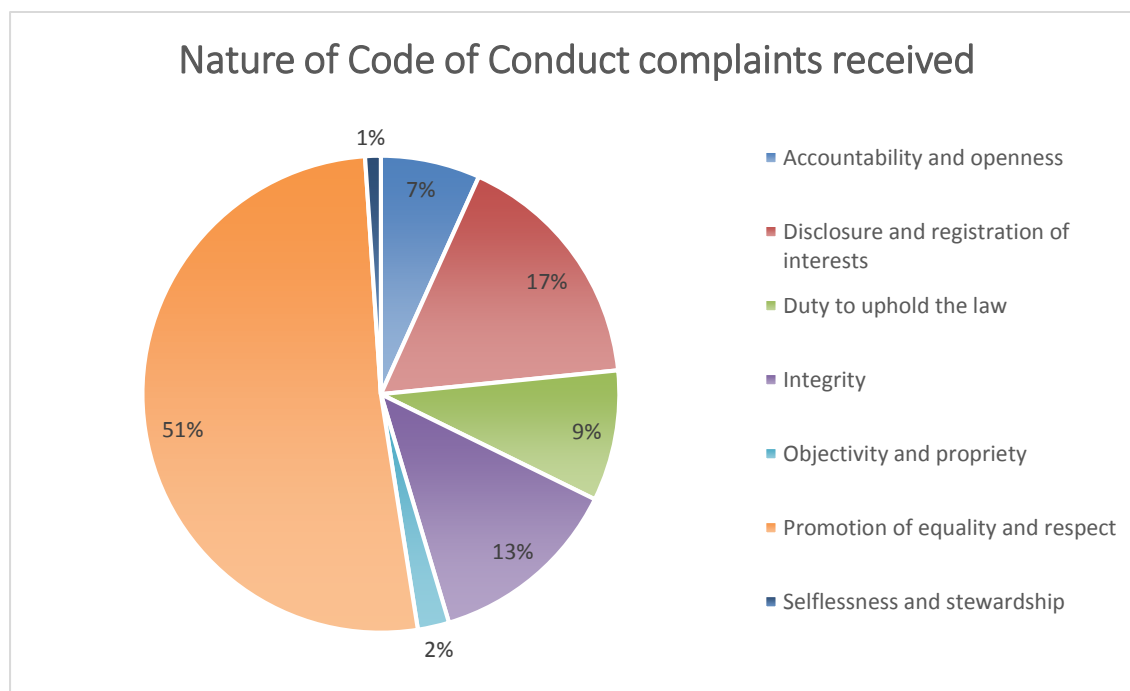


Chart 1.2

Code of Conduct complaint outcomes

My staff carefully consider the details of complaints on receipt to consider whether there is evidence suggesting the Code may have been breached and whether it is in the public interest to investigate. 255 of the 308 Code of Conduct complaints concluded during the year were closed after this initial consideration. In this way my investigative resources are directed to the more serious complaints where an investigation is required in the public interest.

In 2018/19, I saw a further rise in complaints made about members of Town and Community Councils. Concerningly, many of these alleged a failure to uphold the principle of ‘promotion of equality and respect’. I have noted an increase in the number of these complaints from Clerks or staff members of such councils. These complaints often pose some evidential difficulties and must be considered carefully in the context of the relevant case law. Such complaints are often indicative of a breakdown in the employment relationship, as opposed to true Code of Conduct issues. However, where I have found conduct suggestive of a failure to show respect and consideration or bullying and harassing behaviour, I have referred such behaviour for consideration by the appropriate Standards Committee. I have also committed to assisting the representative organisations in their production of guidance for employees of Town and Community Councils to assist them in understanding my role and jurisdiction and in distinguishing between employment and conduct matters.

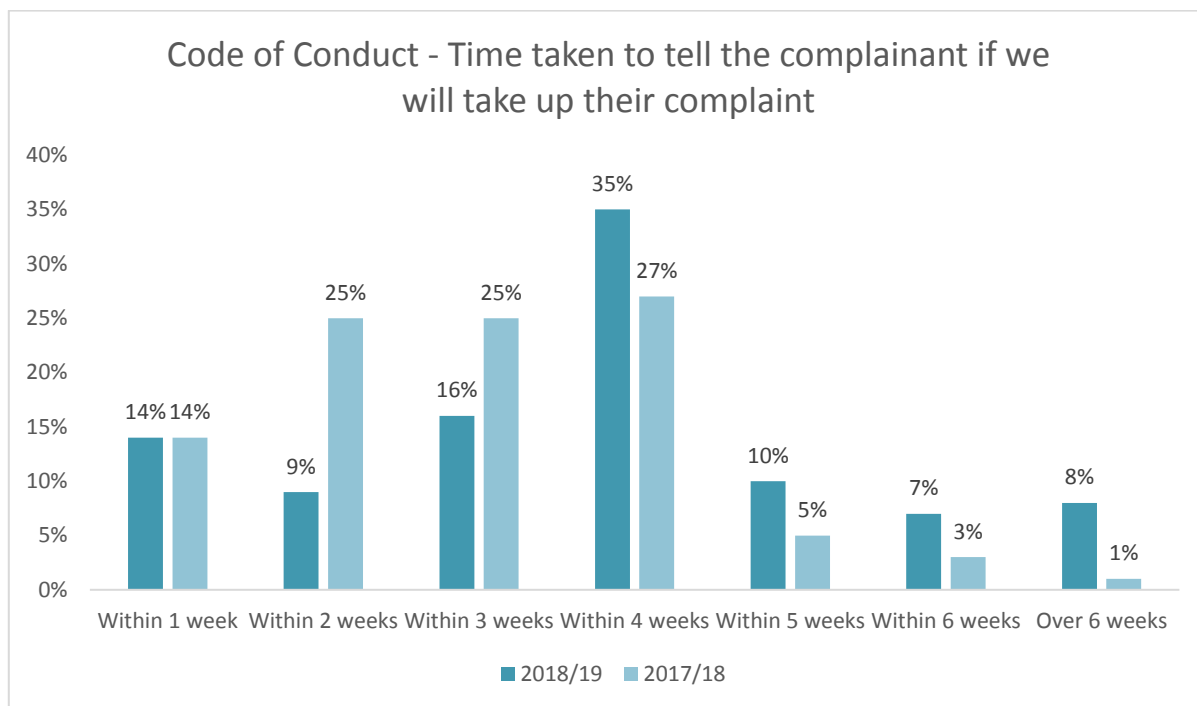
A significant percentage of the cases I have referred to the Adjudication Panel for Wales this year focus on the principle of the promotion of equality and respect. This is not representative of a wider decline in member conduct. Two of referrals made featured a single serious allegation of disrespectful behaviour towards a fellow member. The third related to the way in which that particular member responded to the complaint and its subsequent investigation. The fourth referral was made due to disreputable conduct of a member which came to my attention as a result of an investigation. These matters are yet to be determined by the Adjudication Panel for Wales.

	2018/19	2017/18
Closed after initial consideration	255	213
Complaint withdrawn	2	4
Investigation Discontinued	15	4
Investigation completed: no evidence of breach	9	13
Investigation completed: no action necessary	19	10
Investigation completed: Refer to Standards Committee	4	0
Investigation completed: Refer to Adjudication Panel	4	3
Total Code outcomes	308	247

Table 1.6

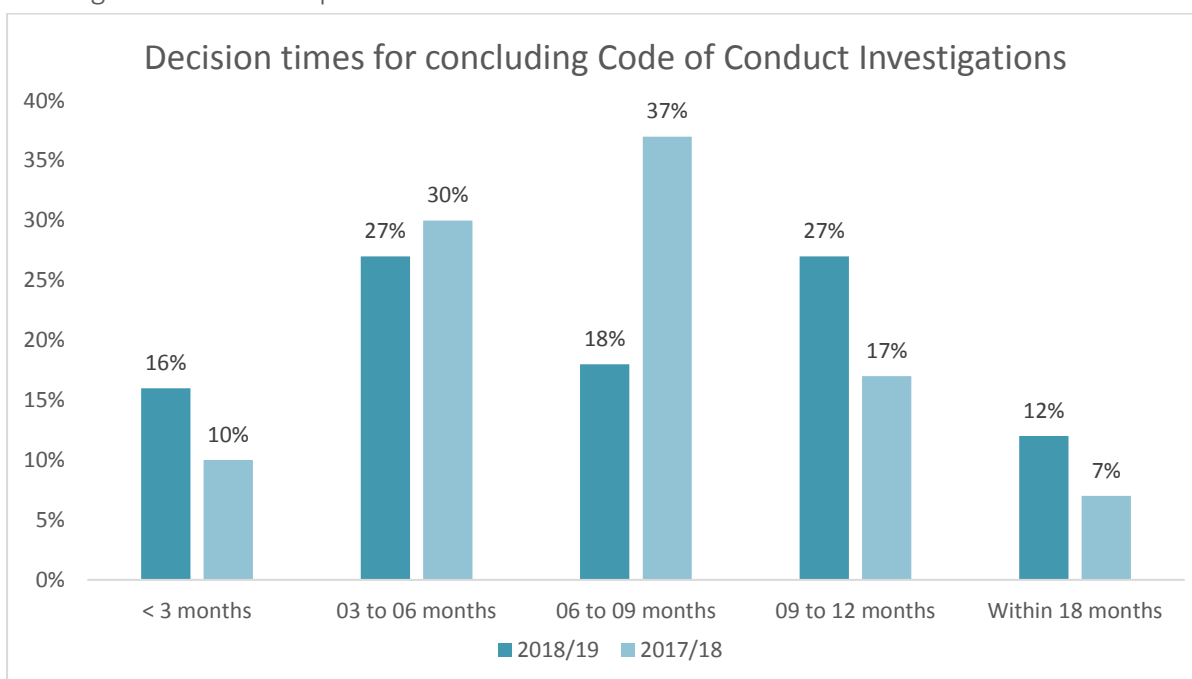
Code of Conduct Investigation Decision Times

In respect of Code of Conduct complaints, 75% of complainants were informed whether I would take up their complaint within 4 weeks of the date I received sufficient information and 92% within 6 weeks. The casework pressures explained above, contributed to this decline in performance in meeting the 4-week target.



Graph 1.5

Graph 1.6 below shows decision times for investigated complaints. 43% of Code of Conduct investigations were completed within 6 months and 88% within 12 months.



Graph 1.6

Whistleblowing disclosure report

Since 1 April 2017, as the PSOW, I am a 'prescribed person', and required to report annually on whistleblowing disclosures made in the context of Code of Conduct complaints.

The Public Interest Disclosure Act 1998 provides protection for employees who pass on information concerning wrongdoing in certain circumstances. The protection only applies where the person who makes the disclosure reasonably believes:

1. that they are acting in the public interest, which means that protection is not normally given for personal grievances; and
2. that the disclosure is about one of the following:
 - criminal offences (this includes financial improprieties, such as fraud),
 - failure to comply with duties set out in law,
 - miscarriages of justice,
 - endangering someone's health and safety,
 - damage to the environment, or
 - covering up wrongdoing in any of the above categories.

In 2018/19, I received seven complaints which raised potential whistleblowing concerns about alleged breaches of the Code of Conduct. Most of these complaints were received from employees of local authorities and raised issues relating to alleged criminal offences and a perceived failure to comply with equality duties, as set out in law. The remainder were received from staff or former staff of Town and Community Councils and raised concerns primarily relating to the duty to comply with the law in the context of financial impropriety and confidentiality of information.

Of the number of potential whistleblowing cases received, I determined that two of the complaints did not meet my criteria for investigation. Of those investigated, two were subsequently discontinued as the circumstances were such that the continuation of the investigation was no longer in the public interest. The investigations in respect of the remaining three complaints are continuing.

Strategic Aim 2 – Use knowledge and insight to improve complaint handling, improve public services and inform public policy.

Public Interest Reports

Issuing a public interest report is one of the key ways I can highlight learning from complaints and help to ensure that listed authorities are accountable for the services they provide.

The **public interest** factors the I consider include wide ranging values and principles relating to the public good, for example: to ensure that there is transparency, accountability and good decision-making by public bodies and ensure justice and fair treatment for all.

The factors which I consider when deciding whether to issue a public interest report include cases where there are wider issues from which others can learn; what went wrong is significant or is ongoing and the investigation has highlighted systemic problems; the failures identified are ones my office has identified previously and lessons haven't been learned or when a public body has refused to agree to my recommendations.

During 2018/19, I issued **14** public interest reports. While the majority of these related to service failure in our hospitals, there were some notable reports regarding maladministration in local government.

In July, I issued my second [special report](#). This related to Wrexham County Borough Council breaking an undertaking to correct Welsh language errors in its council tax notices. The notice contained errors in its Welsh version for three consecutive years and, despite previously agreeing with my office to correct the matter in time for the 2018/19 financial year, it failed to do so.

An unusual complaint received by my office, which resulted in a public interest report, involved a gentleman who, after returning home from hospital following surgery, found that Flintshire County Borough Council had wrongly classified his vehicle as abandoned and had destroyed it.

The vehicle also contained valuable tools and these were destroyed with the car. This was a classic case of maladministration as I have witnessed as Ombudsman and the report generated media coverage across the UK.

One of the most tragic [cases](#) of this year concerned the care and treatment of a young mother and her new born baby, by Glangwili and Withybush General Hospitals in West Wales.

Sadly, the baby died in hospital after delays in treatment and attendance by medical staff. My investigation unearthed a catalogue of serious failings; the family will never know if the baby would have survived if there had been no delay in treatment.

Another report which was deeply disturbing was that of a young boy who was forced to wait for three years to have his kidney removed. This had a serious impact on his life and it is likely his human rights were compromised because of the impact on both his physical and mental wellbeing and the extent of suffering he endured.

You can read all our public reports [here](#). While the standard of service received by those featured in public interest reports is not typical of that provided by Welsh public services, it is important that lessons are learned to ensure the same mistakes are not repeated.

Compliance Visits

In April 2018, I undertook a compliance visit following two public interest reports I issued about Betsi Cadwaladr University Health Board in 2017/18. The first report was about inadequate post-operative care following surgery at Ysbyty Glan Clwyd, when a patient died from sepsis. During my compliance visit, I found that guidelines to clinical staff, especially junior doctors, now emphasises that middle and consultant grades are available over weekends and bank holidays. This was pleasing, as it addressed the recommendations in my public interest report, but it also responds to the wider concerns about out of hours care I highlighted in my Thematic Report [Out of Hours: Time to Care](#) which was published in March 2016.

The second public interest report concerned delays by the Urology Service in diagnostic investigations and the scheduling of surgery in respect of a patient who had an aggressive form of prostate cancer. At the time of my visit, I found that the Health Board had significantly reduced diagnostic waiting times in the service (from nine months to eight weeks) and that it was investing to improve future access to diagnostic tools.

Thematic report

In 2018, I issued a Thematic Report [Home Safe and Sound: Effective Hospital Discharge](#) which identified five primary areas in which service providers fall short when conducting discharging patients. These include the lack of effective communication or planning between hospitals and community services and a failure to involve family members in the process. I highlighted a number of matters for Health Boards, GPs and local authorities to consider for future improvement.

Annual letters for health boards and local authorities

Each year I issue Annual letters to the health boards and local authorities in Wales which generate the majority of the complaints which come to my office. In these letters I draw attention to any learning points which have arisen from complaints in the previous year, including any public interest reports. I also draw attention to the percentage of complaints resulting in 'intervention' by my office, as outlined in Table 1.3 above.

A number of Health Boards and Councils responded positively to my 2017/18 Annual letters during the course of last year, by confirming that they had reflected upon the issues which I had drawn to their attention. For example, one Health Board shared learning from reports I upheld with staff via its Listening & Learning Feedback Newsletter and another had worked to improve its performance in complying with the recommendations I made in my reports.

Annual letters can be found [here](#).

Strategic Aim 3 – Plan for a new Public Services Ombudsman (Wales) Act.

The PSOW Bill 2019 was approved by the National Assembly for Wales in March. During the course of last year, my office began initial preparatory work for the new powers contained within the new Act.

Complaints other than in Writing

Processes have been devised for the staff who will be taking oral complaints. The criteria to apply to requests for oral complaints have been set and plans made to store complaints received in this way.

Private Health Care

The private bodies affected by the new Act have been identified and plans have been made to alert them to PSOW's new powers.

Own Initiative Investigations

Internal processes have been drafted which outline how subjects for 'Own Initiative' investigations will be identified and how the investigations will be undertaken. The process for consulting on the draft criteria I intend to apply will begin in summer 2019.

Complaints Standards Authority

The format of the Complaints Standards Authority (CSA) has been devised and the principles for complaint handling drafted. The structure of the CSA has been planned in readiness for a recruitment programme to begin in summer 2019.

Staff Training

Plans are under way to ensure PSOW staff are trained in the work that is necessary under PSOW's new powers. Regular updates to staff on the progress being made towards preparing for the new powers have been undertaken.

Communications Strategy

PSOW's Communications staff will be based within the team responsible for the new powers. Work is ongoing to prepare for the challenges faced in promoting the various new aspects of PSOW's work.

Strategic Aim 4 – Be accountable for the service we provide and the money we spend.

This Annual Report & Accounts forms a key part of my accountability arrangements. The Corporate Governance Report, included in the Accountability Report section of this document, sets out the structures and mechanisms in place to secure accountability.

Corporate Plan

Last year, I consulted widely on our new Corporate Plan for 2019/20 – 2021/22 [Delivering Justice](#). This focuses on delivering our key complaints service, promoting learning and improvement and using resources wisely so that we are equipped to face future challenges.

Service user satisfaction

In the past, I gathered information on service user satisfaction through hard-copy survey forms sent by post. The response rate declined and, in most cases, responses were submitted at an early stage of the process, so did not reflect satisfaction or otherwise with investigations and decisions. To address this, I introduced an on-line satisfaction form and asked complainants to complete the form at any stage of the process, including the conclusion of the case. Disappointingly, response rates have not been high.

The results are summarised below. The responses and comments show that there are mixed levels of satisfaction, with those whose complaints are not investigated likely to respond less positively than those whose complaints are investigated.

It was easy to find out how to contact the Ombudsman	84% agree or strongly agree
The service was helpful and sensitive	51% agree or strongly agree
I was given a clear explanation of what would happen	71% agree or strongly agree
Staff understood my query or complaint	49% agree or strongly agree

Table 4.1

A number of positive comments were made by those responding. These included:

‘most comprehensive and helpful’ *‘efficient and swift’*
‘My family and I now have a better understanding of the events ... are very pleased with the recommendations ...’ *‘helpful and sensitive’*
‘clear and helpful’ *‘highly useful and highly recommended’*
‘excellent service’ *‘... impressive. Correspondence was clear...’*
‘I found the service very good in every way. All extremely professional and competent’
‘helpful and courteous’ *‘very empathetic to my cause’*
‘an exemplary service ... polite, efficient and professional’
‘I was kept informed of developments. Extremely thorough ... and ... sensitive’

There were, however, a number of less positive comments, generally where complaints have not been taken forward for investigation or have not been upheld. Some comments indicate that the complainant considers that the evidence provided by the public body is given greater weight than their evidence, or that our staff have not fully engaged with and understood the complaint. Whilst the nature of the work, and the fact that complainants reaching my office have generally exhausted the public body’s complaint process without getting the outcome they seek, means that the outcomes will always disappoint some complainants, we will be working with staff in the year ahead to address some of the less positive responses and improve the service.

I have published my Service Standards, which reflect the service standards recommended by the Ombudsman Association. These are:

- We will ensure that our service is accessible to all
- We will communicate effectively with you
- We will ensure that you receive a professional service from us
- We will be fair in our dealings with you
- We will operate in a transparent way

The Public Services Ombudsman for Wales website provides more details of what these standards mean in practice. The website also helps service users to make a complaint about the service my staff have provided and to ask that a casework decision taken by my office is reviewed. More detail of this is provided below.

Reviews of casework decisions

Where a service user (generally the complainant) considers that a decision made by my staff, in respect of a complaint about a public body or a councillor, is flawed, they can request a review of that decision if there is additional information, or if some of the information they provided has not, in their view, being properly considered. Reviews are then undertaken by the Review Manager who has not been involved in the case previously. During the year 213 requests for a review were received. 88% of these were considered and responded to within 20 working days. In 23 reviews (11%), the outcome was that the case would be re-opened for further consideration and/or investigation.

Complaints about our service

If a service user is unhappy about the service they have received, they can make a formal complaint about our service. During the year, 30 new complaints were received.

Cases brought forward from 2017/18	5
Received during the year	30
Closed during the year	32
Open at year-end	3
Responses within 20 days	30 (94%)
Responses outside 20 days	2 (6%)

Table 4.2

In 94% of cases, responses were sent within the timescale we set. However, where 'Easy Read' (a combination of words and pictures to help those with a learning disability understand documents) responses are required, it has proved difficult to comply with timescales, as Easy Read translation can take up the full time allowed for a response. Efforts will be made to speed up this process during 2019/20.

The outcomes of the complaints about our service were as follows:

Fully or partially upheld	9
Not upheld	15
Not upheld – disagreement with investigation matter	7
Withdrawn	1
Total	32

Table 4.3

In nine cases, the complaints were fully or partially upheld. These included a failure to update the complainant regularly, typographical errors in a letter and mishandling of a changed telephone number. In one case, which was re-opened as a result, we had not properly engaged with comments received on a draft report. Wherever possible, learning points are drawn from complaints and shared with staff.

Independent External Review of Complaints About our Service

To ensure that we are open and accountable, when we respond to complaints about our service, we include an option to refer to an Independent External Reviewer of Complaints About our Service. There was a change of reviewer during the course of the year.

During the year, eight cases referred to the External Reviewer were concluded. Two cases were partially upheld. In one case the External Reviewer concluded that we should have sought a further apology from a Health Board as part of a complaint settlement. In another case, the External Reviewer concluded that, by accepting a service complaint from a complainant who wanted a different decision in respect of their complaint about a public body, we had given them false hope.

Learning points from these cases have been shared with staff.

Staff survey

During the year, a staff survey, open to all staff, was conducted. 86% of staff responded. The results showed 93% of those staff are proud to work for PSOW; 89% say it is a good place to work and 87% consider that their managers communicate effectively with them. Areas generating the most negative responses were around resources and workload. Work to improve in the least positive and most negative areas has commenced and will continue in 2019/20.

Annual Sustainability Report

I am continuing to develop sustainable practices throughout the organisation. Efforts are ongoing at local and national level to ensure that protecting the environment remains a priority. Where possible, PSOW will make changes to reduce the impact of the office on the environment and operate in a sustainable and responsible manner.

Our Building

We currently have one office in Pencoed, near Bridgend. We originally took up the lease for the ground floor in 2005 and have, since then, expanded to occupy part of the first and second floors to accommodate approximately 70 staff and visitors in a largely open plan office space.

Electricity is the only energy supply used and this provides lighting and heating/cooling as well as powering normal office equipment. The building is leased, which limits our ability to make substantial changes to the energy efficiency of the building. However, we are making changes within our office space where we can, for example with the introduction of LED lighting – see below.

We will be opening a small office in Bangor during 2019/20.

Building Statistics

The table below provides key information about our offices in Pencoed, heating arrangements and energy usage for the year.

Building	Constructed	No. of Floors	Total Usable Floor Area (ft ²)	Heating Type	Electricity usage (kWh)
1 Ffordd yr Hen Gae	2004	3	16,460	Air Handling Units	106,701

Table 5.1

Accessibility

The offices have reasonable transport links. The railway station at Pencoed (less than one mile away) together with bus services to/from the site, provide public transport options for staff and visitors. Our offices are also easily accessed by car from the M4 motorway.

Travel, emissions and suppliers

We consider sustainability, as well as cost and practicality, in determining the most appropriate means of travel to meetings and training, with preference given to public transport. Staff are

encouraged to travel sustainably, and showers and bicycle stands are provided at our offices. A number of staff now work at home as part of their normal working pattern. Opening a small office in Bangor during 2019/20 will accommodate staff who reside in North Wales.

Local suppliers are used where possible to help reduce carbon emissions.

Lighting & Energy

New LED lighting was fitted across the whole of the ground floor offices and part of the first floor in March 2018. Staff have also been encouraged to turn off lights and heating/air conditioning when not in use. This has resulted in an average electricity usage reduction of 16%. During the year, our remaining office space was fitted with LED lighting, with a view to reducing energy usage further.

Waste management

Individual desk bins have been removed, with recycling and waste bins placed throughout the office to encourage staff to recycle what they can. We recycle all waste paper confidentially and recycle general waste such as plastic, cardboard and tins, along with batteries and toner cartridges.

We produce little food waste, but coffee grounds and used tea bags are offered to staff for use in compost. Office newspapers are recycled in the paper recycling.

Office waste continues to be collected by two different companies, one for general waste and mixed recycling and one for confidential waste.

Reduction in the use of plastic

The UK government aspires to eliminate all avoidable plastic within 25 years. We do not use disposal cups for hot drinks, with staff and visitors using ceramic cups and mugs. With the removal of bottled water coolers, disposal plastic cups are no longer purchased. Staff and visitors have access to reusable cups/glasses.

Current Waste Figures

The table below shows the amount of waste, of different types, we produce annually.

Type	Total Waste (kg)	Trees Saved	Landfill Saved (m3)	KwH Saved	CO2 Saved (kg)	Water Saved (L)
Recycled Paper & Confidential Waste	8,860	150.62	2.05	37,212	5,316	283,520
Mixed Recycling	2,250					
General Waste	20,000					

Table 5.2

We will be working to reduce the amount of waste sent to landfill in 2019/20.

Annual Equality Report

Staff Equality Data Gathering/Monitoring

Our staff are asked annually to complete and return a monitoring form seeking information in respect of each of the protected characteristics. That disclosure is, of course, on a voluntary basis. 49 staff responded to the survey.

Age	The composition of staff ages is as follows: Under 25: 6% 25 to 34: 12% 35 to 44: 29% 45 to 54: 33% 55 to 64: 20%
Gender	69 % of staff stated they were female and 31% male. When asked if the gender staff identify with was the same as described at birth, 100% of the staff who answered the question said yes.
Disability	94% of staff said they were not disabled, 4% of staff said that they were a disabled person and 2% staff preferred not to say. However, when asked if their day-to-day activities were limited because of a health problem or disability which had lasted, or was expected to last, at least 12 months, 4% said that they were limited a lot, 6% said they were limited a little, 88% said their day to day activities were not limited (2% preferred not to say)
Nationality	In describing their nationality, 50% said they were Welsh; 39% said British, 10% said they were English (1 person did not answer).
Ethnic group	The ethnicity of staff is: 96% White (Welsh, English, Scottish, Northern Irish, British); 4% Black (African, Caribbean, or Black British/Caribbean).
Language	When asked about the main language of their household, 87% of staff said this was English; 13% said Welsh (2 people did not answer).
Religion or Belief	Responses to the question asking staff about their religion were as follows: No religion: 53%; Christian: 43%; Other: 2% (2% preferred not to say)
Marriage/Civil Partnership	56% of staff stated they were married; 4% were in a civil partnership; 27% were single; 9% replied other, 4% preferred not to say (1 person did not answer)
Sexual Orientation	Responding on this, 96% said that they were heterosexual or straight, 2% said gay or lesbian (2% preferred not to say)

Table 6.1

Staff Training

Staff training is provided to support staff in their specific job roles and for their ongoing development. Significant developments have been made during the year, with the introduction of a new training and development process which accommodates the whole organisation's training needs from induction through to continued professional development. Other activities during the year include:

- A training plan is now created at the start of every year which details the organisation's training requirements with costings. The training budget is carefully managed to meet these needs.
- A comprehensive induction programme has been set up so that new members of staff are integrated well into the organisation.
- Online training has been set up for a number of mandatory topics. These will be repeated at agreed frequencies.
- Staff are required to identify and undertake a target number of hours of continued professional development each year.
- Good practice seminars are held for internal training and are also recorded so they can be used to refresh knowledge and are available for new staff.
- All training is evaluated to ensure its effectiveness and value for money.

Pay and Gender – data as at 31 March 2019

As at 31 March 2019, there were 67 members of staff employed. The table below provides an analysis by grade and gender. 73% of the overall workforce is female. Whilst women are well represented at the higher pay scales within my office, making up 60% of senior managers, this remains slightly lower than their proportion of the overall workforce. At the most junior level, 84% of staff are female.

Under the specific Equality Act duties, we are required to set an equality objective for gender and pay, or explain a decision not to do so. To support staff development and progression, a number of staff were supported to complete a management development programme during the year. In addition, an external review will be undertaken during 2019/20 to identify any actions that should be taken to support equality in the workplace, with a view to achieving greater equality. In a relatively small organisation, individual recruitment outcomes can make apparently large differences – for example one senior manager equates to 20% at that level.

Considerable flexibility is available to all staff, with flexitime, limited core hours and a flexible working policy. As at 31 March 2019, there was one member of staff on a fixed term contract, with all other staff on permanent contracts. 17 members of staff work part time (15 female, 2 male).

Head count (not Full Time Equivalentents)	Male No.	Female No.	Total No.	Male : Female ratio
Frontline and Administrative staff	3	16	19	16:84
Investigation Officers and Support Service Managers	6	21	27	22:78
Improvement Officers and Managers	7	9	16	44:56
Senior Managers	2	3	5	40:60
Total	18	49	67	27:73

Table 6.2

Recruitment

During the past year, five members of staff have left. There has been recruitment to replace departing staff, for a new post and for fixed term cover for maternity leave and a secondment. Eight new employees were recruited on permanent contracts and one on a fixed term contract.

We ask all applicants to complete anonymous equality questionnaires, which are not shared with those who are shortlisting and/or interviewing.

Analysis of the recruitment equality questionnaires indicates that all age ranges are broadly appropriately represented (though no applicants said they were over 65). Around 70% of applicants are female. Although many applicants did not complete the equality questionnaire, we are concerned that recruitments do not always attract a proportionate number of applicants from non-white backgrounds (compared with the all-Wales or more local populations). We are reviewing our recruitment advertising and looking at where to advertise opportunities.

Applications forms are anonymised before they are passed to those who are shortlisting and/or interviewing. Staff involved in recruitment decisions have undertaken equality and recruitment training, to support equality in recruitment.

Disciplinary/Grievance

Due to the small number of staff working in the office and the very small number of instances of disciplinary/grievance, it is not considered appropriate to report on equality data for this category, due to the risk of identification of individual staff. I remain satisfied that there are no identifiable issues in this area that would cause concern.

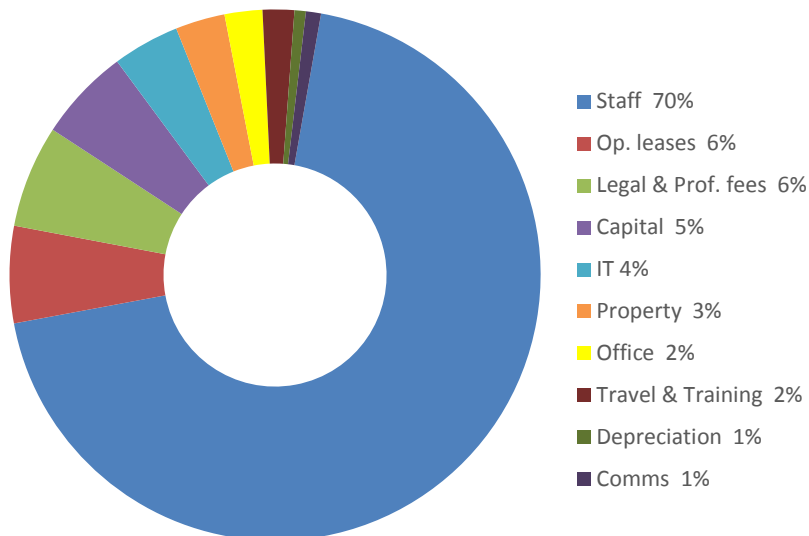
Procurement

Our procurement policy refers to the relevant equality requirements that we expect our suppliers to have in place.

Financial Management

Resource Out-turn	£000s	£000s	Change
	2018/19	2017/18	£000s
Total Resource	4,445	4,210	+235
Cash Requirement	4,390	4,178	+212

Gross Resource Expenditure

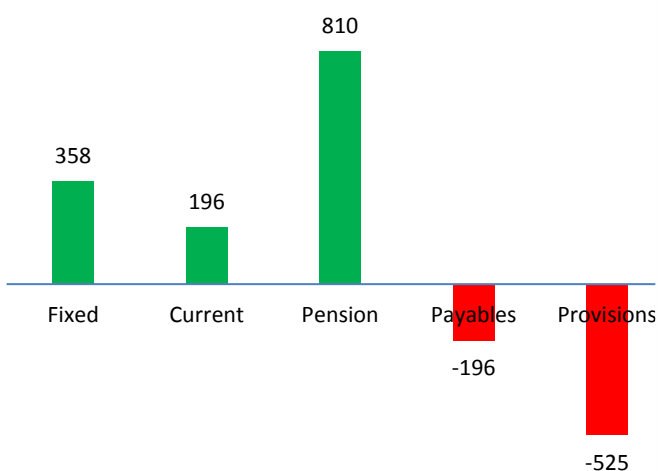


Overall, resource expenditure has increased compared to the same period last year.

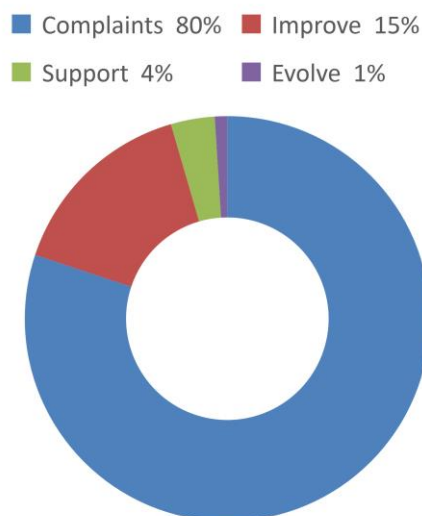
This can be attributed to an increase in employment costs due to pay awards, increments and an increase in frontline staffing numbers and significant capital investment in both an IT infrastructure upgrade project and further development of the Case Management system. There was a cash underspend of £20k.

Fixed assets have increased by £130k from the same period last year as a result of the large capital investment. £43k provisions have been utilised in the year, and the pension fund surplus is now £810k following an actuarial re-measurement. An analysis of spending by aim shows that the majority of resources continued to be applied to complaints handling and investigation.

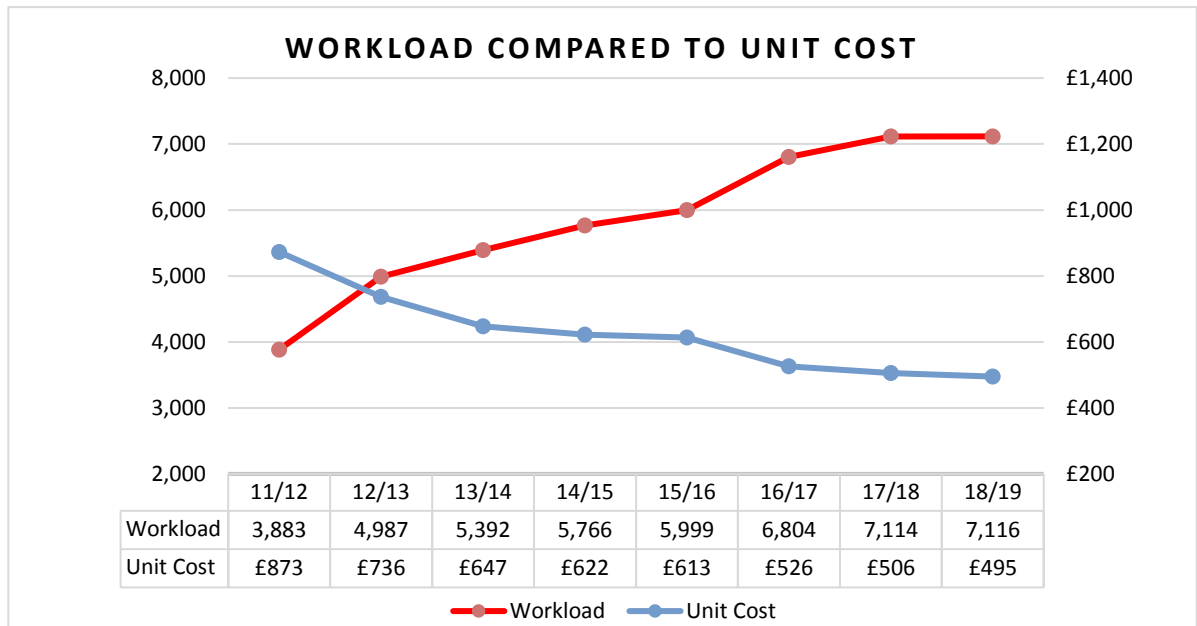
Statement of Financial Position £000s



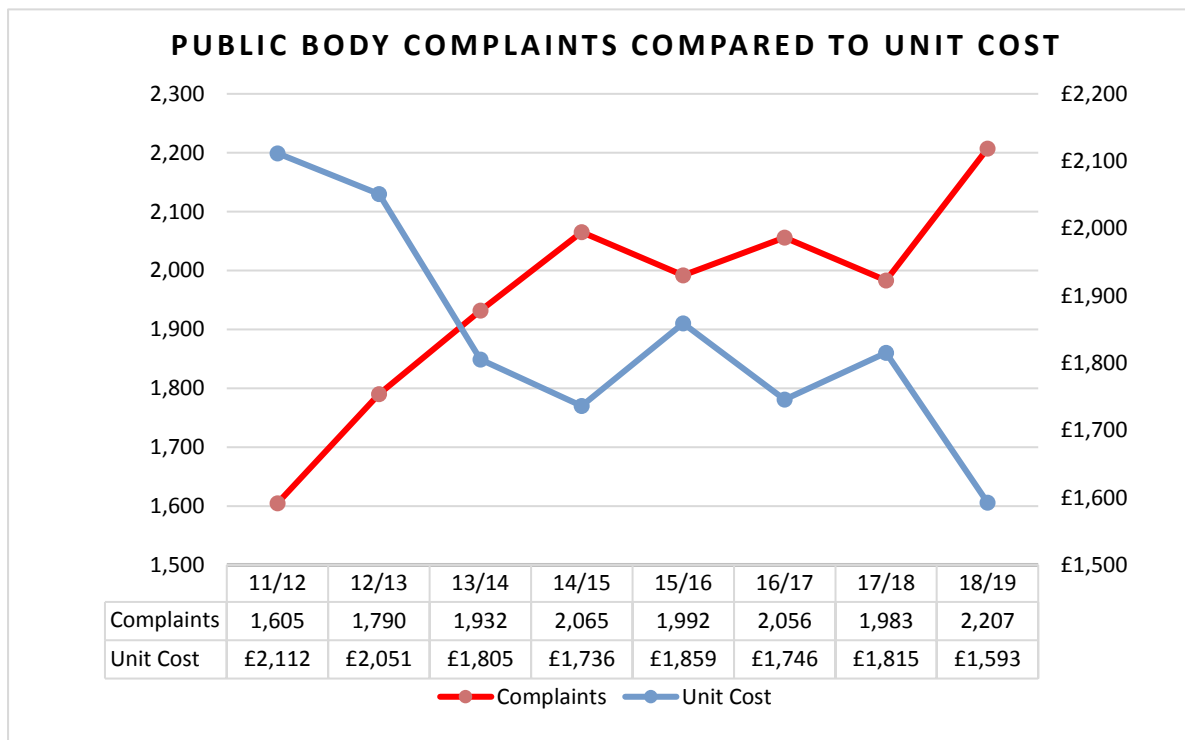
Analysis by Aims



Unit Costs



Total workload has increased by 83% whilst unit costs has reduced by 43% when adjusted for CPI inflation.



Public body complaints have increased by 38% with a corresponding reduction in unit cost of 25%.

Expenditure to 31 March 2019 compared to previous year

	2018/19	2017/18	Reasons for significant changes
	£000	£000	
Salaries	2,389	2,194	
Social Security costs	221	210	2% pay award, increments and increased staffing levels in complaints handling
Pension costs	480	439	
Pension fund charges	42	55	
Total Pay	3,132	2,898	
Rentals under operating leases	264	265	
External Audit fee	18	18	
Legal and professional fees	261	319	Reduced legal costs
Other property costs	135	205	Reduced rates and maintenance
Computer services	182	239	Website development 2017/18
Office costs	103	98	
Travel and subsistence	31	36	
Training and Recruitment	55	55	
Communications	41	45	Reduced translation costs
Depreciation	31	43	Aged assets fully depreciated
Total Other Administration Costs	1,121	1,323	
Gross Costs	4,253	4,221	
Income	(61)	(31)	Secondment to HIW
Net Expenditure	4,192	4,190	
Capital	253	20	New IT infrastructure and Case Management System development
Net Resource	4,445	4,210	

More detailed financial information can be found in the notes that support the accounts.

Nick Bennett

Accounting Officer

Public Services Ombudsman for Wales

2 July 2019



**Accountability
Report**

Corporate Governance Report

Ombudsman's Report

Background

Under the Government of Wales Act 2006, the office is financed through the Welsh Consolidated Fund (WCF) with any unspent cash balances repaid into the WCF after a certified copy of the accounts has been laid before the National Assembly for Wales. This creates a further control in that there is a need to effectively manage the budget on both a cash and a resource basis. The salary of the office holder of the Public Services Ombudsman for Wales and the related costs are a direct charge on the WCF and are administered through the National Assembly for Wales.

As at 31 March 2019, the Office comprised 68 staff based in Pencoed, Bridgend including the Ombudsman, Chief Operating Officer, Director of Policy, Legal and Governance, as well as investigation and support staff.

The National Assembly for Wales provided cash of £4.4 million for the funding of the Office, although £20k of this is due to be returned to the WCF being the unused cash balance at the year end. The sum of £20k is within the accepted year-end balance criteria of 3% funding. The Office has achieved a level of spending in line with the Estimate agreed in November 2017 and amended by Supplementary Budgets during 2018/19.

Great strides have been made over recent years in improving efficiency in the way we consider complaints. This has been essential in view of the ever-increasing caseload. The table below shows that, over the past eight years, the Office has seen an increase of over 83% in all contacts (that is, in enquiries, complaints about the conduct of members of local authorities and public body complaints), whilst unit costs have reduced by 43% when adjusted for CPI inflation.

Workload	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	Change
Enquiries	1,866	2,906	3,234	3,470	3,731	4,512	4,861	4,627	148%
Code of Conduct Complaints	412	291	226	231	276	236	270	282	-32%
Public Body Complaints	1,605	1,790	1,932	2,065	1,992	2,056	1,983	2,207	38%
Total	3,883	4,987	5,392	5,766	5,999	6,804	7,114	7,116	83%
Unit Cost	£873	£736	£647	£622	£613	£526	£506	£495	-43%

Remuneration and Pension Liabilities

Details of the pay and related costs of the Ombudsman and the Office are shown in the Remuneration Report.

Pension obligations to present and past employees are discharged through the Principal Civil Service Pension Scheme (PCSPS), the Local Government Pension Scheme administered through the Cardiff and Vale of Glamorgan Pension Scheme and the pensions paid directly to former Commissioners or their dependants.

Further details are given in the Pensions Disclosures.

Corporate Governance

The office holder of the Public Services Ombudsman for Wales is a Corporation Sole. In addition, upon taking up my role as Ombudsman, I was appointed by the Treasury as the Accounting Officer for the public funds with which the National Assembly entrusts me to undertake my functions. The Audit & Risk Assurance Committee supports the Ombudsman by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. Further details are set out in the Annual Governance Statement.

Register of Interests

A register of interests is maintained for the Ombudsman, Directors and members of the Advisory Panel and Audit and Risk Assurance Committee.

Accounts Direction

Under the Accounts Direction issued by HM Treasury dated 21 December 2006, I was required to prepare accounts for the financial year ended 31 March 2019 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (the FReM) issued by HM Treasury which was in force for 2018/19.

The accounts have been prepared to:

- (a) give a true and fair view of the state of affairs at 31 March 2019 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended
- (b) provide disclosure of any material expenditure or income that has not been applied for the purposes intended by the National Assembly for Wales or material transactions that have not conformed to the authorities that govern them.

Auditors

The Auditor General for Wales is the External Auditor of the accounts of the PSOW as laid down in paragraph 17 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005. The cost of the audit for 2018/19 was £18k, with no increase since 2017/18.

As far as I am aware, I have taken all the steps necessary to make the auditors aware of any relevant audit information.

Nick Bennett
Accounting Officer
Public Services Ombudsman for Wales

2 July 2019

Statement of Accounting Officer's Responsibilities

Under the Public Services Ombudsman (Wales) Act 2005, as Public Services Ombudsman for Wales, I am required to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the PSOW during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the PSOW and its net resource outturn, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, as the Accounting Officer, I am required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Treasury including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

My relevant responsibilities as Accounting Officer include the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the PSOW's assets, as set out in Managing Welsh Public Money and the Public Services Ombudsman (Wales) Act 2005.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that PSOW's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Annual Governance Statement 2018/19

Status of the Public Services Ombudsman for Wales

As laid down in Schedule 1 paragraph 2 of the Public Services Ombudsman (Wales) Act 2005, the Ombudsman is a Corporation Sole holding office under Her Majesty and he discharges his function on behalf of the Crown. Schedule 1 paragraph 18 states that the Ombudsman is the Accounting Officer for the Office of the Ombudsman.

Scope of Responsibility

In undertaking the role of Accounting Officer, I ensure that the Office operates effectively and to a high standard of probity. In addition, I have responsibility for maintaining a sound system of internal control that supports the achievement of PSOW's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in "Managing Welsh Public Money".

I am independent of the National Assembly for Wales, but am accountable to its Public Accounts Committee for the use of resources made available to support my statutory functions. In determining the level of resources available to the Office, the PSOW's budget proposals are considered by the Finance Committee of the National Assembly for Wales in accordance with the process laid down in the Act. I produce a combined Annual Report and Accounts for consideration by the Equality, Local Government and Communities Committee and the Finance Committee.

I am required to include this statement with my annual report and accounts to explain how the governance of my Office works and to ensure it meets the requirements of the Corporate Governance Code. To enable me to satisfy these requirements, I have established appropriate structures, systems and procedures that are comprehensive and provide me with evidence that the governance arrangements are working as intended across the whole organisation and its activities. Such arrangements include my Governance Framework, a comprehensive internal control environment, effective internal and external audit arrangements and robust financial management, risk planning and monitoring procedures.

Strategic Planning and Performance Monitoring

In my Strategic Plan for the three years 2016/17 to 2018/19, I established the following:

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

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

Whilst individual teams within the Office are charged with implementing the actions identified, the Management Team monitors progress made against targets and the outcomes achieved via monthly reports. I was very pleased that all key activities for 2018/19 had been delivered by the end of the financial year.

System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable, and not absolute, assurance of effectiveness. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of my policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system has been in place in the Office of the PSOW for the year ended 31 March 2019 and up to the date of approval of these accounts and accords with HM Treasury guidance. No significant areas of internal control weaknesses have been identified from audit work and steps to improve controls further are implemented promptly and monitored by the Audit and Risk Assurance Committee.

Corporate Governance arrangements

Governance arrangements include an Audit & Risk Assurance Committee (ARAC). The Committee's responsibilities are:

Audit & Risk Assurance Committee

(a) Terms of Reference

Following a review of governance arrangements, the Terms of Reference of ARAC were amended so that it is now a stand-alone Committee. The Committee supports the Ombudsman by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

(b) Membership

Membership comprises up to six independent external members. Three new independent members joined ARAC during the year and attended their first meetings in June and September 2018. They are Mrs Anne Jones, former Assistant Information Commissioner; Mr Trevor Coxon, former Monitoring Officer of Wrexham County Borough Council and Mr Ian Williams, former Group Chief Executive of Hendre Limited. The other members are Dr Tom Frawley CBE, former Northern Ireland Assembly Ombudsman and Commissioner for Complaints; Mr Jim Martin,

former Scottish Public Services Ombudsman and Mr Jonathan Morgan, former Assembly Member and former chair of the National Assembly's Public Accounts Committee. Mr Morgan continues to Chair the Committee.

(c) Training

Members of the Committee are invited to assess their training needs annually. An induction programme is provided for all members of the Audit & Risk Assurance Committee. Ian Williams attended an induction day on 18 September 2018.

In June 2018, all members at that time took part in a bespoke Governance and Accountability training programme. In addition, in October 2018, the Chair attended a joint Sector Update meeting, run by Deloitte LLP and held at the Future Generations Commissioner's Office. The Ombudsman, Chief Operating Officer and Financial Accountant also attended.

In November 2018, the Audit & Risk Assurance Committee Chair and the Financial Accountant attended a workshop held for chairs of Audit & Risk Assurance Committees and facilitated by the Wales Audit Office. This was useful for networking and sharing best practice and information.

(d) Meetings

The Committee sets itself an annual work programme. There were four meetings of the Committee during the year.

The Ombudsman attends ARAC Meetings and the Chief Operating Officer acts as Secretary to the Committee. The meetings were also regularly attended by internal and external auditors and appropriate members of the PSOW's Management Team.

At each meeting, the Committee received a number of standing agenda items. These include declarations of any identified fraud or losses, including any data losses. At each meeting, the Committee received a copy of the latest Budget Monitoring report considered by the Management Team. This is intended to provide the Committee with an assurance that there is regular scrutiny of the financial position within the Office.

During the year, the Committee also received reports on a number of other appropriate matters within its Terms of Reference. They included the 9 and 12-month accounts, internal audit plans, a review of the Whistleblowing Policy, a review of governance arrangements, updates on major IT developments and the development of a Strategic ITC Plan and relevant financial and corporate governance matters issued by HM Treasury. The Committee considered the PSOW review of the Cabinet Office Counter-Fraud Framework to satisfy itself that appropriate arrangements are in place.

The Committee provided advice to the Ombudsman to ensure that the 2018/19 Annual Governance Statement included appropriate information and complied with best practice.

The Committee also considered risk management at each meeting. A new approach to the risk register was adopted in 2017, with the aim of securing focus on key risks. The main principle of the current risk management report format is that there are five key risk horizons, and that an assessment is made by the PSOW Management Team, on a regular basis, for each of these risk horizons:

- Core Function
- Data Privacy/information security
- Financial
- Operational & Support
- Governance

The Committee is presented with a risk summary table and assessment of the five risk horizons as a method of ensuring that they are kept aware of key risks and can review risk management and risk mitigation.

Attendance was as follows:

Membership:

Jonathan Morgan (Chair)	4
John Williams (until June 2018)	1
Tom Frawley	4
Jim Martin	4
Anne Jones	4
Trevor Coxon	4
Ian Williams (from September 2018)	3

(e) Internal and External Audit

The Committee received regular reports from both the internal and external auditors. The work of Deloitte as Internal Auditors during the year was planned based on their overall needs assessment and carried out through their third annual programme. Their reports highlighted the satisfactory internal control framework within the organisation and made recommendations for improvement where necessary.

The rolling audit programme covering the other aspects of the Office's work and controls also noted the satisfactory internal control framework within the Office and made recommendations for improvement where necessary. The overall assessments were as follows:

Information Security	SUBSTANTIAL assurance
Financial Systems:	
Budgetary Control	SUBSTANTIAL assurance
Revenue & Receivables	SUBSTANTIAL assurance
Payroll	SUBSTANTIAL assurance
Pension arrangements	SUBSTANTIAL assurance
Corporate Governance/Risk Management	SUBSTANTIAL assurance

In all audits, the level of assurance was considered 'Substantial', the highest assurance level. A number of low priority recommendations were made and these have either been completed or will be completed in accordance with agreed timescales.

The internal auditors' Annual Report for 2018/19 stated: 'Based on the work we have undertaken during the year we are able to conclude that the Ombudsman has a basically sound system of internal control, which should provide **substantial assurance** regarding the achievement of the Ombudsman's objectives.' These findings provide assurance that the arrangements in place are reducing the Office's exposure to risk. The Committee noted the thoroughness of the audit work, practicality of recommendations and the open and positive response of management to the recommendations made.

The role of external audit is undertaken by the Wales Audit Office (WAO). The Committee considered the Annual Report and Accounts that included the Governance Statement of the Office for 2017/18 together with the External Audit of Financial Statements Report and Management Letter. The audit conclusions for the 2017/18 financial year were reviewed at the September 2018 meeting of the Committee.

An unqualified opinion was given on the 2017/18 Accounts on 17 July 2018 with no recommendations arising from the Audit.

Both Internal and External Auditors have the right, if considered appropriate, to raise any matter through an open access policy to the Chair and through that right to bring any matter to the attention of the Committee. The Committee, by reviewing the programmes of both the External and the Internal Auditors, ensured that they were co-operating effectively with each other. The quality of the audit work and that of the Committee has been evaluated during the year through consideration of the audit reports and recommendations and dialogue at meetings between Committee Members and the Auditors.

To ensure that appropriate matters can be raised in confidence, the Chair of the Committee holds an annual meeting with representatives of the External and Internal Auditors. Such a meeting was held on 27 March 2019.

(f) Monitoring processes

At each meeting during 2018/19, the Committee received a report on progress made on the implementation of External and Internal Audit recommendations. The Committee members were satisfied that all the recommendations made had been implemented or will be implemented by the first quarter of 2018/19.

(g) Annual Review and Assessment

This annual review is undertaken to ensure that the work of the Audit and Risk Assurance Committee continues to comply with the Good Practice Principles set out in the HM Treasury Audit Committee Handbook. To assist the Committee in determining that it was complying with good practice, each member was invited to complete the National Audit Office's 'The Audit Committee self-assessment checklist.'

Comments received from Committee members were considered in preparing the Annual Report for 2018/19.

The report concluded that it had received comprehensive assurances and information that was reliable and sufficient to enable it to carry out its responsibilities. Those assurances demonstrated a satisfactory overall internal control environment, financial reporting and the management of risk and of the quality of both the Internal and External Audit work undertaken.

The Committee was therefore able to provide assurances to effectively support me as the Public Services Ombudsman for Wales to comply with my Accounting Officer responsibilities in providing evidence to assist in the preparation of this Annual Governance Statement.

Advisory Panel

The Advisory Panel is a non-statutory forum whose main role is to provide support and advice to the Ombudsman in providing leadership and setting the strategic objectives of the office of the Public Services Ombudsman for Wales. The Panel also brings an external perspective to assist in the development of policy and practice.

The Panel provides specific advice and support to the Ombudsman on:

- vision, values and purposes
- strategic direction and planning.

The Advisory Panel is an advisory-only body to the Ombudsman and does not make decisions in its own right.

Reporting of Personal Data Related Incidents

All incidents involving personal data are reported to the Audit and Risk Assurance Committee, regardless of whether the PSOW is at fault. Where PSOW is at fault, guidance issued by the Information Commissioner's Office (ICO) is considered to establish whether it is necessary to report the incident to that office. PSOW's process for handling such incidents has been amended to reflect the requirements of the Data Protection legislation and updated guidance issued by the ICO. During 2018/19, there were no incidents that required reporting to the ICO.

The Risk and Control Framework

As required by "Managing Welsh Public Money", I am supported by a professionally qualified Financial Accountant who carries out the responsibilities of a Finance Director as set out in that document.

Risk management and the risk register are standing Agenda items for the Audit and Risk Assurance Committee.

I am continuing to enhance the robust internal control arrangements to ensure that the Office has the capacity to identify, assess and manage risk effectively. In undertaking this responsibility during the year ended 31 March 2019, I have been supported by a Chief Operating Officer to whom some of the Ombudsman's responsibilities have been delegated. In addition, the Management Team which I chair has responsibility for overseeing risk management. I am satisfied that the systems in place identify potential risks at an early stage and enable, through active management, the appropriate action to be taken to minimise any adverse impact on the office. As already stated the Audit and Risk Assurance Committee receives regular reports on the Risks relating to this Office.

Risks are considered across a number of key areas or risk horizons. These are:

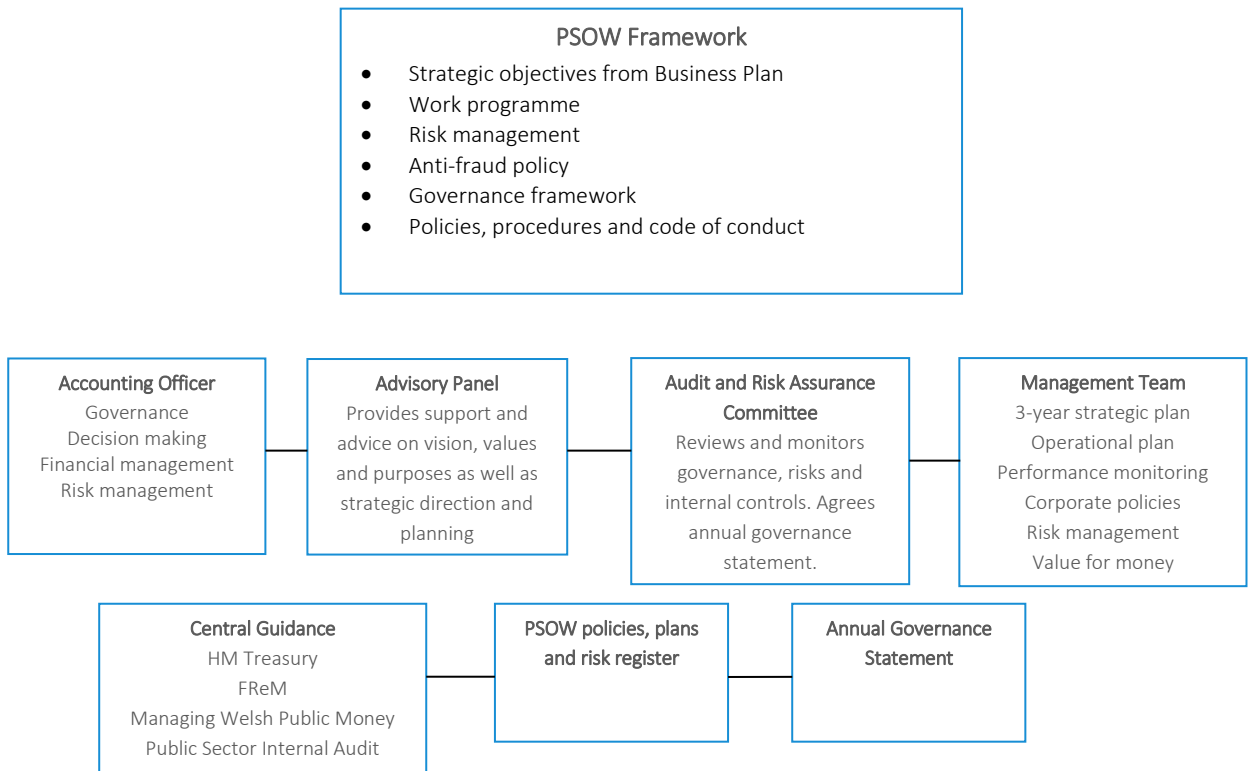
- risks that could affect my ability to fulfil my core functions
- risks affecting data security
- financial risks
- governance risks
- risks affecting facilities and support arrangements (such as premises and IT services).

Key risks at the financial year-end were identified as follows:

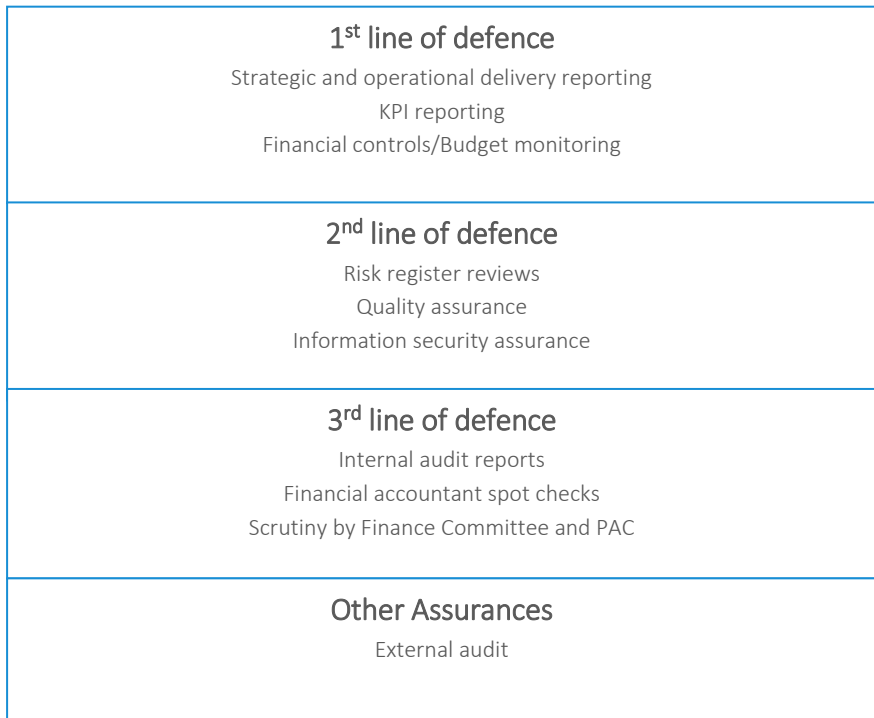
Risk horizon	Risk affects:	Risk management and mitigation:	Residual risk:
Core function	Suitable and reliable facilities and systems - the risk arises specifically from concerns about external IT support provision and repeated systems outages	Complete the upgrade of IT infrastructure as soon as practically possible. Pro-active contract management of IT Support provider	Unreliable IT systems could affect service delivery and ability to handle caseload effectively. It could also give rise to reputational damage. The residual risk is therefore considered RED
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 therefore considered RED

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.

Risk Assurance Framework Arrangements



Assurance Map Components



Budgeting Process

As Accounting Officer, I ensure that I have in place arrangements for tight control of the public money entrusted to me. The Management Team receives a monthly budget monitoring report setting out details of actual against budgeted expenditure. Any unexpected expenditure issues that may arise during the year are considered and actions required to ensure that the office remains within its budgeted expenditure are agreed. No major issues arose in respect of the PSOW's budget for 2018/19.

As far as the process of producing the PSOW's financial estimate for 2019/20 is concerned, a paper setting out initial budget criteria was considered by the Advisory Panel in June 2018. Following on from this, a draft budget estimate paper was considered at the meeting in September 2018. That paper set out in full the financial resources that the PSOW sought to discharge its functions and develop its improvement work with public service providers. It allowed for some pay and price inflation and sought largely to absorb, through greater efficiency, the continuing and significant growth in the number (and complexity) of complaints. The Estimates paper, seeking a 3.8% cash increase, was submitted to the Finance Committee of the National Assembly for Wales. The Finance Committee considered the paper in October 2018 and I was pleased to be able to attend the meeting to answer Assembly Members' specific questions on the submission. Following that meeting, the Finance Committee Chair wrote to the Ombudsman, requesting that the submission be modified and resubmitted, with the increase limited to 1.6% and the proposals to support improvement work in public service providers deleted. A revised estimate was submitted and subsequently approved.

A supplementary budget for 2019/20 will be submitted in April 2019 to fund:

- The Civil Service Pensions increase in employer contributions of 6%, and
- The additional costs associated with the new Public Services Ombudsman (Wales) Bill

Conclusion

I can report that there were no significant weaknesses in the Office's system of internal controls in 2018/19 which would affect the achievement of the Office's policies, aims and objectives and that robust Corporate Governance is in operation with no breaches of the Corporate Governance Code.

Nick Bennett

Accounting Officer
Public Services Ombudsman for Wales

2 July 2019

Remuneration Report

Public Services Ombudsman for Wales

The Government of Wales Act 2006 provides for my remuneration and associated national insurance and pension costs to be met from the Welsh Consolidated Fund, rather than being paid directly. These costs are included, for transparency, in the remuneration report.

Remuneration

The following sections provide details of the remuneration and pension interest of the most senior management of the Office: Nick Bennett - Ombudsman, Chris Vinestock - Chief Operating Officer and Director of Investigations and Katrin Shaw - Director of Policy, Legal and Governance.

Single Total Figure of Remuneration										
Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in Kind (to nearest £100)		Pension benefits (to nearest £1,000)		Total (£'000)	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Nick Bennett	145-150	145-150	-	-	-	-	58,000	57,000	205-210	200-205
Chris Vinestock	95-100	90-95	-	-	-	-	34,000	27,000	125-130	120-125
Katrin Shaw	75-80	75-80	-	-	-	-	29,000	30,000	105-110	105-110

Nick Bennett's pension benefits for 2017/18, disclosed as £56,000, were recalculated by MyCSP due to a salary underpayment in that financial year.

Salary

Salary includes gross salary, overtime and any other allowances to the extent that they are subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any expenditure paid by the PSOW and treated by HM Revenue and Customs as a taxable emolument. There was no such expenditure.

Bonuses

No bonus was paid during the year to me or to any staff within my office, as no bonus scheme is in operation.

Pay multiples

The banded remuneration of the highest-paid director in the financial year 2018/19 was £145,000-£150,000 (2017/18 = £145,000-£150,000). This was 3.5 times (2017/18 = 3.6) the median remuneration of the workforce, which was £41,847 (2017/18 = £41,025). In 2018/19, no employee received remuneration in excess of the highest-paid director (2017/18 = none).

Remuneration ranged from £18,000 to £150,000 (2017/18, £17,000-£150,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pay awards

Staff pay is linked to the pay awards made to employees within Local Government in England and Wales. In line with that procedure, a 2% pay increase was awarded to staff that covered the year April 2018 to March 2019.

Pensions

Pension entitlements for the persons shown above are detailed below:

Name	Accrued pension at pension age as at 31/03/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/19	CETV at 31/03/18	Real Increase in CETV	Employer contribution to partnership pension accounts
	£000	£000	£000	£000	£000	Nearest £100
Nick Bennett	40-45	2.5-5	495	395	29	-
Chris Vinestock	55-60	0-2.5	822	706	19	-
Katrin Shaw	30-35	0-2.5	476	403	14	-

Pension Liabilities

The pension obligations to present and past employees are discharged through:

- (a) the Principal Civil Service Pension Scheme (PCSPS)
- (b) the Local Government Pension Scheme administered through the Cardiff and Vale of Glamorgan Pension Scheme (the Fund) and
- (c) the pensions paid directly to former Commissioners or their dependants.

Further details are given in the Pensions Disclosures.

Sickness

During the year, an average of 3.3 days per employee were lost through sickness, compared with 5.6 days in 2017/18. This is the equivalent of 1.2% (2.1% in 2017/18) of total possible workdays.

Reporting of Civil Service and other compensation schemes

No exit packages were paid in 2018/19 (2017/18 Nil).

Advisory Panel and Audit and Risk Assurance Committee

The following non-pensionable payments, based on a daily rate, were made to members of the Advisory Panel and Audit and Risk Assurance Committee:

	2018/19	2017/18
	£	£
Jonathan Morgan	3,789	1,565
Anne Jones	2,488	846
Jim Martin	2,799	622
Tom Frawley	2,488	622
Trevor Coxon	2,799	-
Ian Williams	1,866	-
Margaret Griffiths (left during year)	282	564
John Williams (left during year)	282	904
William Richardson (left 2017/18)	-	1,263
Sharon Warnes (left 2017/18)	-	622
Beverley Peatling (left 2017/18)	-	622

Due to the late timing of the March 2018 meeting only 3 payments were made to committee members in 2017/18, with the fourth payment being made in April 2018.

For staff reporting issues see the Annual Equality Report.

Nick Bennett

Accounting Officer

Public Services Ombudsman for Wales

2 July 2019

National Assembly for Wales Accountability and Audit Report

In addition to the primary statements prepared under **International Financial Reporting Standards (IFRS)**, the Government Financial Reporting Manual (FRm) requires the Ombudsman to prepare a statement and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resource.

Summary of Net Resource Outturn

for the year ended 31 March 2019

	Revised Estimate			Outturn				2017/18
	Gross Expenditure	Income	Net Total	Gross Expenditure	Income	Net Total	Net total outturn compared to estimate	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000
Revenue	4,313	(62)	4,251	4,253	(61)	4,192	59	4,190
Capital	229	-	229	253	-	253	(24)	20
Net Resource	4,542	(62)	4,480	4,506	(61)	4,445	35	4,210
Net Cash Requirement	4,472	(62)	4,410	4,451	(61)	4,390	20	4,178

The Ombudsman is paid directly from the Welsh Consolidated Fund and not by the Office and is not included in the PSOW accounts.

For transparency, the Ombudsman's remuneration continues to be disclosed in the Remuneration Report.

Reconciliation of Net Resource to Net Cash Requirement

for the year ended 31 March 2019

	Note	2018/19 Revised estimate	2018/19 Net total Outturn	Net total outturn compared to revised estimate	2017/18 Outturn
		£000	£000	£000	£000
Net Revenue	2-4	4,251	4,192	59	4,190
Net Capital	6	229	253	(24)	20
Net Resource		4,480	4,445	35	4,210
Movement in provisions	10	(20)	12	(32)	7
Capital charges	6	(70)	(31)	(39)	(43)
Movements in working capital	7-9	20	(16)	36	24
Pension charges (LGPS)	Pensions Disclosures	-	(20)	20	(20)
Net cash requirement		4,410	4,390	20	4,178

Nick Bennett

Accounting Officer

Public Services Ombudsman for Wales

2 July 2019

The Certificate and Independent Auditor's Report of the Auditor General for Wales to the National Assembly for Wales

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of the Public Services Ombudsman for Wales For the year ended 31 March 2019 under paragraph 17 (2) of Schedule 1 of the Public Services Ombudsman (Wales) Act 2005. These comprise the Summary or Net Resource Outturn, Statement of Comprehensive Net Expenditure, Statement of Financial Position, Consolidated Statement of Cash Flows, Statement of Changes in Taxpayers Equity and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs) as adopted by the European Union/United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of Public Services Ombudsman for Wales affairs as at 31 March 2019 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- have been properly prepared in accordance with HM Treasury directions issued under the Public Services Ombudsman (Wales) Act (2005).

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Accounting Officer is responsible for the other information in the annual report and financial statements. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report on other requirements

Opinion on other matters

In my opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Public Services Ombudsman (Wales) Act (2005).

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with HM Treasury guidance;
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and has been prepared in accordance with the Public Services Ombudsman (Wales) Act (2005).

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit. I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the financial statements in accordance with the Public Services Ombudsman (Wales) Act 2005 and HM Treasury directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the body's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Accounting Officer is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities, which govern them.

Adrian Crompton
Auditor General for Wales
3 July 2019

24 Cathedral Road
Cardiff
CF11 9LJ



**Financial
Statements**

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2019

	Note	2018/19	2017/18
		£000	£000
Administration costs			
Staff costs	2	3,132	2,898
Other non-staff administration costs	3	1,121	1,323
Gross Administration Costs		4,253	4,221
Operating Income	4	(61)	(31)
Net Administration Costs		4,192	4,190
Net Revenue Outturn		4,192	4,190

All activities commenced in the period are continuing.

Notes 1 to 18 and the Pensions Disclosures form part of these statements.

Statement of Financial Position

as at 31 March 2019

	Note	2018/19 £000	2017/18 £000
Non-current assets			
Property, Plant and Equipment	6a	185	128
Intangible assets	6b	172	7
Receivables due after more than one year	7	1	3
Pension fund surplus	Pensions Disclosures	810	30
		1,168	168
Current Assets			
Trade and other receivables	7	175	186
Cash and cash equivalents	8	20	32
		195	218
Total assets		1,363	386
Current liabilities			
Trade and other payables	9	(172)	(177)
Provisions less than one year	10	(44)	(43)
		(216)	(220)
Total assets less current liabilities		1,147	166
Non-current liabilities			
Trade and other payables due after one year	9	(24)	(28)
Provisions greater than one year	10	(481)	(494)
		(505)	(522)
Total assets less liabilities		642	(356)
General Fund		642	(356)

Notes 1 to 18 and the Pensions Disclosures form part of these statements. The significant change to the pension fund surplus is clarified in the Pensions Disclosures on page 88.

The financial statements were approved by the Accounting Officer and authorised for issue on 2nd July 2019 by:

Nick Bennett

Accounting Officer

Public Services Ombudsman for Wales

2 July 2019

Statement of Cash Flows

for the year ended 31 March 2019

	Note	2018/19 £000	2017/18 £000
Net cash outflow from operating activities	11	(4,137)	(4,158)
Net cash flow from investing activities	12	(253)	(20)
Financing from National Assembly for Wales	13	4,410	4,210
Prior year cash balance repaid		(32)	(34)
Net increase (decrease) in cash equivalents after adjustments for payments to Welsh Consolidated Fund		(12)	(2)
Cash and cash equivalents at the beginning of period		32	34
Cash and cash equivalents at the end of period		20	32

Notes 1 to 18 and the Pensions Disclosures form part of these statements.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2019

	General Fund 2018/19 £000	General Fund 2017/18 £000
Balance as at 1 April	(356)	(354)
Net operating costs	(4,192)	(4,190)
Funding by National Assembly for Wales	4,410	4,210
Due back to Welsh Consolidated Fund	(20)	(32)
Actuarial re-measurement of LGPS pension fund	800	10
Total recognised income and expense for year	998	(2)
Balance as at 31 March	642	(356)

Notes 1 to 18 and the Pensions Disclosures form part of these statements.

An actuarial re-measurement under paragraph 64 of IAS 19 has resulted in a significant surplus of £800k to be recognised in the 2018/19 financial accounts. Further details can be found in the Pensions Disclosures.

Notes to the Financial Statements

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (the FReM) issued by HM Treasury which is in force for 2018/19. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS), as adopted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the PSOW for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the PSOW are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for any revaluation of fixed assets, where material to their value to the business, by reference to their current costs.

1.2 Property, Plant and Equipment

Expenditure on property, plant and equipment is capitalised where the purchases are expected to have a useful life extending over more than one year and the cost exceeds £1k. Assets costing less than £1k may be capitalised providing they are capital in nature and are part of a larger scheme that is, in total, more than £1k. Assets are shown at cost less an allowance for depreciation. On initial recognition, fixed assets are measured at cost, including such costs as installation, which are directly attributable to bringing them into working condition for their intended use. In reviewing the costs of the fixed assets previously acquired and the prices paid for the new acquisitions during the year, there is no material difference between the historic net book value of the assets and their replacement cost, less depreciation.

1.3 Depreciation

Assets are depreciated at rates calculated to write them down to zero or, if applicable, estimated residual value on a straight-line basis over their estimated useful life following an initial charge of a full month's depreciation in the month of purchase. Assets in the course of construction are depreciated when the asset is brought into use. Except where otherwise noted, asset lives are assumed to be the following:

Plant	10 years or the lease term if shorter
Furniture and other fittings	10 years or, in the case of fittings, the lease term
Computers and other equipment	3 to 10 years

1.4 Intangible assets

Purchased computer software licences and developed software are capitalised where expenditure of £1k or more is incurred and the useful life is more than one year. Intangible assets costing less than £1k may be capitalised, providing they are capital in nature and are part of a larger scheme that is, in total, more than £1k. Intangible assets are reviewed annually for impairment and are stated at amortised historic cost. Software licences are amortised over the shorter of the term of the licence and the useful economic life of the computer equipment on which they are installed. This would usually be from 3 to 5 years. Developed software is amortised over the estimated useful life. In the year of acquisition, following an initial charge of a full month's depreciation in the month of purchase, the balance is amortised on a straight-line basis over the balance of the estimated life.

1.5 Value Added Tax

The PSOW is not registered for VAT. Expenditure is therefore disclosed gross of VAT.

1.6 Pensions

The pension obligations to present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the Local Government Pension Scheme administered through the Cardiff and Vale of Glamorgan Pension Scheme (the Fund) and by direct payment to previous Commissioners for Local Administration in Wales and any surviving beneficiaries. Full details are disclosed in the Pensions Disclosures at the end of the Financial Statements. The costs of providing these pensions are charged through the Statement of Comprehensive Net Expenditure with actuarial gains and losses relating to the Cardiff and Vale of Glamorgan Pension Scheme being recognised in the year in which they occur.

1.7 Early departure costs

Where the PSOW is required to meet the additional cost of benefits beyond the normal benefits payable by the appropriate pension scheme in respect of employees who retire early, these costs are charged to the Statement of Comprehensive Net Expenditure in full when the liability arises.

1.8 Operating Leases

Expenditure on leased property is charged in the period to which it relates. Operating lease charges for equipment are spread equally over the life of the lease.

1.9 Staff Costs

In line with IAS, 19 short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, as well as non-monetary benefits for current employees, are recognised when an employee has rendered services in exchange for those benefits.

1.10 Provisions

These are sums which are of uncertain timing or amount at the balance sheet date and represent the best estimate of the expenditure required to settle the obligations. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the recommended HM Treasury discount rate.

1.11 Income

All income is recognised in the Statement of Comprehensive Net Expenditure in accordance with IAS 18.

1.12 Impact of Standards Not Yet Effective

Standard	Effective date	Further details
IFRS 16 Leases	2020/21	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on the balance sheet as an asset based on a right of use principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

2. Staff Costs and Numbers

The aggregate employment costs were as follows:

	2018/19	2017/18
	£000	£000
Permanent staff:		
Salaries	2,389	2,194
Social Security costs	221	210
Pension costs	480	439
Pension fund charges	42	55
Total	3,132	2,898

There were no temporary staff employed by the PSOW.

The average number of whole-time equivalent persons employed (including senior management and fixed term appointments) during the year was as follows:

	2018/19	2017/18
	No.	No.
Directors	2	2
Complaints Handling	49	45
Corporate Services and IT	8	7
Communications and PA	3	3
Total	62	57

3. Non-Staff Administration Costs

	2018/19	2017/18
	£000	£000
Rentals under operating leases	264	265
External Audit fee	18	18
Legal and professional fees	261	319
Other property costs	135	205
Computer services	182	239
Office costs	103	98
Travel and subsistence	31	36
Training and Recruitment	55	55
Communications	41	45
Sub-total	1,090	1,280
Depreciation	24	32
Amortisation charge	7	11
Loss on disposal	-	-
Sub-total	31	43
Total Other Administration Costs	1,121	1,323

4. Operating Income

	2018/19	2017/18
	£000	£000
Seconded staff	(60)	(30)
Interest receivable	-	-
Other – Future Generations Commissioner	(1)	(1)
Total	(61)	(31)

5. Operating Costs by Strategic Aims

The costs of providing a first class Ombudsman service to Wales are set out below. We have identified four new strategic aims for delivering our mission and the allocation to each of the aims has been based on the following:

- An estimate of the staff time spent on the objective
- Direct allocation of expenditure where applicable
- Apportionment of other costs pro rata to the estimate of staff time

	2018/19		2017/18	
	£000	%	£000	%
Strategic Aim 1:				
To provide a complaints service that is of the highest quality, proportionate and effective.	3,356	80.1	3,307	78.9
Strategic 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 in improving public service delivery and informing public policy.	651	15.4	661	15.8
Strategic 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.	40	1.0	52	1.2
Strategic Aim 4:				
To be accountable for the service we provide and the public money we spend.	145	3.5	170	4.1
Net operating costs	4,192	100.0	4,190	100.0

6a. Property, Plant and Equipment

	Plant	Computers and other equipment	Furniture and other fittings	Total
2018/19	£000	£000	£000	£000
Cost or valuation at 1 April 2018	156	150	430	736
Additions	-	66	15	81
Disposals	-	-	(17)	(17)
At 31 March 2019	156	216	428	800
Depreciation				
At 1 April 2018	(156)	(131)	(321)	(608)
Charged in the year	-	(8)	(16)	(24)
Disposals	-	-	17	17
At 31 March 2019	(156)	(139)	(320)	(615)
Carrying amount as at 31 March 2019	-	77	108	185
Carrying amount as at 31 March 2018	-	19	109	128
	Plant	Computers and other equipment	Furniture and other fittings	Total
2017/18	£000	£000	£000	£000
Cost or valuation at 1 April 2017	156	182	415	753
Additions	-	5	15	20
Disposals	-	(37)	-	(37)
At 31 March 2018	156	150	430	736
Depreciation				
At 1 April 2017	(156)	(152)	(305)	(613)
Charged in the year	-	(16)	(16)	(32)
Disposals	-	37	-	37
At 31 March 2018	(156)	(131)	(321)	(608)
Carrying amount as at 31 March 2018	-	19	109	128
Carrying amount as at 31 March 2017	-	30	110	140

6b. Intangible Assets

	Information Technology	Software Licences	Total
2018/19	£000	£000	£000
Cost or valuation at 1 April 2018	328	52	380
Additions	172	-	172
Disposals	-	-	-
At 31 March 2019	500	52	552
Amortisation as at 1 April 2018	(321)	(52)	(373)
Amortisation charged in the year	(7)	-	(7)
Disposals	-	-	-
At 31 March 2019	(328)	(52)	(380)
Carrying Value as at 31 March 2019	172	-	172
Carrying Value as at 31 March 2018	7	-	7
	Information Technology	Software Licences	Total
2017/18	£000	£000	£000
Cost or valuation at 1 April 2017	328	71	399
Additions	-	-	-
Disposals	-	(19)	(19)
At 31 March 2018	328	52	380
Amortisation as at 1 April 2017	(310)	(71)	(381)
Amortisation charged in the year	(11)	-	(11)
Disposals	-	19	19
At 31 March 2018	(321)	(52)	(373)
Carrying Value as at 31 March 2018	7	-	7
Carrying Value as at 31 March 2017	18	-	18

In the opinion of the Public Services Ombudsman for Wales, there is no material difference between the net book value of assets at current values and at their historic cost.

7. Trade and other Receivables

	2018/19 £000	2017/18 £000
Amounts falling due within one year		
Prepayments	175	186
Trade debtors	-	-
Amounts falling due after more than one year		
Prepayments	1	3
Total	176	189

8. Cash and Cash Equivalents

Any bank balance held at the year-end must be returned to the Welsh Consolidated Fund. A figure of £20k (£32k in 2017/18) has been included within the accounts, being the net balance at the year end on all the bank accounts operated by the PSOW, irrespective of whether the individual account is in debit or credit. This balance will have to be repaid to the Welsh Consolidated Fund in 2019/20 under the Government of Wales Act 2006.

9. Trade Payables and other Current Liabilities

	2018/19 £000	2017/18 £000
Amounts falling due in one year		
Untaken annual leave	61	70
Deferred rent reduction	5	5
Welsh Consolidated Fund - unspent balances	20	32
Trade payables	15	24
Accruals	71	46
	172	177
Amounts falling due in more than one year		
Deferred rent reduction	24	28
Total	196	205

10. Provisions for Liabilities and Charges

	Pensions for Former Commissioners £000	2018/19		2017/18	
		Dilapidation Costs £000	Other Costs £000	Total £000	Total £000
Balance at 1 April	260	277	-	537	544
Additional provision required	24	9	-	33	75
Discount rate movement	(2)	-	-	(2)	1
Provisions utilised in the year	(43)	-	-	(43)	(83)
Balance at 31 March	239	286	-	525	537

Analysis of expected timings of payment of provisions:

	2018/19 £000	2017/18 £000
Payable within one year	44	43
Payable within 2 to 5 years	157	172
Payable in more than 5 years	324	322
Balance at 31 March	525	537

Pension provisions are calculated based on the National Life Tables for England and Wales issued by the Office of National Statistics. Later year pension increases are in line with GDP deflator information issued by HM Treasury. The discount factor has been amended to 0.29% for the financial year (0.10% in 2017/18) in line with the guidance issued by the Treasury. Two surviving spouses of former Commissioners remain as a pension liability.

Dilapidations were increased in 2018/19 in line with BCIS building indices for general building costs provided by PSOW's building consultants.

11. Reconciliation of Operating Cost to Operating Cash Flows

	Notes	2018/19 £000	2017/18 £000
Net operating cost		(4,192)	(4,190)
Adjust for non-cash items	3	51	63
Decrease /(Increase) in trade and other receivables	7	13	(26)
Increase/(Decrease) in trade and other payables	9	(9)	-
Movement in provisions	10	(12)	(7)
Movement in cash repaid to Welsh Consolidated Fund	8	12	2
Net cash outflow from operating activities		(4,137)	(4,158)

12. Non-Current Asset Expenditure and Financial Investment

	2018/19 £000	2017/18 £000
Purchases of property, plant and equipment	(81)	(20)
Proceeds of disposals of property, plant and equipment	-	-
Purchases of intangible assets	(172)	-
Net cash outflow from investing activities	(253)	(20)

13. Reconciliation of Net Cash Requirement to Increase/(Decrease) in Cash

	2018/19 £000	2017/18 £000
Net Cash Requirement:		
Operating activities	(4,137)	(4,158)
Capital Expenditure	(253)	(20)
	(4,390)	(4,178)
Financing from National Assembly for Wales	4,410	4,210
Repayment to Welsh Consolidated Fund	(32)	(34)
Increase /(Decrease) in cash and cash equivalents	(12)	(2)

14. Commitments under Operating Leases

	2018/19	2017/18
	£000	£000
Total future minimum operating lease payments on Building:		
Payable within one year	183	183
Within two and five years	732	732
More than five years	250	433
	1,165	1,348
Other:		
Payable within one year	12	20
Within two and five years	-	12
More than five years	-	-
	12	32
Total – all operating leases	1,177	1,380

15. Contingent Liabilities

None.

16. Capital Commitments

There were no capital commitments at 31 March 2019 (2017/18 Nil).

17. Related Party Transactions

The PSOW is headed by the Public Services Ombudsman for Wales and was established under the Public Services Ombudsman (Wales) Act 2005. The Ombudsman is independent of Government and the funding arrangements of the Office are set up to ensure that the independence of the Office is secured. The PSOW has had a number of material transactions with the National Assembly for Wales, HM Revenue and Customs (Tax and National Insurance payments) and the Cabinet Office (payments in respect of the Principal Civil Service Pension Scheme). During the year, no directors, key members of staff or their related parties have undertaken any material transactions.

18. Events after the Reporting Period

None.

Pensions Disclosures

Two pension schemes are operated on behalf of current staff – The Principal Civil Service Pension Scheme (PCSPS) and the Cardiff and Vale of Glamorgan Pension Fund (the Fund). There also remains an ongoing liability to meet the unfunded pensions of two dependant relatives of former Local Government Commissioners.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60 and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten years and thirteen years and five months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump

sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos**, a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme, if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity, to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

No staff left under Voluntary Exit or Voluntary Redundancy terms during the financial year.

Cardiff and Vale Pension Fund - Local Government Pension Scheme

The disclosures below relate to the funded liabilities of the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the Local Government Pension Scheme (the LGPS). The funded nature of the LGPS requires the PSOW and its employees who are members of the scheme to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The PSOW recognises gains and losses in full, immediately through the Statement of Comprehensive Net Expenditure. In accordance with International Financial Reporting Standards, disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

No further employer contributions are required to be paid to the Fund by the PSOW.

Disclosure under IAS19 (LGPS funded benefits)

Introduction

The figures below relate to the funded liabilities within the Fund which is part of the Local Government Pension Scheme (LGPS).

Results under IAS 19 (LGPS funded benefits)

Date of the last full actuarial valuation	31 March 2016
Expected employer contributions next year (£M)	-
Duration of liabilities	12.8 years

Key assumptions (% per annum)

	31 March 2019	31 March 2018	31 March 2017
	%	%	%
Discount rate	2.40	2.60	2.50
RPI Inflation	3.30	3.20	3.10
CPI Inflation	2.20	2.10	2.00
Pension increases	2.20	2.10	2.00
Pension accounts revaluation rate	2.20	2.10	2.00
Salary increases	3.20	3.10	3.00

Mortality assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2016 valuation, and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below:

Assumed life expectancy at age 65	31 March 2019	31 March 2018
Males		
Member aged 65 at accounting date	22.4	23.1
Member aged 45 at accounting date	23.0	24.2
Females		
Member aged 65 at accounting date	24.8	25.8
Member aged 45 at accounting date	25.9	27.2

Asset allocation

		Value at 31 March 2019		Value at 31 March 2018
	Quoted %	Unquoted %	Total %	Total %
Equities	0.0	0.0	0.0	0.0
Property	0.0	0.0	0.0	0.0
Government bonds	100.0	0.0	100.0	100.0
Corporate bonds	0.0	0.0	0.0	0.0
Cash	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total	100.0	0.0	100.0	100.0

Reconciliation of funded status to Statement of Financial Position

	Value at 31 March 2019 £M	Value at 31 March 2018 £M
Fair value of assets	7.00	6.84
Present value of funded defined benefit obligation	5.26	5.32
Funded status	1.74	1.52
Unrecognised asset	(0.93)	(1.49)
Asset/(Liability) recognised on the balance sheet	0.81¹	0.03

¹ The increase in asset value is as a result of a change in the LGPS regulations in May 2018. This permits the refund of a surplus on exiting the Fund which has been reflected in the calculations this year. The actuary's opinion is that this is a "one off" event and any adjustments in future years should be relatively small, particularly given that PSOW has a "gilts based" investment strategy which will reduce any volatility.

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active Members	6%
Deferred Pensioners	12%
Pensioners	82%

Amounts recognised in Statement of Comprehensive Net Expenditure

	Period ending 31 March 2019 £M	Period ending 31 March 2018 £M
Operating cost		
Current service cost	0.02	0.02
Past service cost (incl. curtailments)	0.00	0.00
Settlement cost	0.00	0.00
Financing Cost		
Interest on net defined benefit liability (asset)	0.00	0.00
Pension expense recognised in profit and loss	0.02	0.02
Remeasurements in Other Comprehensive Income		
Return on plan assets (in excess)/below that recognised in net interest	(0.21)	0.12
Actuarial (gains)/losses due to change in financial assumptions	0.19	(0.01)
Actuarial (gains)/losses due to changes in demographic assumptions	(0.20)	0.00
Actuarial (gains)/losses due to liability experience	0.01	0.04
Adjustments due to the limit in paragraph 64	(0.59)	(0.16)
Total amount recognised in other comprehensive income (OCI)	(0.80)	(0.01)
Total amount recognised in profit and loss and OCI	(0.78)	0.01
Allowance for administration expenses included in current service cost (£M)	0.00	0.00

Changes to the present value of the defined benefit obligation

	Period ending 31 March 2019 £M	Period ending 31 March 2018 £M
Opening defined benefit obligation	5.32	5.35
Current service cost	0.02	0.02
Interest expense on defined benefit obligation	0.14	0.13
Contributions by participants	0.00	0.00
Actuarial (gains)/losses on liabilities – financial assumptions	0.19	(0.01)
Actuarial (gains)/losses on liabilities – demographic assumptions	(0.20)	0.00
Actuarial (gains)/losses on liabilities – experience	0.01	0.04
Net benefits paid out	(0.22)	(0.21)
Past service cost (incl. curtailments)	0.00	0.00
Net increase in liabilities from disposals/acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing defined benefit obligation	5.26	5.32

Changes to the fair value of assets

	Period ending 31 March 2019 £M	Period ending 31 March 2018 £M
Opening fair value of assets	6.84	7.00
Interest income on assets	0.17	0.17
Re measurement gains/(losses) on assets	0.21	(0.12)
Contributions by the employer	0.00	0.00
Contributions by participants	0.00	0.00
Net benefits paid out	(0.22)	(0.21)
Net increase in assets from the disposals/acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing fair value of assets	7.00	6.84

Actual return on assets

	Period ending 31 March 2019 £M	Period ending 31 March 2018 £M
Interest income on assets	0.17	0.17
Remeasurement gain/(losses) on assets	0.21	(0.12)
Actual return on assets	0.38	0.05

Funded Benefits

The following data was provided by the Fund Administering Authority and/or the Employer and has been used to produce the IAS 19 results in this report. Details of the split of assets between the various asset classes were also provided by the Fund Administering Authority and are shown above. We have also shown some of the intermediate calculations used in evaluating the figures in this report.

Active Members as at 31 March 2016

	Number	Total Pay £(M)
Total	1	0.05

Pensioner and deferred pensioner members as at 31 March 2016

Type	Number	Total Pension £(M)
Deferred members	5	0.02
Pensioners and dependants	11	0.23

Funded cash-flow data provided

	Months Provided	Amount Provided (£M)	Amount Used (£M)
Employer – Normal contributions	12	0.00	
Employer – Additional capital contributions	12	0.00	
Employer – Early retirement strain on fund payments	12	0.00	
Total contributions by the Employer			0.00
Employee – Normal contributions	12	0.00	
Employee – Added years contributions	12	0.00	
Total contributions by participants			0.00
Transfers in	12	0.00	
Other income	12	0.00	
Transfers out	12	0.00	
Retirement lump sums	12	0.00	
Other outgoings	12	0.00	
Death in service lump sums *	12	0.00	
Benefits paid (i.e. pension paid)	12	0.22	
Net benefits paid out **			0.22

* We have calculated the expected death in service lump sums over the year to be (£M) 0.00

** The 'Net benefits paid out' figure includes an allowance for expenses of (£M) 0.00

Annualised pensionable payroll over the accounting period

Type	(£M) *
Period ending 31 March 2019	0.05
Period ending 31 March 2018	0.05

* The annualised pensionable payroll has been derived from the contributions paid over the relevant accounting period

Fund return

The overall Fund return over the accounting period has been calculated as 5.7%.

The asset return over the accounting period for the Employer has been taken as the index return on the published FTSE Index Linked UK Gilts over 5 years total return index, to reflect the notional low risk investment strategy which has been put in place with effect from 1 December 2016, in respect of the Employer.

Pensions for former Ombudsmen

With the agreement of the Secretary of State for Wales in 1991 and subsequent confirmation by Statutory Instrument 1993 No. 1367, Local Government Commissioners became eligible to join the Local Government Pension Scheme. However, the pensions of the three previous Local Government Commissioners remained the responsibility of the Public Services Ombudsman for Wales and are met through the Statement of Comprehensive Net Expenditure. At 31 March 2019 two surviving spouses of former Commissioners continued to receive a pension.

Pensions are increased annually in line with other pension schemes within the Public Sector. The basis of calculations of the Annual Pensions Increase has been changed from using the annual movement based on the Retail Price Index (RPI) to the Consumer Price Index (CPI). The amount of the uplift applied is normally set out in the Statutory Instrument Pensions Increase (Review) Order. This uplift for 2018/19 was 3%.

The total payments during 2018/19 were £43k (£41k in 2017/18). The liabilities arising out of the obligation to finance these pensions together with any dependant pensions has been calculated to be £239k (£260k in 2017/18). The calculation to determine the overall liability has been carried out internally using life expectancy tables for males and females in Wales obtained from the website of the Government Actuary's Department. A discount rate, from PES (2018), of 0.29% (0.10% in 2017/18) has been applied in accordance with the Treasury guidance that all pension liabilities should be discounted.

Public Services Ombudsman for Wales

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Our ref: NB

Ask for: Communications



01656 641150

Date: 7 August 2019



communications
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Councillor Andrew Morgan
Council Leader
Rhondda Cynon Taf County Borough Council

By Email Only
andrew.morgan2@rctcbc.gov.uk

Dear Councillor Andrew Morgan

Annual Letter 2018/19

I am pleased to provide you with the Annual letter (2018/19) for Rhondda Cynon Taf County Borough Council. This year I am publishing my Annual Letters as part of my Annual Report and Accounts. I hope the Council finds this helpful and I trust this will enable it to review its own complaint handling performance in the context of other public bodies performing similar functions across Wales.

Whilst overall the number of complaints received relating to local authorities across Wales increased from 794 to 912, I am pleased that local authorities continue to work with my office to resolve many of these complaints at an early stage. This provides complainants with appropriate and timely remedies avoiding the need for my office to fully investigate complaints.

A summary of the complaints of maladministration/service failure received relating to the Council is attached.

Also attached is a summary of the Code of Conduct complaints relating to members of the Council and the Town & Community Councils in your area.



The Public Services Ombudsman (Wales) Act 2019 has now been introduced. I am delighted that the Assembly has approved this legislation giving the office new powers aimed at:

- Improving access to my office
- Providing a seamless mechanism for complaint handling when a patient's NHS care is inextricably linked with private healthcare
- Allowing me to undertake own initiative investigations when required in the public interest
- Ensuring that complaints data from across Wales may be used to drive improvement in public services for citizens in Wales.

I am very much looking forward to implementing these new powers over the coming year.

Action for the Council to take:

- Present my Annual Letter to the Cabinet to assist Members in their scrutiny of the Council's performance
- Work to reduce the number of cases which require intervention by my office
- Inform me of the outcome of the Council's considerations and proposed actions on the above matters by **31 October 2019**.

This correspondence is copied to the Chief Executive of your Council and to your Contact Officer. Finally, a copy of all Annual Letters will be published on my website.

Yours sincerely



Nick Bennett
Public Services Ombudsman for Wales

CC: Chris Bradshaw, Chief Executive
Claire Gummer, Contact Officer

Factsheet

A. Complaints Received and Investigated with Local Authority average adjusted for population distribution

Local Authority	Complaints Received	Average	Complaints Investigated	Average
Rhondda Cynon Taf County Borough Council 2018/19	36	68	0	2
Rhondda Cynon Taf County Borough Council 2017/18	36	60	0	2
Blaenau Gwent County Borough Council	8	20	0	0
Bridgend County Borough Council	33	41	0	1
Caerphilly County Borough Council	65	51	1	1
Cardiff Council	115	103	0	2
Carmarthenshire County Council	49	53	1	1
Ceredigion County Council	23	21	0	0
City and County of Swansea	83	70	0	2
Conwy County Borough Council	41	33	2	1
Denbighshire County Council	26	27	1	1
Flintshire County Council	50	44	2	1
Gwynedd Council	32	35	2	1
Isle of Anglesey County Council	31	20	2	0
Merthyr Tydfil County Borough Council	15	17	0	0
Monmouthshire County Council	20	27	0	1
Neath Port Talbot County Borough Council	38	40	1	1
Newport City Council	38	43	0	1
Pembrokeshire County Council	35	35	0	1
Powys County Council	67	38	4	1
Torfaen County Borough Council	12	26	1	1
Vale of Glamorgan Council	24	37	0	1
Wrexham County Borough Council	45	38	3	1
Grand Total	886		20	

B. Complaints Received by Subject

Rhondda Cynon Taf County Borough Council	Complaints Received
Adult Social Services	5
Benefits Administration	1
Children Social Services	9
Community Facilities. Recreation and Leisure	1
Complaints Handling	4
Education	2
Environment and Environmental Health	1
Finance and Taxation	2
Health	1
Housing	4
Planning and Building Control	3
Roads and Transport	2
Various Other	1

C. Comparison of complaint outcomes with average outcomes for Local Authorities, adjusted for population distribution

Local Authority	Out of Jurisdiction	Premature	Other cases closed after initial consideration	Early Resolution / Voluntary settlement	Discontinued	Other Report - Not upheld	Other Report - Upheld in whole or in part	Public Interest Reports
2018/19								
Rhondda Cynon	7	8	15	4	-	-	-	-
Rhondda Cynon (adjusted)	12	22	23	9	0	1	1	0
2017/18								
Rhondda Cynon	6	12	12	6	-	-	-	-
Rhondda Cynon (adjusted)	10	17	21	8	0	1	1	0

D. Number of cases with PSOW intervention

Local Authority	No. of complaints with PSOW intervention	Total number of closed complaints	% of complaints with PSOW intervention
Rhondda Cynon Taf County Borough Council 2018/19	4	34	12%
Rhondda Cynon Taf County Borough Council 2017/18	6	36	17%
Blaenau Gwent County Borough Council	2	7	29%
Bridgend County Borough Council	6	36	17%
Caerphilly County Borough Council	8	68	12%
Cardiff Council	19	110	17%
Carmarthenshire County Council	4	48	8%
Ceredigion County Council	5	24	21%
City and County Swansea	10	80	13%
Conwy County Borough Council	5	39	13%
Denbighshire County Council	4	30	13%
Flintshire County Council	16	56	29%
Gwynedd Council	6	35	17%
Isle of Anglesey County Council	5	31	16%
Merthyr Tydfil County Borough Council	0	14	0%
Monmouthshire County Council	0	23	0%
Neath Port Talbot County Borough Council	4	40	10%
Newport City Council	7	43	16%
Pembrokeshire County Council	6	33	18%
Powys County Council	11	64	17%
Torfaen County Borough Council	1	12	8%
Vale of Glamorgan Council	7	30	23%
Wrexham County Borough Council	8	43	19%

E. Code of Conduct Complaints Closed

Local Authority	Closed after initial consideration	Discontinued	No evidence of breach	No action necessary	Refer to Standards Committee	Refer to Adjudication Panel	Withdrawn	Total
2018/19								
Rhondda Cynon Taf	-	-	1	-	-	-	-	1
2017/18								
Rhondda Cynon Taf	1	-	-	-	-	-	-	1

F. Town/Community council Code of Conduct Complaints

Town/Community Council	Closed after initial consideration	Discontinued	No evidence of breach	No action necessary	Refer to Standards Committee	Refer to Adjudication Panel	Withdrawn	Total
Taff's Well CC	3	-	-	-	-	-	-	3
Ynysybwl & Coed-y-Cwm CC	1	-	-	-	-	-	-	1

Appendix

Explanatory Notes

Section A compares the number of complaints against the Local Authority which were received and investigated by my office during 2018/19, with the Local Authority average (adjusted for population distribution) during the same period.

Section B provides a breakdown of the number of complaints about the Local Authority which were received by my office during 2018/19. The figures are broken down into subject categories.

Section C compares the complaint outcomes for the Local Authority during 2018/19, with the average outcome (adjusted for population distribution) during the same period.

Section D provides the numbers and percentages of cases received by our office in which an intervention has occurred. This includes all upheld complaints, early resolutions and voluntary settlements.

Section E provides a breakdown of all Code of Conduct complaint outcomes against Councillors during 2018/19.

Section F provides a breakdown of all Code of Conduct complaint outcomes against town or community councils.

Feedback

We welcome your feedback on the enclosed information, including suggestions for any information to be enclosed in future annual summaries. Any feedback or queries should be sent via email to communications@ombudsman-wales.org.uk