



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Cyfrifon Cyhoeddus
The Public Accounts Committee**

**Dydd Mawrth, 7 Hydref 2014
Tuesday, 7 October 2014**

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are recorded in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

**Aelodau'r pwyllgor yn bresennol
Committee members in attendance**

William Graham

Ceidwadwyr Cymreig
Welsh Conservatives

Mike Hedges

Llafur
Labour

Alun Ffred Jones	Plaid Cymru The Party of Wales
Sandy Mewies	Llafur Labour
Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Julie Morgan	Llafur Labour
Jenny Rathbone	Llafur Labour
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

**Eraill yn bresennol
Others in attendance**

Nick Bennett	Ombwdsmon Gwasanaethau Cyhoeddus Cymru Public Services Ombudsman for Wales
Susan Hudson	Rheolwr Polisi a Chyfathrebu, Ombwdsmon Gwasanaethau Cyhoeddus Cymru Policy and Communications Manager, Public Services Ombudsman for Wales
Amanda Hughes	Swyddfa Archwilio Cymru Wales Audit Office
Dave Meaden	Swyddog Cyllid, Ombwdsmon Gwasanaethau Cyhoeddus Cymru Finance Officer, Public Services Ombudsman for Wales
Derwyn Owen	Swyddfa Archwilio Cymru Wales Audit Office
Alison Phillips	Cyfarwyddwr Cyllid, Comisiynydd Pobl Hŷn Cymru Director of Finance, Commissioner for Older People in Wales
Sarah Rochira	Comisiynydd Pobl Hŷn Cymru Commissioner for Older People in Wales
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru Auditor General for Wales
Chris Vinestock	Cyfarwyddwr a Phrif Swyddog, Ombwdsmon Gwasanaethau Cyhoeddus Cymru Director and Chief Officer, Public Services Ombudsman for Wales

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance**

Claire Griffiths	Dirprwy Glerc Deputy Clerk
Michael Kay	Clerc Clerk
Joanest Varney-Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser

*Dechreuodd y cyfarfod am 09:01.
The meeting began at 09:01.*

Cyflwyniadau, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Darren Millar:** Good morning, everybody, and welcome to today's meeting of the Public Accounts Committee. I remind everybody that the National Assembly for Wales is a bilingual institution, and that Members and witnesses to the committee today should feel free to contribute to the proceedings in either English or Welsh, as they see fit. There are headsets available, both for sound amplification and translation. I encourage everybody to switch off their mobile phones and other electronic equipment as these can interfere with the broadcasting equipment. I remind everybody that, as this is a formal meeting, the witnesses do not need to operate their microphones. In the event of a fire alarm, we should follow the directions from the ushers. We have not received any apologies today.

09:04

Papurau i'w Nodi Papers to Note

[2] **Darren Millar:** We have the minutes from our meetings on 16, 22 and 23 September. I will take it that those are noted by the committee. We have had an update from the Minister for Health and Social Services on the governance arrangements at Betsi Cadwaladr University Local Health Board, and we might want to refer to that when we have the session with the Welsh Government, which is scheduled for after the October recess.

[3] **Alun Ffred Jones:** Ar y papurau i'w nodi, eitem 4 yw Bil Llesiant Cenedlaethau'r Dyfodol (Cymru). Ydw i'n iawn? **Alun Ffred Jones:** On the papers to note, item 4 is the Well-being of Future Generations (Wales) Bill. Am I right?

[4] **Darren Millar:** We will have a chance to revisit these at future sessions if we have scheduled any work, but the fourth item to note—

[5] **Alun Ffred Jones:** Rwy'n cyfeirio at Fil Llesiant Cenedlaethau'r Dyfodol (Cymru). Rwy'n cymryd ei fod yn y papurau i'w nodi. **Alun Ffred Jones:** I am referring to the Well-being of Future Generations (Wales) Bill. I take it that is in the papers to note.

[6] **Darren Millar:** We are going to be discussing that next week, Ffred. I have discussed it with the Auditor General for Wales. This is in terms of the future generations Bill, is it not?

[7] **Alun Ffred Jones:** Yes.

[8] **Darren Millar:** I have discussed it with the auditor general, and he said that, given the time frame, it would be useful if we could discuss it before next week. We do not have to do it today, though.

[9] **Alun Ffred Jones:** Iawn, diolch. **Alun Ffred Jones:** Fine, thank you.

[10] **Darren Millar:** We have dealt with the update letter from Betsi Cadwaladr university health board. On the national fraud initiative 2012-13, we have had some correspondence on this from Higher Education Wales and the Higher Education Funding Council for Wales. This was because we were encouraging them to take part in the national fraud initiative. Not all the organisations that could be taking part were taking part. We have also had an update from the Chief Executive and Clerk of the Assembly on the Assembly Commission's annual report.

[11] **Mr Thomas:** Can I very swiftly bring to the committee's attention that part of the problem with the national fraud initiative is that the benefits do not necessarily flow to the organisations that subscribe to take part? I am therefore putting forward in the estimates this year an alternative means of funding the NFI, which I hope will lead to more organisations taking part.

[12] **Darren Millar:** Okay. I take it that Members noted that. Are there any questions on any of those items of correspondence? I will take it that those are noted then, and we will move straight into item 3 on the agenda.

09:04

**Craffu ar Gyfrifon y Comisiynwyr 2013-14: Comisiynydd Pobl Hŷn Cymru
Scrutiny of Commissioners' Accounts 2013-14: Commissioner for Older People
in Wales**

[13] **Darren Millar:** I am delighted to be able to welcome the Commissioner for Older People in Wales, Sarah Rochira, to the committee this morning. Welcome to you, commissioner, and to Alison Phillips, who is the director of finance at the older people's commissioner's offices.

[14] This is the first time that the committee has looked in any detail at the audited accounts of the commissioners in Wales, and it is an important part of our work, given that we have to be responsible, as the National Assembly, for holding you to account for the public money that you spend, commissioner. I thank you for the opportunity to have you before us today, so that we can explore some of the issues in the accounts. Members, naturally, have questions that they want to ask, but I will ask you an opening question. Given that you are responsible for about £1.7 million of taxpayers' money in Wales, how can taxpayers be sure that you are spending that money with their interests at heart and that you are securing value for money for that expenditure?

[15] **Ms Rochira:** First, bore da, good morning, and thank you for inviting me here. You are absolutely right, and I have been clear from day one that I am a commissioner, but there is a job of work that I have to do. I am a public servant, paid out of taxpayers' money. One of the early things I did as commissioner was to publish my framework for action. My priorities as the commissioner are based on what older people told me they wanted to see, but more than that, I outlined clearly in that document the action that I would be taking to drive the change that older people want and have a right to expect. So, that is my starting point.

[16] Underpinning that, every year, I publish an operational work programme. So, I am clear in what I am going to be doing. I also publish, and I took the decision early on to do this, an annual impact and reach report. That outlines, I hope in some detail without being too long or too difficult to read, what I have done over that financial year to deliver on my framework for action. So, that is me being as open and transparent as I can be in the change that I have brought about. I also made it very clear from day one that I would publish at the end of my term of office a legacy report. I have just started early conversations with my auditors about what that legacy report might look like. Once again, considering what I have delivered in return for that £1.7 million. So, that is, if you like, what I have changed or brought about as the commissioner that would not have happened had I not been here.

[17] The second question in terms of value for money is how much it has cost me to deliver that change in a world where—and I am conscious of this, as are older people—there are huge financial constraints. One of the things that I touch on in my annual accounts this

year is how I have spent money across those five priorities within my framework for action. I only include in my accounts this year non-staff costs, because there was no particular scope for me this year to go into more detail. However, I have already started work to outline my expenditure against my priorities and against those programmes of work, so that people can see exactly what I am spending to deliver on those outcomes. So, in short, what I have delivered and how much I have delivered, I hope, is open and transparent within that.

[18] **Darren Millar:** You have an audit and risk management committee, which you developed as a commissioner yourself and which you appoint people to. What role does it play in holding you to account for the cash that you spend and making sure that they are identifying risk and dealing with that appropriately?

[19] **Ms Rochira:** My audit and risk assurance committee is a very important body for me. Fundamentally, it does two things. First, it provides me with advice in respect of my governance, risk management and financial controls to ensure that those are strong, as do my internal and external auditors, who I have now ensured are part of my audit and risk assurance committee to strengthen their advice to me. They also provide me with robust, and sometimes it feels like very robust, and rightly so, challenge, strategic advice and guidance. That is critical to delivering on my business in what is a difficult operating environment. They do not hold me to account as commissioner and they do not formally monitor my performance, but they do guide my decision making and I draw very heavily on their expertise. I would just add in relation to that that, in the pursuit of openness and transparency, the minutes of my audit and risk assurance committee are published, as is its annual report to me in terms of the support that it has provided and my performance annually.

[20] **Darren Millar:** What about the appointments process for the audit and risk management committee?

[21] **Ms Rochira:** I am not required by the Act to have an audit and risk assurance committee, but the first commissioner established it, I have strengthened it, and I think that it is prudent to maintain that advice, guidance and scrutiny of my governance.

[22] **Darren Millar:** What about the appointments process?

[23] **Ms Rochira:** The appointments are made by me.

[24] **Darren Millar:** They are made by you.

[25] **Ms Rochira:** Yes.

[26] **Darren Millar:** Thank you. A number of Members want to come in. I will bring in William Graham first.

[27] **William Graham:** Could you expand on how you set the salaries of directly employed staff?

[28] **Ms Rochira:** In terms of the salaries of directly employed staff, we benchmark against a number of other bodies in Wales. Alison, I do not know whether you want to say a little bit more about how we did that in relation to the recent restructuring.

[29] **Ms Phillips:** Yes. When I first came into the commission, we had a number of staff who were appointed on what I would say was a spot salary basis. So, when I came into post, I aligned that to a pay spine and we have benchmarked, in the main, against the Welsh Government, other Welsh Government sponsored bodies and other commissioners. So, it is not an exact science, but there is a read-across and a comparator. Also, the majority of the

posts at the commission are tested in the open market in terms of appointments that are open to advert, and therefore there is an element of market testing as well, in terms of whether we have the salaries pitched at the right rate for the skills and competencies that we are looking for.

[30] **William Graham:** Thank you. You had a 2% pay increase from the Welsh Government, but you only raised the salary of your staff by 1%. Why was that?

[31] **Ms Rochira:** I do not want to defer too often to Alison, but given that that is my salary it might be more appropriate if Alison comments on that.

[32] **Ms Phillips:** In practice, that is a slight timing issue. During the course of the year, again, we were benchmarking with other public bodies as to what they were awarding their staff. As Members will be aware, there has been a pay freeze for a few years in the public sector in Wales. So, this was the first year that we were looking to provide a cost of living increase for the staff for a while. We decided upon 1% for staff in 2013-14 and another 1% in 2014-15. So, we spread that increase over two years. Very late in the financial year, I was notified that the commissioner was going to be awarded a 2% consolidated award. So, in effect, she had it in one lump sum and there will be nothing in 2014-15, whereas staff have had it over two years.

[33] **William Graham:** Okay.

[34] **Darren Millar:** But there are no plans to match the commissioner's pay increase for staff in a consolidated way.

[35] **Ms Phillips:** No.

[36] **Darren Millar:** Okay. Is there any particular rationale behind that?

[37] **Ms Phillips:** It is just that we had made the decision for staff earlier on in the year for planning purposes, and it was very late in the operational year that we found out about the commissioner's pay. We had already made some of the payments for last year and had actioned the payment for staff in the February and found out about the commissioner's increase in the March.

[38] **Darren Millar:** Has it affected staff morale at all?

[39] **Ms Phillips:** I am not aware that it has, no.

[40] **Darren Millar:** Okay. Julie Morgan is next.

[41] **Julie Morgan:** Thank you, Chair. I was very interested to read what your five priorities are. I wonder whether you could explain how your expenditure is linked to those five priorities.

[42] **Ms Rochira:** Thank you. One of the key functions for me, as commissioner, or in a sense as chief executive internally, is to decide how I allocate my resources across, as you say, the functions within the organisation. I thought about it very carefully, particularly when I went through the restructuring of the organisation. I wanted to ensure that I had some element of proportionality across that. I do in fact work on a broadly even distribution across those five elements, but it can vary depending on the external operating environment. So, for example, I brought forward quite a lot of work around community services this year because of the impact of the financial constraints on local authorities. So, I decided that I needed to bring that forward earlier than I had planned to undertake that work. However, I do keep

under review that proportionality of resource allocation. It goes back to what I referenced earlier, which is my own internal work around the allocation of expenditure. I intend, in my impact and reach report next year, to publish that. So, just to give you an example, I know that, in relation to 2013-14, I spent—I will just pick one here—15% of my expenditure on my engagement with older people through a wide range of means. I know that I spent 18.29%, not be too precise, on driving up the quality and availability of health and social care. It will always vary. I know that, this year, I will spend a little bit more on safeguarding again because of the new safeguarding board and some of the changes coming in.

[43] **Julie Morgan:** So, you are able to link the specific programmes to the percentage of the budget spent.

[44] **Ms Rochira:** Yes, very much so. For the first time this year, I did it in relation to non-staff costs, but next year I will do it across all costs as well.

[45] **Julie Morgan:** I notice that the budget for specific programmes has gone up from the previous year, but that the budget for training and development has gone down. How does that link to the programmes?

[46] **Ms Rochira:** It is a presentational issue. I have always been really clear that I will be as good as the people I have the privilege to work with, so investing in training and really investing in their development, skills and competencies is crucial for me. Last year's figure was slightly inflated because we had some very specialist technical training that was bought in for our case management team. So, there is not actually a reduction in it; it is just that there was a one-off particularly high cost in relation to that. I think that the amount of time—

09:15

[47] **Julie Morgan:** Last year, it was £35,000 and it went down to £11,000.

[48] **Ms Rochira:** Yes, and that is a reflection of that one-off high cost for training for the case team in the work that it undertakes. I have, I believe, significantly invested not just in cash terms, but in terms of opportunities for staff—a broad range of opportunities to develop their skills and competencies—and I have ensured that all staff have really robust personal development plans. It is one thing for me to think that, so I always like external assurance. I am really pleased that, in terms of Investors in People this year, we received silver status, whereas we were bronze before. For me that was an external test of whether I was really investing to good effect in my team. So, it continues to be a priority.

[49] **Julie Morgan:** That training is linked to the programmes as well.

[50] **Ms Rochira:** It is linked. Their personal development plans are very clear. It is linked to any professional competencies or skills that they might need to stay accredited with. It is linked to their objectives, and all of their objectives are linked back to my work programme and the framework for action. So, it is linked absolutely directly back to those priorities. It is also linked to any future aspirations that they might also have. So, I can track all of my expenditure directly back to the change that it is all about for me.

[51] **Sandy Mewies:** Good morning and welcome. Since you have been in post you have had quite substantial restructuring, which has resulted in compensation packages to people leaving. I understand why that may have been done. Can you explain a bit more clearly as to how that has impacted on your new structure? Has it improved it, has it achieved what you intended it to achieve, and has it had an impact on costings? Have they gone down or have they gone up?

[52] My second set of questions would be about the audit committee. I may well have missed this somewhere; we have a lot of papers here to go through today. Is the audit committee remunerated, and what sort of package is it for them? Are they like non-executive directors? Where do they fit in this, and what are their packages? I think that the Chair asked how they were selected, and it is a process that you run yourself. I think that most of us will recognise a few of the names there, and perhaps see where they have come from. Can you just tell us a bit more about what they are contributing, and indeed what the cost of that contribution is?

[53] **Ms Rochira:** Okay. Thank you. I will take that in two parts, if I may. In terms of my restructure, there were three priorities when I was appointed. My first was to engage with older people and ask them what they wanted me to focus on. That enabled me to publish my strategic priorities, and therefore my work programmes. My third priority—and it was an imperative—was to make sure that I had the skills and competencies internally to make me deliver on what feels, and still feels at times, like a challenging agenda that I have set myself. I took some time to think carefully about it. I wanted to go quickly, but not with undue haste. I implemented a root-and-branch review throughout the organisation, from the top to the bottom. It enabled me to reduce costs in relation to some of my back-office transactional costs, but also in my senior management structure. I used those moneys because I was very conscious that I needed to use every penny to best effect to deploy and bring in new posts that would enable me to drive change for older people. It was absolutely critical that I did that. I had to go with some speed and, as I said, I hope not undue haste. I was very conscious that because I have a four-year term of office I could not spend three years working through a restructure of that process. I took extensive advice in terms of my new structure, published a business plan, and I believe I was open and transparent throughout the whole process, advising the Wales Audit Office, the auditor general and also the Welsh Government in terms of the steps that I was taking going through that. Hindsight is a good thing, is it not? I was thinking about this this morning: I would still make those same decisions. I do not think that I would produce the impact and reach reports that I am producing had I not undertaken that root-and-branch review.

[54] Perhaps I could ask Alison to talk a bit about remuneration. I am very happy if there is anything further that you want me to say on what was a big restructure.

[55] **Ms Phillips:** In terms of the appointment process, just to revisit that, we have advertised in the open press. It is an open appointment in terms of the application process. We advertised recently, because we have recently made a new appointment to the committee. The decision sits with the commissioner, but we invited laypeople from outside the organisation to sit alongside the commissioner in that appointment process as well, but we do not use the public appointments commission to assist us with that.

[56] In terms of cost, I draw Members' attention to page 46 of the accounts. Members of the audit committee are remunerated, and there is a summary halfway down the page. You will see that the cost comes in at just under £15,000 per year. They are paid a daily rate of £350, plus travel expenses—so, out of pocket expenses.

[57] **Sandy Mewies:** May I stop you there? Our pages are numbered a bit differently to yours.

[58] **Darren Millar:** It is on page 83 of our papers.

[59] **Sandy Mewies:** Now that I have found it, can you tell me again what you just said?

[60] **Ms Phillips:** Yes. Included in the staff costs figure is a figure of just under £15,000, which relates to the remuneration of the four audit and risk assurance committee members.

They are paid £350 per day, and the chair is paid slightly more. They are also reimbursed for out-of-pocket expenses, such as travel expenses. We have four meetings during the course of the year. There is also an opportunity for them to come to meet staff when we have development and training sessions with staff, and they also accompany Sarah on her engagement roadshows. So, they meet older people and they see Sarah with older people across Wales when she is out and about meeting older people. There is a range of activities, so, in some ways, there is a comparator with a non-executive-type post, but of course there is no board within the commission, so it does not get involved in the operational discussions, as you might see in a more traditional board set-up.

[61] **Sandy Mewies:** That is fine; thank you.

[62] **Jenny Rathbone:** I have a brief supplementary question on that. Did you not consider having a shadow structure into which you moved people as natural wastage created positions?

[63] **Ms Rochira:** Do you mean as part of the restructure?

[64] **Jenny Rathbone:** Yes.

[65] **Ms Rochira:** The approach that I took to the restructure was to develop a business case, I consulted staff on that, and staff had a range of opportunities available to them. There were no—I am not sure what the phrase is—involuntary exits from the organisation; it was all done on a voluntary basis. Actually, I am quite proud of that.

[66] **Jenny Rathbone:** However, it still cost £137,000.

[67] **Ms Rochira:** It did, but what I would say in relation to that was that I substantially reduced the cost base of my senior managers within the organisation. My view was that I would be able to recoup that over the term of my office. So, it was not dead cost, but it led to a significant and rapid increase in productivity.

[68] **Jenny Rathbone:** In your report, on page 6, you talk about making it clear that board members of local health boards must be more accountable for the decisions they make and the impact they have on the way in which patients are cared for. How have you brought this to the attention of board members?

[69] **Ms Rochira:** I have done so in a number of ways. I have spoken extensively about this with the chief executive of the NHS in Wales, to whom, of course, the whole of the NHS in Wales should be accountable, in operational terms. I have also raised it on many occasions with boards when I have been out meeting boards, with the chairs and chief executives directly. I have also formally raised it with the auditor general in terms of my concerns and I have copied that letter to you, Darren, as Chair of the PAC as well. I am very clear as the commissioner that this is one of the fundamental things that we need to address to drive forward change and improvements in quality in the NHS. I think, as the commissioner, that it needs to be strengthened and on a consistent basis across Wales. So, I have been very clear in my view on that. I do not think that I could be any clearer. What I am now looking for is for those issues to be addressed so that we have consistent openness and transparency across the boards and that our board governance in the NHS is as tight as it should be.

[70] **Jenny Rathbone:** When you look at the report on the Princess of Wales Hospital and the neglect of patients, there is a clear indication that board members are not hands-on, are not visiting the wards and are not aware of what is going on.

[71] **Ms Rochira:** This was one of the issues that I specifically picked up when I met

again recently with the chief executive of the NHS in Wales: what I consider to be the opaque language that is sometimes used in board reports and annual quality statements. I have undertaken a review of those first annual quality statements and I have made it very clear that I will review the second ones and make public my view on the second annual quality statements. There are some very opaque or vague phrases used within those. It is interesting that you raised the Abertawe Bro Morgannwg University Local Health Board report, because the phrase that it uses in that report is that there was 'poor care towards older patients'. We now know what sits behind that poor care to older people. It is completely unacceptable. Boards should not use vague language like that in public-facing documents.

[72] **Jenny Rathbone:** My point is that you aspire to make sure that board members are accountable for the services that they are providing, and yes, opaque language clearly should be addressed by board members, but it would appear that they are not aware that what is in the report does not fit with what is going on.

[73] **Ms Rochira:** That goes back to my point about scrutiny and governance and the concerns that I have raised with you here and with the auditor general and the chief executive of the NHS in Wales. I have been very clear that I expect boards to have a fundamental grasp of their core business: how safe their services are, how effective they are, and the extent to which people are treated with dignity and care. It is absolutely crucial that scrutiny by board members is based on robust information and that the assurance they have behind that information is very high. I do not consider that we are consistently in that position yet across Wales, and it is for the chief executive of the NHS in Wales, in my opinion, to ensure that we move rapidly to that position.

[74] **Jenny Rathbone:** You do not see your role as having a direct relationship with the board members of the health boards.

[75] **Darren Millar:** Before you answer that question, commissioner, I remind Members that we are looking at the accounts here today. We may, or may not, have an opportunity to speak to the older people's commissioner on governance arrangements in health boards, if that is something that the committee wants to do. I ask you to confine your questions to the accounts.

[76] **Jenny Rathbone:** Focusing on the way in which you manage your money, what money is available to ensure that board members and, indeed, community health councils are aware of their duties with regard to older people?

[77] **Ms Rochira:** Fundamentally, it is for the chief executive of the NHS in Wales to ensure that. The approach that I take is to try to ensure that board members understand, from my perspective, on behalf of older people, what their role is. I share with them my commentary on a wide range of documents that they produce, including things like the annual quality statement, and I meet with boards to share that and to provide them with feedback and to show them where I think they need to improve and how they can improve in that regard. So, I am trying to add value to their role as boards in terms of their governance and scrutiny, but I also have a more bitey side, which is an expectation on behalf of older people. It is not for me to make sure that they can get it right, but I do expect them, through increasing scrutiny and commentary on what I do not think is acceptable, to improve their performance. They are not accountable to me, they are accountable to the chief executive of the NHS in Wales, but I have a role to try to support and to drive those improvements.

[78] **Mike Hedges:** I would like to go back to look at benchmarking. We have spent several months looking at benchmarking for senior salaries, and it probably goes right the way through. What it does is to follow a ratcheting-up process, so that everybody who is below the benchmark moves up and everybody above the benchmark has a good reason for

being there. Do you see any problems in using that benchmarking process, and would international comparators be more helpful?

[79] **Ms Rochira:** That is a very good question. Benchmarking is important to give consistency, particularly across public service, but I do not think that it should be used as a justification just to ratchet up, as you described it, people's salaries. We should see fair and appropriate remuneration for posts. Certainly, we have not done any work within my office in terms of international benchmarking. As Alison said, we tend to benchmark against public sector bodies in Wales.

[80] **Mike Hedges:** I just think that it is a little club and there is a danger that everybody will move upwards due to the fact that those at the bottom have to move their salaries up because they are at the bottom, which then moves the average up. That is something that we have come across with regard to senior salaries. Perhaps I will just leave that as something for you to think about for the future.

[81] **Ms Rochira:** On that, there are two issues. The issues for me are the salaries of those who are the lowest paid, particularly those who are the lowest paid in public service, and the impact that that has on our ability as public services to deliver truly outstanding care. It is not just a pay issue, but it clearly is an issue if you look at what we pay carers across Wales. The other issue is that you have to link salary back to delivery. We absolutely have to do that. This goes back to your point, Jenny, about accountability. We have many people in public service, many of whom are in public bodies that, from time to time, I scrutinise, who are paid high salaries. However, as I said, that is not the issue for me. The issue is what our public servants are delivering in return for that, and whether we are getting a good return for that. I guess that those are the two areas that I am interested in.

09:30

[82] **Mike Hedges:** The other question I have is on something on which the Chair and I are in agreement, namely the importance of no-cold-calling zones. Are you doing enough to promote some of these low-cost developments, such as no-cold-calling zones or, as is being done in Torfaen at the moment, making sure that people have adequate nutrition in nursing homes? These are very low-cost things; is enough being done and are you spending enough of your budget on issues such as those, which do not cost very much to do, but can have a hugely beneficial effect?

[83] **Ms Rochira:** You are absolutely right about some of these low-cost things. There are two aspects to my work: there are the longer-term issues, such as the work that I do on a rights-based approach to the provision of public services. Then, there are the things that can be done today that make a difference. Cold calling is a good example, and another is aids and adaptations in the home and, as you know, I took a keen interest in that as I wanted to see improvements early on.

[84] One element of my work is the safeguarding of older people. It is a big piece of my work and will be proportionately more this year. There is an element within that of the financial abuse of older people, which is a huge and growing issue. One of the things that I established last year was a small group called the Wales against scams partnership, which brings together a range of bodies, including people like trading standards, to talk about what more could be done to establish things like no-cold-calling zones across Wales. It continues to be a key part of my work. It is important that I work collaboratively with other bodies so that we maximise our resources and do not duplicate them, so I have recently spoken to Age Cymru, which does a lot of very good work on this about how I can better support it, because I would like to see a national approach to that strategic partnership. We need clear priorities in Wales as to how we will drive down scams and financial abuse. I think that I can best play my

part by supporting it in its work to roll out that good practice.

[85] **Mike Hedges:** I will leave it on a point of agreement.

[86] **Aled Roberts:** Gofynnaf fy nghwestiynau yn Gymraeg. Roeddech yn dweud eich bod yn meddwl nad dim ond meincnodi ynglŷn â chyflogau y dylem ei wneud ond hefyd meincnodi o ran yr hyn rydych yn ei gyflawni fel corff. Felly, a ydych yn meincnodi o ran perfformiad, i gymharu eich perfformiad chi efo cyrff cyhoeddus eraill? Hefyd, a ydych yn meincnodi o ran eich costau chi o gymharu â chomisiynwyr tebyg ar draws ynysoedd Prydain?

Aled Roberts: I will ask my questions in Welsh. You said that you thought that we should not only benchmark with regard to salaries but also benchmark in terms of what you achieve as an organisation. Therefore, are you benchmarking in terms of performance in order to compare your performance with that of other public bodies? Also, do you benchmark in terms of your costs, compared with other commissioners across the UK?

[87] **Ms Rochira:** I will take that in two parts. It is difficult for me, in a sense, to benchmark against other public bodies, because there are not that many public bodies like mine, bar those of the other commissioners. That is one of the reasons why I went down the route of having my framework for action, so that I can report back against what I said I would do. Underpinning all of that is a very simple premise, which is about public service in its broadest sense, namely making a difference to the lives of older people. That is absolutely what it has to be about. It has to be done in a range of different ways, but I have to be able to point to things and say, 'This is different because of what I did'. I will use the same example, because it is a nice simple one, of aids and adaptations in the home. So, I do not per se benchmark what I have achieved against other public bodies; I guess the benchmarking is more against the standards that I have set for myself in relation to that.

[88] I am sorry; could you just repeat the second part of your question?

[89] **Aled Roberts:** Roedd y cwestiwn am gostau eich corff chi o gymharu â chomisiynwyr eraill, os dyna rydych yn ei gymharu.

Aled Roberts: The question was about the costs of your organisation compared with those of other commissioners, if that is what you compare.

[90] **Ms Rochira:** The children's commissioner and I have a similar budget, but the Welsh language commissioner and I have different budgets. So, once again, it is difficult to compare like with like in relation to that. We have different structures, and I alluded earlier to the restructuring that I went through. We speak, as fellow commissioners, on a regular basis, and one of the things we have talked about recently is how we can do more collaborative work this year. So, it is difficult to compare like with like, because we do not have the same approach or framework for action, or impact and reach reports, and we have different structures behind that. I guess, in a sense, that that is where the external scrutiny comes in in terms of how we can make comparisons. What I would say, though, is that we talk a lot about how we can share knowledge and experience, and learning, from each other, and whether we have any transferrable issues.

[91] Alison, do you want to come in about the benchmarking bit?

[92] **Ms Phillips:** I think that there were just two things to add. In terms of day-to-day running costs, and consumables in particular, we are making use of the National Procurement Service, now that it is up and running, and trying to make the best use of procurement, in terms of getting the best deal that is out there for running costs. So, there is that element of trying to secure value for money always, in terms of our day-to-day operational running costs.

We have touched on the staff cost benchmarking that we have been doing, and I think that, in addition, we have used our internal auditors, increasingly, not only to look at the traditional scope of work that is around financial controls, but in a more advisory capacity, comparing with other organisations.

[93] The challenge that we have is that there is not at the moment—other than in Northern Ireland—another older people’s commissioner, to compare on a very like-for-like basis. However, nonetheless, there are some good examples of good practice elsewhere in the public sector, and in the private sector, even, that can help us move forward. After each piece of big work that we do, such as a residential care review, we are quite rigorous internally at evaluating how well that has gone and looking at what we have learned from that review. We are still a relatively young public body, in that sense, compared with many others, so we are still continuously learning from how things have gone, and how we can improve and move forward, to avoid complacency.

[94] **Aled Roberts:** A ydych chi wedi cymharu eich costau chi â chostau comisinydd Gogledd Iwerddon o gwbl? **Aled Roberts:** Have you compared your costs with the costs of the commissioner for Northern Ireland at all?

[95] **Ms Phillips:** Actually, we were quite heavily involved in helping to provide support to the commissioner in Northern Ireland when it was establishing its office, and some of the staff have been over to meet with us on many occasions, to learn from us. I think that because they are some way behind, they are probably more likely to compare with us. They had some delays, I think, in drawing down funding as well, so they are not quite as established as we would be. However, that makes sense to me, yes, so that is something that we will be doing in the future.

[96] **Aled Roberts:** Iawn. Rwyf am droi at dudalen 35 o’ch datganiad chi. Mae hwnnw’n nodi risg ariannol fel un o’r prif risgiau corfforaethol a oedd yn eich wynebu chi yn ystod 2013-14. A ydy hi’n bosibl i chi roi ychwaneg o fanylion ynglŷn â’r risg ariannol honno? **Aled Roberts:** Okay. I want to turn to page 35 of your statement. That notes financial risk as one of the main corporate risks that you faced during 2013-14. Is it possible for you to give more details about that financial risk?

[97] **Ms Rochira:** Yes, absolutely. I think that there are two issues for me in terms of financial risk. One is that I have an annual allocation. So, although I have an indication for future years of what my allocation is likely to be like, I have no certainty around that. I work within a sort of a medium to longer-term financial plan internally anyway, over the four years of my strategy, so that I can allocate my resources and my priorities. However, it does mean that I operate within a reasonably uncertain financial environment in terms of the budget that I will have. So, within that strategy, I work on best and worst-case scenarios, and I think that it is the only way that one can manage that. In reality, it is not ideal, but I manage within that. It would be easier to have longer-term certainty, but, as I said, I do manage.

[98] I think that, for me, the greater financial risk is actually the impact of the current financial pressures that are faced by public bodies, and then the knock-on impact that that has on older people, because, of course, what that does is drive more older people to my office and to need more support from me. So, the real risk arising from that financial risk is that the breadth of the issues that are coming to me, and the depth of them, is now phenomenally huge. There is almost not an issue that does not impact on older people now, and, for many, that impacts on them very, very significantly indeed. So, that is really the biggest impact around that financial risk—it is on the breadth of my business, and the depth of what I need to address. The danger is that I become spread too thin within that, and that becomes quite a challenge for me. I signalled that last year, when I was in front of the Health and Social Care

Committee—one of the biggest challenges that I have now is the impact of those financial changes on older people, and, therefore, on me if I am going to be an effective commissioner on their behalf. The biggest challenge that I face at the moment, probably, is the breadth and the depth of those changes.

[99] **Aled Roberts:** Mae gennyf un cwestiwn olaf. Rwy'n nodi, yn nodyn 3, fod gostyngiad o tua 70% yn yr arian yr ydych wedi ei wario ar hyfforddiant a datblygu staff rhwng 2012-13 a 2013-14. A fydd hynny'n cael unrhyw effaith ar ddatblygiad proffesiynol y staff, a sut fyddwch chi'n sicrhau bod y gwasanaeth yr ydych yn ei gynnig yn parhau i wella os oes gostyngiad felly mewn hyfforddiant?

Aled Roberts: I have one final question. I note that, in note 3, there is a reduction of about 70% in the money that you have spent on training and staff development between 2012-13 and 2013-14. Is that going to have any impact on the professional development of the staff, and how will you ensure that the service that you provide continues to improve if there is that kind of reduction in training?

[100] **Ms Rochira:** Although it is a reduction in actual spend, it is not a reduction in commitment or the opportunities that my staff have to continually develop their skills. It is because—and I think I might have touched upon this earlier—of a one-off piece of training that a number of my case management staff undertook that was relatively expensive, very specialist training. So, that inflated that figure. I think my recent Investors in People silver award—and I was really pleased by that, because it was external validation—has provided me with the assurance I would want that I am still investing properly in my staff. The reality is that I set my team some very, very difficult challenges. Investing in them to ensure that they are the very best that they can be, that their skills and competence are continually growing, is absolutely crucial for me. I have said this many times before, but I could not produce the impact and reach reports I produce if I did not have the team that I have and have grown over the last two years.

[101] **Darren Millar:** Just before I bring in Alun Ffred, may I just go back to the casework that you receive? You have indicated that it has been increasing in recent years. On page 10 of your accounts—page 47 of our pack—you list the number of enquiries received and break them down. You say that 795 people contacted your office in this particular financial year that we are looking at. The figures here add up to only 300-odd, so what were the other issues that were raised with you, predominately? Can you give us some examples?

[102] **Ms Phillips:** On page 10, what we have highlighted are the top five areas, so it will not add up to 795, so apologies for any misunderstanding there. Those are the top five areas. Other areas where we might get contacted might be in terms of transport, and assistance with transport, but there are a broad range of things—sometimes it can be relationships with grandchildren. It is just that it would fall into smaller proportionate numbers.

[103] **Darren Millar:** So, the areas that you are receiving increased enquiries on are what, precisely? You mentioned the NHS, but what about other issues, commissioner?

[104] **Ms Rochira:** The reality is that it is driven by a number of things. It is driven by what is going on in the outside world, but it can also be driven by my speaking on television about something, for example. So, I would take with some caution it being an acid test of the issues across all 800,000 older people. However, increasingly, it is things like the closure of community facilities, for example—so, public toilets, changes to libraries, bus services that no longer run—and that is one of the reasons I brought forward my work around community services. Not just through my casework, but through my ongoing engagement with older people, I realised that the traffic was growing around these issues, and I think that will continue to grow as well. Health and social care tends to stay fairly consistent, but these other issues are growing, as are things like financial abuse and some of those things. The casework

and the enquiries that I receive are really important to me, because they help—it goes back to your point, Julie, about where I decide to allocate my resources. That is part of my field intelligence, as is my engagement, in terms of staying very close to what the issues, and the growing issues, are across older people. However, community services particularly, and cuts to community services by local authorities, has been a growing issue.

[105] **Darren Millar:** So, in terms of the size of your casebook, as it were, what was it in the previous financial year?

[106] **Ms Rochira:** I think that in the year before—I might have to come back to you on it—we were contacted by about 1,000 people.

[107] **Darren Millar:** So, it has fallen slightly.

[108] **Ms Rochira:** It has fallen slightly, but what has been interesting is that part of that is because we have been able to answer more questions that people have when we have been out and about as part of the engagement roadshows. So, that has prevented them from needing to come to us, which, early on, is what tended to happen. What has been quite interesting within that has been the growing complexity of the issues that people are raising with us. I should say that I think that prior to that year, where it was 1,000, we were at something like 800 as well, and I think there is something about a new commissioner coming in and being seen by more people that gives you a slight blip. I think that we will bottom out at around 800 people contacting us, probably.

[109] **Darren Millar:** Is that in the current financial year as well?

[110] **Ms Rochira:** I think so. It is difficult to know, because, obviously, when I publish my residential care review in November, that may well bring in a flurry of enquiries and cases.

[111] **Darren Millar:** Okay. Alun Ffred is next.

[112] **Alun Ffred Jones:** Diolch yn fawr. Mae'r Llywodraeth yn credu bod arbedion mawr i'w gwneud drwy gyfuno gweinyddiaeth y cynghorau sir. A ydych wedi ystyried cyfuno eich gweinyddiaeth a chyflogres gyda chyrff tebyg eraill er mwyn arbed arian?

Alun Ffred Jones: Thank you very much. The Government believes that there are huge savings to be made by combining the administrative functions of county councils. Have you considered merging your payroll and administrative functions with other similar bodies in order to save money?

09:45

[113] **Ms Rochira:** Thank you. I think that shared services have a very important role to play in public service and, like everyone, we look forward to seeing what follows from the Williams commission. However, for me, there are general and specific caveats to that. Any approach to shared services must not undermine internal controls in particular, and mine are very strong in terms of my governance and my financial management. That is always a balance that must be traded off. Also, when I undertook my restructure, and I alluded to this earlier, I took the costs particularly out of my senior management team, but also out of what you might traditionally call back-office or transactional costs. The reality is—and Alison and I were looking at this just recently—that I spend less than £30,000 now on transactional costs, which, if you like, are costs that could potentially be lifted out and located somewhere else. So, it is a relatively small amount for me.

[114] Now, that is not to say that I am complacent in any shape or form. The biggest issue for me, having done that already, is collaboration with other organisations—how can we

maximise our skills and knowledge and, through that, our working practices and our impact? That includes things like secondments, for example, which I have used very early on; collaborative working with a wide range of other bodies; things like joined-up scrutiny or pieces of work such as the report that I commissioned and made available to the Health and Social Care Committee on the Social Services and Well-being (Wales) Bill; and working with and through bodies like Welsh Government sponsored bodies. For me, the extra productivity comes through that collaborative working, more so than through shared services, because I took out so many costs early on in relation to that. That is not to say that it is not something to explore, but, in my own mind, I am very clear where that further productivity will now come from, and it is from that collaborative approach to working.

[115] **Alun Ffred Jones:** Rydych chi'n credu bod arbedion i'w cael trwy gyfuno gweinyddiaethau'r cynghorau sir, ond nad oes arbedion i'w cael o gyfuno gweinyddiaeth neu gyflogres cyrff llai fel eich un chi. Ai dyna'r hyn rydych yn ei ddweud? **Alun Ffred Jones:** You believe that there are savings to be made by merging county council administrations, but that no savings are to be made by merging the administration or payroll of smaller bodies such as yours. Is that what you are saying?

[116] **Ms Rochira:** No, I have not said that there are no savings to be made. What I have said is that, from my own organisation's perspective, I took out a lot of costs early on as part of the restructure—that was the aim of it. I think that I have around £30,000, or probably less than that, spent on those transactional costs, but I have just as many gains to be made through things like collaborative working with a range of other bodies and organisations. It is just a matter of proportionality to recognise that is not just about shared services, but about the benefits to come from things like collaboration as well. Also, underpinning that, when we look at the idea of shared services, we must remember that, certainly for me as corporation sole and accountable officer, any action must not undermine my internal controls or the high degree of interconnectedness there is across the functions within my team. So, I just want to say that is not an either/or and that the scope within my own organisation is relatively limited because, as I said, I took so many costs out early on.

[117] **Alun Ffred Jones:** Faint o arian yr ydych chi'n bwriadu ei arbed trwy'r cydweithio hwn, beth bynnag ydyw? **Alun Ffred Jones:** How much money do you intend to save through this collaboration, whatever that is?

[118] **Ms Rochira:** Well, I do not have cost savings set for me, and I suppose that I am in a relatively privileged position in public service. The issue for me, really, is productivity. Of course, I may have a saving target to make it terms of future budget allocation, which is why I do what I referred to earlier, which is set best and worst-case scenarios. So, I do not have those saving targets. I am very conscious—and this goes back to your point, Aled—that the breadth and depth of my issues are just growing phenomenally. I have to keep pushing my productivity up through the roof. I have to find quicker, smarter, leaner and easier ways to get the outcomes that older people want. I am clear in my mind that things like more joined-up scrutiny, for example, between those of us who have a scrutiny role are key to that, and drawing on the skills and knowledge of other organisations, like the Wales Audit Office, helping me in my work, is going to be crucial to that. There are always things that we can look at through procurement and other functions in terms of working better with other people to save money, but, for me, the big wins have to come through those areas of productivity. That is where my challenge is really going to be in the years ahead.

[119] **Alun Ffred Jones:** Faint o swyddfeydd sydd gennyh chi? **Alun Ffred Jones:** How many offices do you have?

[120] **Ms Rochira:** Sorry, was that 'offices' or 'officers'?

[121] **Alun Ffred Jones:** Swyddfeydd. **Alun Ffred Jones:** Offices.

[122] **Ms Rochira:** I have one office in Cardiff, and I have a member of staff in north Wales who rents office space from another organisation.

[123] **Alun Ffred Jones:** Felly, mae eich staff chi i gyd yng Nghaerdydd ar wahan i un person. **Alun Ffred Jones:** So, your staff are all based in Cardiff apart from one other person.

[124] **Ms Rochira:** I have an office base in Wales, and that is the base of my staff, but the reality is that I and my staff, much of the time, are out and about and across Wales.

[125] **Alun Ffred Jones:** Ond mae eich staff chi wedi ei ganoli mewn swyddfa yng Nghaerdydd, ar wahan i un person. Ai dyna yw'r sefyllfa? **Alun Ffred Jones:** But your staff are all centred in the office in Cardiff apart from one person. Is that the situation?

[126] **Ms Rochira:** Yes.

[127] **Alun Ffred Jones:** Iawn. Rwy'n gweld bod adroddiad ynglŷn â chyfle cyfartal. Beth yw'r cydbwysedd rhwng merched a dynion o fewn eich sefydliad chi? **Alun Ffred Jones:** Fine. I see that there is a report on equal opportunities. What is the balance between male and female staff members in your organisation?

[128] **Ms Rochira:** Alison, do correct me if this is wrong, because this is from memory, but it is about 70:30 in terms of gender balance across the organisation: 70% women, and 30% men.

[129] **Alun Ffred Jones:** A beth yw cyfartaledd y siaradwyr Cymraeg neu ddwyieithog? **Alun Ffred Jones:** And what is the average number of Welsh speaking or bilingual staff?

[130] **Ms Rochira:** Out of, I think, 26 staff, seven are Welsh speakers. I very strongly support my staff to learn to speak Welsh through providing them with financial support and time off to do that. I am a bilingual organisation. I would be anyway, because I am part of the public sector in Wales, but I am a bilingual organisation particularly because it matters to older people, and they have a right to speak to their commissioner in the language of their choice.

[131] **Alun Ffred Jones:** Diolch yn fawr. **Alun Ffred Jones:** Thank you.

[132] **Darren Millar:** One of the things that is important in the time we have left is to touch on your budgeting processes, if I may. Obviously, with financial constraints, you have to make sure that you manage your budgets effectively. Looking at last year's estimate, I appreciate that you had changes in-year on your arrival as a new commissioner, and that you made changes to your staffing provision, but there are some costs that do appear to be significantly different from what had been budgeted for that you would expect not to have fluctuated a great deal. On your accommodation costs, for example, as an organisation, the estimate was £143,000 or thereabouts, whereas the actual spent was £123,000. On ICT expenses, it was £33,500 compared to just £5,000 actually spent. Were you over-egging your budgets in order to secure more money from the public purse? How does it work? You are probably going to pass this on to Alison.

[133] **Ms Rochira:** I will pick it up in terms of the strategic budget setting, if I may, and

then I will ask Alison to answer on some of those very detailed elements. On the issue of over-egging my budget, I do not need to over-egg my budget. Actually, the reality of the challenges faced by older people is enough in its own right to warrant my budget a number of times over. The way the budget setting process works is, as you know, that I have an indicative budget set by the Welsh Government. I send an estimate each year, and, to date, that has been approved—it is laid, as you know, before the National Assembly for Wales. If my budget were to be significantly cut—and I mean significantly, as opposed to the financial constraints that everybody, as we move forward, are likely to be under—I would expect a very robust justification from Welsh Government. I would make clear the impact of that upon my work, and therefore on the lives of older people across Wales, and, if I remained unhappy about the level of that cut or why that cut was made, when my accounts budget was laid before the National Assembly for Wales, I would make sure that every single Member knew why I was unhappy and what the impact of that would be. To date it seems to work well. I have already signalled that I am, as I have touched on here, increasingly searching for more productivity in terms of what I can do, because of the breadth of my work. There may well come a time when I will have run out of reserves, and I will need to raise the flag that says that I cannot continue to deliver for everybody within the resources that I have.

[134] If that is okay in terms of strategic approach, perhaps, Alison, you can touch on the detail?

[135] **Ms Phillips:** Yes. The accommodation costs difference arose because we renegotiated the lease on our main office in Cardiff, so we made quite a considerable saving there, I am glad to say. I do not quite know what the secret of my success on that one was, but we did manage to renegotiate and lower the cost of the rent. We have also renegotiated some of our utilities bills, by looking to some of the procurement contracts that have been available, so those did drop. With regards to ICT, that, unfortunately, is a frustration in that the groundwork slipped on a number of IT projects that we were having. In particular, the installation of the public sector broadband service was planned to be done well in advance in 2013-14, but, in fact, did not take place until April 2014, so that cost will still be incurred; it has just slipped to the first quarter of this year instead.

[136] **Darren Millar:** In terms of the budget round this time around, it will reflect the lower accommodation costs, as one would expect, will it?

[137] **Ms Phillips:** Yes.

[138] **Darren Millar:** I just have one final question, then, before we wrap up this session, if no other Members want to come in, and that is in reference to page 37 in your report. It talks about a personal data security breach. Do you want to elaborate on that and on what action you have taken as a commissioner to make sure that people's data are protected in the future as a result of it?

[139] **Ms Rochira:** Clearly, I take data protection, data security and confidentiality incredibly seriously. It was an unfortunate breach; it was an e-mail sent in error to the wrong address. It was reported to the information commissioner, which was the right and proper approach to take. We took advice from them in terms of what action, and any remedial action, we should take, and acted upon that. We also took immediate steps, of course, to ensure that the data were secure. Although the e-mail had gone to the wrong address, it had gone to a public body within Wales. So, we took immediate action to ensure that there was no risk associated with that. It was regrettable and we took swift action to mitigate any risk. I should say that there was no adverse impact as a result of that. As I said, I took advice from information commissioner and acted upon that in terms of lessons learned.

[140] **Darren Millar:** So, it was purely human error and there was no maliciousness—

[141] **Ms Rochira:** No, absolutely. It was completely down to human error in a world in which, I am afraid, it is too easy, with auto-everything on computers, to hit the wrong button. Lessons were learned.

[142] **Darren Millar:** Thank you very much. Are there any further questions from Members?

[143] **Sandy Mewies:** May I just ask for clarification of page 8 of your report? It is the paragraph that states that you

[144] ‘received additional funding of £15k from the Welsh Government to contribute towards the establishment of a National Development Board and Programme Director to identify and drive action to achieve change in health and social care workplace culture in Wales’.

[145] I understand what it says, but I do not know where that person is. Can you just say a bit more? What is that?

[146] **Ms Rochira:** Yes, I can. Absolutely. Just in brief, one of the areas where I think that it was absolutely appropriate for me as a commissioner to, in a sense, step in was around raising concerns. We know that we need to be better across Wales in terms of raising concerns across health and social care and responding to them and it followed on from research that I had commissioned and published as commissioner. So, it is an ongoing part of my work. I took a decision that I needed somebody to work with me on that and I asked Peter Higson, when he retired as chief executive of the Healthcare Inspectorate Wales, to do that. So, that money was a part contribution towards his costs and some of the costs associated with the programme. Unfortunately, he left me earlier than I had planned because he was appointed, as you know, to chair a health board in the north. So, that is a piece of work that is continuing through my office and I hope shortly that we will be able to go out to tender for a specific piece of work to be taken forward in Wales.

[147] **Sandy Mewies:** So, is this a recurring £15,000?

[148] **Ms Rochira:** No, it was a one-off.

[149] **Sandy Mewies:** Right. Okay, thank you.

[150] **Darren Millar:** Thank you very much indeed, commissioner, and Alison Phillips for your attendance today. We will write to you with a copy of the transcript of today’s proceedings, so, if there is anything to correct in it, please do so and please feel free to write in with any further information, should there be any further points that you would wish to make to the committee. We are very grateful to you for coming in for what I hope will be an annual event in the future.

10:01

**Craffu ar Gyfrifon y Comisiynwyr ar gyfer 2013-14: Ombwdsmon
Gwasanaethau Cyhoeddus Cymru
Scrutiny of Commissioners’ Accounts 2013-14: Public Services Ombudsman for
Wales**

[151] **Darren Millar:** We welcome to the table the Public Services Ombudsman for Wales, Nick Bennett—welcome to you, Nick—Chris Vinestock, director and chief officer at the

Public Services Ombudsman's office, Dave Meaden, finance officer, and Susan Hudson, policy and communications manager. Welcome to you all.

[152] I will just give you a little bit of background. The committee has decided that, on an annual basis, it wants to visit the audited accounts of all of Wales's independent commissioners and corporations sole, and yours is the second evidence session that we have had. We had one just a few moments ago with the Commissioner for Older People in Wales. We obviously have copies of your audited accounts and financial statements and, indeed, the budgets for the financial year to which they relate. As a starter question, may I ask how you ensure that you get value for money for the taxpayers' resources that are given to you to perform your public functions?

[153] **Mr Bennett:** I think that that is a very good initial question. I am confident that we do provide value for money for a number of reasons. First of all, we receive a considerable amount of public money—£4 million per annum—but it is important to bear in mind that that makes up 0.025% of the Welsh block and that we provide a service that is free at the point of access, and receive over 5,500 enquiries from the people of Wales across all 20 of the devolved fields.

[154] Over the last few years, we have had to do more with less. We received an 8% cut, I think, back in 2011-12, and the volume of enquiries and complaints that we have received has increased year-on-year, to the point that I would say—I am sure that we will touch on this later on—that, in terms of trying to forecast likely future pressures, certainly from 2009 we are facing a trend. I would say that the line on the graph is at around 45 degrees, which I hope gives people some impression of where we are at. That means that, given pretty much an even level of resourcing, but an increased volume year-on-year, the average cost of dealing with a complaint has been reduced by more than 50% over the last five years. So, I think that, if you can demonstrate that you have reduced your unit costs by 50%, that should give you some feeling of reassurance around value for money.

[155] Looking to the future, I think that those trends will continue and, where we have been able to deal with individual complaints that have had a broader systemic relevance to the public sector, we always try to communicate that. Again, in terms of value for money, that has much broader implications for the overall expenditure and value that can be achieved through the Welsh block.

[156] **Darren Millar:** Could I just ask you about some of those quite remarkable figures in terms of increases in case work and the average reduction per case expenditure of 50%? How have you managed to achieve a 50% reduction in the cost per case? Is it impacting on the quality of the work and the investigation that you might be able to undertake as a result of somebody coming to you, or has the reduction arisen as a result of people erroneously contacting you and therefore there being far more people whom you can turn away?

[157] **Mr Bennett:** It is not really erroneous. Clearly, we do—

[158] **Darren Millar:** So, these are investigated cases.

[159] **Mr Bennett:** Not all. Obviously, there are enquiries and contacts, but certainly, overall, the reason we have achieved this is because the profile of the office, I am sure, has increased since it was first created back in 2005. Certainly, over the last five years, there has been an accelerating level of enquiry and levels of complaints, which means that, perhaps over the next five years if that trend continues, we are likely to see another 50% increase in the level of enquiries, and a 15% increase in the level of complaints. We hope that the one area in which we might see a levelling off is when it comes to code of conduct issues. Again, those have tended to spike, funnily enough, during election years, so, given that we have a

few elections coming up, we will have to test our projections there. In terms of achieving those cost savings, that has been very much thrust upon us because of the increased levels of pressure from people. It is good, clearly, that people are able to access the service and are aware of the service that we provide, but that has meant that there have been internal pressures. My predecessor looked at innovation within the office, and at issues like more modern complaints handling, investing more in IT, and making sure that we could be as modern as possible in terms of dealing with those increased flows. I have been in office for two months, but certainly the message—and it is something that I gave an undertaking to do when I went to the Communities, Equality and Local Government Committee—is to make sure that we listen to staff in terms of how we are able to be fit for the future.

[160] **Darren Millar:** Okay. We will explore some of these issues in a bit more detail now. I call Julie Morgan.

[161] **Julie Morgan:** Good morning. With this rise in complaints, is there any particular sector for which the complaints have risen more, and is that reflected in the amount of money that has to be spent?

[162] **Mr Bennett:** Certainly, health continues to be a significant chunk of the complaints that we receive. I think that the most recent figure was 36%.

[163] **Ms Hudson:** It was 36% last year. I think that it is around 35% of the case load this year.

[164] **Mr Bennett:** Local government tends to provide another significant chunk, at around 35% to 40% of complaints. Those have tended to be constant, but we anticipate, certainly over the next three to four years, that there will be cost pressures in terms of austerity when it comes to public spending, and then there is the demographic challenge.

[165] **Julie Morgan:** Sorry, you said that they tended to be constant. Where does the rise come then?

[166] **Mr Bennett:** They tend to be constant proportions. The rise is ongoing—

[167] **Julie Morgan:** I see—the proportions. I understand.

[168] **Mr Bennett:** It is either 35% of 1,000 or 35% of 5,000 complaints.

[169] **Julie Morgan:** The proportions remain the same.

[170] **Mr Bennett:** Yes.

[171] **Julie Morgan:** In terms of the finance, does any particular sector require a greater outlay? Do you have that sort of information in terms of investigating a complaint against health, for example? Does that cost more to do than another area of work?

[172] **Mr Bennett:** It would, yes, because obviously, if it were a complex health case, we would have to procure independent medical advice. So, that always brings with it a cost.

[173] **Julie Morgan:** So, the health complaints are the most expensive to deal with.

[174] **Mr Bennett:** Potentially, I think it is fair to say, yes.

[175] **Julie Morgan:** Obviously, with the new legislation that comes in, you have another whole potential raft of complaints that could come in there, as well.

[176] **Mr Bennett:** Yes, we anticipate shortly that there will be an extension of our jurisdiction to include private care. I am sure that that will lead to an increase in volume. Two weeks ago, I think, we went to see the Local Government Ombudsman in England who had been through a similar process where the jurisdiction of that office had been extended. They had prepared for it, thinking that there would be a significant increase. What actually happened was that it reminded people in public care that those services were available for them as well, so the proportion of increase that they had was actually greater for those areas that were already in jurisdiction than for the new area. It was an unexpected new trend.

[177] **Julie Morgan:** So, do you get any extra money when you take on new duties?

[178] **Mr Bennett:** I think that we have received some additional funding for two posts to make sure that we are equipped to deal with that particular extension in jurisdiction.

[179] **Jenny Rathbone:** I am concerned about the rise and rise of complaints both in local authorities and in health bodies, which could indicate that these bodies are not learning from complaints, and embedding the learning in their future practice. So, what role do your investigations have, when obviously local resolution has failed, in trying to get bodies to look at their services differently?

[180] **Mr Bennett:** Certainly, it is worrying to see this year-on-year increase in the level of complaints. I would not say that all complaints are bad news. I think that there is an important role for complaints in terms of capturing the views of the citizen, making sure that citizen-centred services are better for the future, and that that voice is used to influence service providers. I think that there is a responsibility on our office to make sure that that happens. There are two terms that I have used with the staff within the ombudsman's office since I have started: innovation and influence. So, on innovation, how can we carry on the work of my predecessor in making sure that we are equipped to deal with increased flows, but also, on influence, how can we make sure that people learn the lessons from previous complaints? There can be nothing more depressing than seeing the same thing over and over again. So, there is a challenge there. Again, as I have said, I have been in post only two months. I want to have more in-depth conversations with all our stakeholders, but with health and local government in particular. What we can do to make sure that people learn and that we do not just deal with increased flows, but that we stem them, and make sure that there are fewer complaints in the future?

[181] **Mike Hedges:** Continuing on that theme, I know that, in your annual report, you cover complaints by public bodies. Do you then sub-divide, for example, with health, between primary and secondary care and, with local authorities, within major directorates such as education and social services? Within that, are you able to produce the average cost of each complaint? If you do, can you then benchmark it against other ombudsmen?

[182] **Mr Bennett:** Right, there was quite a lot in there. First of all, we do disaggregate complaints, so the documentation that we issue on a regular basis, including the casebook, will disaggregate between complaints within and outside a hospital setting, and it will disaggregate local government complaints by different functions, be they the environment, education, trading standards, social services and so on.

[183] In terms of comparing like with like, we need to be careful there. There are issues around different classifications between the different jurisdictions, but I feel that, generally, in terms of efficiencies, good progress has been made, if we compare the costs of a complaint in Wales now with that five years ago. However, we are keen to make sure that there are broader comparisons between ourselves, Northern Ireland, Scotland and England.

[184] **Darren Millar:** Can I just go back to the information that you provided us in terms of your casework and case loads? In reports to the Finance Committee, you have suggested that you have had a 300% increase in NHS complaints over the past seven years in terms of the public service ombudsman's office, and you say that they are a growing proportion of your work. So, the proportion is not static, is it? Which is correct? Is it static or is it not, because the other reports that you have provided to other Assembly committees seem to suggest that there is quite a variation?

[185] **Mr Bennett:** In terms of any time series, the further back that you go, the more scope there is for variation, so it is not static if you compare it with 2005 and the creation of the office, particularly if there has been a 300% increase in business. However, I think that, year on year, health would make around about 35% now. Susan, would you know what it would have been, proportionately, back in 2005?

[186] **Ms Hudson:** When the office first came into existence, which would have been in 2006 proper, as we were in shadow form before that, health accounted for around 15% of case load.

[187] **Darren Millar:** It was 15%, so it has risen significantly, has it not? A couple of years back, it was 25%, but it was 37% at the time you reported to the Finance Committee. So, there has been a significant shift in terms of the balance around the NHS, but it has remained static for the past couple of years. That is effectively what you are telling us.

10:15

[188] **Mr Bennett:** We think that it is levelling.

[189] **Ms Hudson:** It is static in terms of the proportion of the case load, but continuing to increase in terms of numbers.

[190] **Darren Millar:** But it is still continuing to rise in line with everything else. Can I just check with you as well, in terms of the number of enquiries and complaints that you get, you said that you had about 5,500 in the current financial year—[*Interruption.*] Sorry about that. I am not quite sure what was happening there. Someone has dropped something.

[191] You said 5,500. That is significantly up, is it not? I am just looking at the figures for 2011-12, where you received around 1,100 enquiries and about 853 complaints. You are talking about an increase of 3,000 over a two-year period, if you are talking about 5,500 that you are expecting in this current financial year. You said a 45 degree angle, but it sounds even more steep than that.

[192] **Mr Bennett:** In terms of enquiries, it is 45 degrees. We predict an ongoing increase in public body complaints as well. I would hope that code of conduct complaints would die off a bit, because of local resolution and other innovations that have taken place there. Again, that comes with a huge pinch of salt, given that we do see an increase during certain periods of the electoral cycle. However, overall, it is a significant increase year on year.

[193] **Darren Millar:** In terms of the total number of investigations that arise from those enquiries and complaints, are they increasing along the same trajectory, or are they pretty static?

[194] **Ms Hudson:** The same proportions.

[195] **Mr Bennett:** So, with complaints, you could be talking maybe a 15% increase over the next two to three years.

[196] **Darren Millar:** Okay. Thank you. Alun Ffred is next.

[197] **Alun Ffred Jones:** A gaf i jest gofyn cwestiwn neu ddau ynglŷn â phensiynau? Nid wyf yn honni fy mod i'n deall, ond o edrych yn ôl ar y ffigurau ar gyfer 2012-13, gwelwn fod y prif weithredwr yn derbyn cyflog o £135,000, ac mae'r buddion pensiwn, os wyf yn deall yn iawn, yn £56,000 y flwyddyn honno, sy'n swnio'n ffigur aruthrol o uchel i mi. Mae aelod arall o'r staff, sy'n derbyn tua £100,000 mewn cyflog, yn derbyn buddion pensiwn o £59,000. Rwy'n meddwl y byddai'r cyhoedd yn cwestiynu hynny. Ynghlwm â hynny, wrth sôn am ddarpariaethau ar gyfer rhwymedigaethau a thaliadau am bensiynau, mae sôn am gostau cyfreithiol o £100,000. A allwch esbonio'r ffigurau aruthrol hyn?

Alun Ffred Jones: Could I just ask you a question or two about pensions? I am not claiming that I understand this, but if you look back at the figures for 2012-13, we see that the chief executive receives a salary of £135,000, and a pension benefit, as I understand it, of £56,000 in that year, which sounds like a huge figure to me. Another member of staff, who receives a salary of around £100,000, receives a pension benefit of £59,000. I think that the public would question that. Tied in with that, in talking about provisions for pension payments and liabilities, there are legal costs of £100,000 mentioned. Could you explain those huge figures?

[198] **Mr Bennett:** Gwnaf ofyn i Dave ymateb i hynny.

Mr Bennett: I will ask Dave to respond to that.

[199] **Mr Meaden:** Sorry, I do not speak Welsh. On the first one that you referred to, the pension payment for Peter Tyndall, Peter would have been a member of the civil service pension scheme, paid by the Welsh Government. So, that is a normal benefit that would show from the civil service pension scheme. There is nothing extraordinary about that. That is a given, and those figures were supplied to us by Welsh Government. It is not that he received that pension; it is a calculation of the benefits that accrued in the pension fund. So, he is like any normal civil servant, as such, and a member of the civil service pension scheme.

[200] **Alun Ffred Jones:** So, civil servants would receive that as a pension contribution during the year, on that sort of salary?

[201] **Mr Meaden:** It is a calculation by the civil service pension scheme, managed by MyCSP, as to what the benefit would be in that year from his being a member of the pension scheme.

[202] **Alun Ffred Jones:** A allwch chi esbonio'r costau cyfreithiol y cyfeiriais atynt, sef y £100,000?

Alun Ffred Jones: Could you explain the legal costs that I referred to, namely the £100,000?

[203] **Mr Bennett:** Mae hwnnw'n arian sy'n cael ei roi o'r naill ochr ar gyfer un achos. Rydym yn dal i ddisgwyl cael y bil cyfreithiol ar gyfer y gwaith hwnnw. Mae wedi codi oherwydd achos lle bu'n rhaid inni amddiffyn hawl yr ombwdsmon i gymryd rhan.

Mr Bennett: That is money that has been set aside for one case. We are still waiting for the legal bill for that work. It has arisen because of a case in which we had to defend the ombudsman's right to participate.

[204] **Alun Ffred Jones:** Mae'n ddrwg gennyf, ond a yw hynny'n cael ei esbonio yn yr adroddiad hwn—y swm mawr hwnnw?

Alun Ffred Jones: Sorry, but is that explained anywhere in this report—that huge sum?

[205] **Mr Bennett:** Mae yn y cyfrifon, ond nid yw wedi cael ei wario. **Mr Bennett:** It is in the accounts, but it has not been spent.

[206] **Alun Ffred Jones:** Rwy'n cymryd eich bod yn mynd i'w wario, neu fyddech chi ddim yn ei roi lawr yn y cyfrifon. Eisiau esboniad oeddwn i o beth yr oedd. **Alun Ffred Jones:** I take it you that you are going to spend it, or you would not put it in the accounts. I want an explanation of what it is.

[207] **Mr Meaden:** It is a provision for the potential legal costs, as Nick said, of the case that we are defending. In pure accounting terms, we disclosed it in the previous year-end accounts as a contingent liability, because accounting procedures say that we knew about it the year before, but it was less certain and we could not put a real value on it. So, we disclosed it in last year's accounts. It became more certain, our legal advisers were able to put a value on it, so in discussion with our external auditors we agreed that we should now treat it as a provision, and that was the correct accounting treatment. Not to have treated it as a provision would have misled. It is a provision that we have made that may or may not be paid this year.

[208] **Mr Bennett:** Mae'n egluro pethau ar ganol tudalen 46. **Mr Bennett:** It explains things in the middle of page 46.

[209] **Alun Ffred Jones:** Diolch. **Alun Ffred Jones:** Thank you.

[210] **Darren Millar:** May I just ask about that case? Is the provision sufficient in that financial year, or are you expecting it to rise in the current financial year? It is much later in the day now and you should have a better idea as to where that figure is going to end up. Where is it going to end up?

[211] **Mr Bennett:** Mr Justice Hickinbottom said that we should pay 35% of the costs, and he believed that those costs would be small. I think that I am correct in quoting his words, rather than mine. We are currently looking at what the full implications of the costs will be, but it would not be—. I think that there is a danger that we would prejudice any negotiations that we would have about those costs if I was to give you any real detail on that question.

[212] **Darren Millar:** So, you are not able to give us an indication as to what you expect those costs to be.

[213] **Mr Bennett:** I have given you an indication of what Mr Justice Hickinbottom said, and I certainly hope that the costs would be in that area. However, as I say, to go into any greater detail would prejudice any negotiations that we might be having.

[214] **Darren Millar:** However, putting this figure in the accounts last year did not prejudice any negotiations.

[215] **Mr Bennett:** No.

[216] **Darren Millar:** So, you have had legal advice to say that it would prejudice the negotiations if you disclosed the amount that you are providing for within your current year's financial accounts. Is that the legal advice that you have been given?

[217] **Mr Meaden:** I think that there are two things. There is the accounting treatment of the £100,000, which we—

[218] **Darren Millar:** I understand the principle of the accounting treatment.

[219] **Mr Meaden:** We were obliged to do that. It is a public document and anybody could read it, so there—

[220] **Darren Millar:** So, the question here then is: if it is not settled by the end of the current financial year and you have to make a provision again, what provision would you make?

[221] **Mr Bennett:** I hope that it will be settled in this financial year. For me to give you an indication of whether that provision is higher or lower would not be in the interest of the taxpayer. Have I had legal advice to tell you this? No, not formally. However, my management team includes one legal adviser, and it is our view that, currently, for us to give you any detail in terms of whether the actual bill is higher or lower than the provision made in these accounts is not in the Welsh taxpayer's interest.

[222] **Darren Millar:** Are you able to disclose privately to the committee in writing afterwards what provisions you are anticipating?

[223] **Mr Bennett:** I am not sure that any provision I might be able to give you in writing would be private.

[224] **Darren Millar:** That seems to be an interesting assertion made by the ombudsman. In any case, we will return to the subject—

[225] **Mr Bennett:** Excuse me, Chair, but am I wrong in thinking that any correspondence that I was to give you would be subject to a freedom of information request?

[226] **Darren Millar:** No, if something is marked as 'private' just for the attention of committee members, then it is circulated just to committee members and it is kept within the remit of the committee.

[227] **Mr Bennett:** Okay.

[228] **Darren Millar:** I can give you categorical assurances on that. Aled Roberts is next.

[229] **Aled Roberts:** Mae tudalen 46 yn sôn am y costau cyfreithiol hyn ac yn dweud eu bod o ganlyniad i ddyfarniad yn yr Uchel Lys. Felly, mae'r achos hwnnw wedi gorffen ac ni fydd apêl pellach. A yw hynny'n iawn?
Aled Roberts: Page 46 talks about these legal costs and says that they are a result of a High Court judgment. Therefore, that case has concluded and there will be no further appeals. Is that right?

[230] **Mr Bennett:** Ni fydd apêl.

Mr Bennett: There will not be an appeal.

[231] **Aled Roberts:** Mae'r costau nad ydynt yn gysylltiedig â staff yn dangos eich bod wedi gwario £400,000 ar gost cynghorwyr proffesiynol yn ystod y flwyddyn. Ym mha fath o feysydd nid oes gennych arbenigedd o fewn swyddfa'r ombwdsmon fel eich bod yn talu £400,000 yn ychwanegol yn ystod y flwyddyn? A ydych yn sôn am gostau meddygol a phethau felly?
Aled Roberts: The costs that are not associated with staff show that you have spent £400,000 on the cost of professional advisers during the year. In what kinds of areas do you not have expertise within the ombudsman's office so that you are required to undertake additional expenditure of £400,000 during the year? Are you talking about medical costs and so on?

[232] **Mr Bennett:** Ie, rwy'n meddwl mai dyna yw'r mwyafrif ohonynt. A ydw i'n iawn?

Mr Bennett: Yes, I think that that is the majority. Am I right?

[233] **Mr Meaden:** That £400,000 includes the £100,000 provision for that legal case. So, the £400,000 is a mixture of internal and external advisers—the public health ombudsman does some work for us—and it includes any legal costs that we incur during the year. Roughly speaking, the adviser costs would be between £150,000 and £200,000, normally, for that element of it.

[234] **Aled Roberts:** A gaf ddod yn ôl at y rhwymedigaethau pensiwn sylweddol sydd i'w gweld? Mae gwerth cyfanswm o dros £0.5 miliwn ar gyfer y cyn-gomisiynwr, ond hefyd mae'r cyfrifon yn dangos diffyg o £720,000 yn y cynllun pensiwn llywodraeth leol. A allwch chi egluro sut fyddwch chi'n ariannu'r rhwymedigaethau sylweddol hyn?

Aled Roberts: May I just turn back to the significant pension liabilities? There is a total value of over £0.5 million for the former commissioner, but also the accounts show a deficit of £720,000 in the local government pension scheme. Could you explain how you are going to fund these significant obligations?

[235] **Mr Meaden:** In 2006, we inherited the liabilities of the former organisations that became the public services ombudsman's office. As part of that, there were three former ombudsmen—former commissioners—who had to be paid from an unfunded pot. So, we have a liability to pay for two former ombudsmen and the spouse of one. We have significant provision, as you say, in the accounts for that. We have to calculate and amend that provision every year based on life expectancy tables, which tend to increase all the time. So, to answer your question about how we fund it, the actual payment that we make to those former ombudsmen is paid for from the provision. It has no effect on the resource accounts of the ombudsman.

[236] What is charged to the ombudsman is any increase in the provision. As you can see from the accounts, there was an increase in provision again, because life expectancies increased yet again, but we believe that we have enough set aside in that provision to fund the pensions of those three people until 2023-24 when the life expectancy tables would indicate that there would be no more liability. So, that is fully funded.

[237] The local government pension scheme is quite different. When employees transferred into the ombudsman's office in 2006, many transferred to the civil service pension scheme, but some remained within the local government pension scheme. Back in 2010, the actuary calculated that there was a significant deficit in that pension scheme—almost £1.6 million. My predecessor met with Welsh Government and correctly reviewed with Welsh Government, at supplementary in 2011-12, a provision of £1.6 million to be made in the Welsh Government's accounts to fund that deficit in pension fund. So, every year, we draw down from Welsh Government a sum of money—last year, it was £242,000—to help to plug that gap, so to speak. I meet with the Cardiff and Vale pension fund people. We have regular meetings and I have reports from the actuaries, and every indication that I have is that in 2018 that deficit will cease.

[238] **Aled Roberts:** Felly, os ydych chi wedi tynnu i lawr £242,000 y llynedd, a yw hynny'n ychwanegol at y costau sy'n cael eu hariannu gan Lywodraeth Cymru, neu a yw'n cael ei ddangos fel rhan o'r costau?

Aled Roberts: So, if you drew down £242,000 last year, is that in addition to the costs that are being funded by the Welsh Government, or is that shown as part of the costs?

[239] **Mr Meaden:** No. When we put our estimates before the finance committee, we include that amount. The £242,000 last year would then be included in our cash budget and then we make the payment to Cardiff Council on behalf of the pension scheme. We have a slightly growing amount each year until 2017-18. The actuary calculates that that will be sufficient to fully fund that deficit.

10:30

[240] **Aled Roberts:** Croesi bysedd. **Aled Roberts:** Fingers crossed.

[241] **Mr Meaden:** Well, things can change.

[242] **Sandy Mewies:** It is a very complex pension situation from what I can see with classic and premium. It is a bit like Sainsbury's best and better, is it not, really? There are people coming into the scheme, and I understand that. What I do not understand is that you said that the payments have arisen because they were not funded—

[243] **Mr Meaden:** Well, they were—

[244] **Sandy Mewies:** Well, they were unfunded. So, somebody had been promised something, but there was nothing underneath that. Is that what you are saying?

[245] **Mr Meaden:** There are different types of pension. Most of the pensions we see now are funded pensions. The pension fund invests in stocks and shares and all sorts of instruments. However, some very, very old pensions were—perhaps 'unfunded' is—. They are called 'unfunded', but they are funded by the organisation. The organisation guarantees to pay you that pension.

[246] **Sandy Mewies:** So, what organisation promised to pay this money, and why is it not there?

[247] **Mr Meaden:** It was one of the local government—. They were local government commissioners. It was much before my time, I am afraid.

[248] **Sandy Mewies:** And it has just been carried through.

[249] **Mr Meaden:** It is carried through and we pay it out of our net expenditure. We have an obligation to do that.

[250] **Sandy Mewies:** The figures are quite eye-watering, I think, as Alun Ffred and Aled have indicated. So, the liabilities for the former commissioners are more than £0.5 million and the deficit is £0.75 million, so, that is £1.25 million in total. What I am not clear about is the deficit in the local government pension scheme. Who does that apply to, then? Is it the three commissioners or is it something else? Is it that different scheme that involved different people? As I say, you seem to have four sets of different things going on there.

[251] **Darren Millar:** Perhaps it would help if I just explain something to Members. Obviously, this is a typical arrangement in terms of pensions in the public sector historically, in terms of the way that the funding is taken from annual expenditure rather than a set-aside investment fund, effectively. So, this was typical in the police service, the fire service, local government and, indeed—

[252] **Mike Hedges:** Local government has been funded for at least the past 25 years—

[253] **Sandy Mewies:** Yes, exactly.

[254] **Mike Hedges:** —and it was probably before that. It is true of the police service—

[255] **Darren Millar:** Yes. The point I am making is that there are historic arrangements that are similar to these.

[256] **Aled Roberts:** It does not make it of any less interest to the taxpayer.

[257] **Darren Millar:** No, it does not. I agree.

[258] **Sandy Mewies:** No, it does not. I am sorry. You have the benefit of—. I often see these things and I am told, 'Well, it is just an accountancy arrangement'. Oh yeah. But it is a lot of money, and in the end, ultimately, it is taxpayers' money, which is why I wanted some clarification. What I would appreciate—not wishing to hold up this meeting now—is a clearer note, because I do not think that it is very clear. So, can I have a clearer note of the different sets and how these particular deficits have arisen? You have explained how they are going to be paid off, I think.

[259] **Mr Meaden:** I think that the former ombudsman's pension is out of deficit. That is a provision; we have the money set aside in the accounts to pay that. The local government pension scheme is completely different. It is the Cardiff and the Vale pension fund. It is a pension scheme, like many, that is in deficit. There are many, many ways that organisations look at to fund those deficits. The public sector is quite limited in how it does it. It has to generally put some cash into it, really. The private sector has cleverer ways of dealing with it.

[260] **Sandy Mewies:** They have better lawyers maybe.

[261] **Mr Meaden:** They are quite different. The local government pension scheme, as I say, refers to people who used to work in local government before they came to the ombudsman, but I will provide you with a note.

[262] **Sandy Mewies:** That would be very kind. Thank you.

[263] **Darren Millar:** Thank you. Jenny is next.

[264] **Jenny Rathbone:** In your note, perhaps you can explain why people are being paid a pension at 60 when most people are working to 65. Moving on from that—

[265] **Mr Meaden:** That is a feature of the civil service pension scheme.

[266] **Jenny Rathbone:** Okay. Well, we obviously need to do a wider inquiry on this. I have one specific question and one strategic question. On your sickness absence levels, the figure is 10.6 days. That is nearly twice as much as the worst organisation within the NHS, where staff are exposed to infectious diseases and work-related injuries. How is it possible that your organisation has 10.6 days of sickness absence?

[267] **Mr Bennett:** This is a real issue of concern. There has been an increasing trend there as well, if you were to look at previous years. For example, it was 4.6 days in 2011-12, 6.8 days in 2012-13 and then 10.6 days in 2013-14. As you say, the public sector average is 8.7 days. As a small office, this was affected by two specific cases of long-term sickness. You can always say that these are just statistics, but if you take those two cases out, the actual level is 5.6 days. We take the issue of sickness very seriously and we have revised our policies as a result of what was quite a shocking increase just within one year.

[268] **Jenny Rathbone:** So, we can expect you to get it back down to 4.6 days when you come to see us next year. Obviously, you cannot predict somebody becoming seriously ill, but in general terms—

[269] **Mr Bennett:** No, but certainly we would wish to see it below the average for the public sector, not above it, particularly given the fact that we have jurisdiction over public

services and want to be leading by example. However, as you say, there are issues and we need to be a supportive employer as well. Dealing with complaints five days a week can be a stressful experience for staff and we need to be there to make sure that we monitor sickness, but also support staff appropriately. That has been a key area of Chris's work since he began as chief operating officer early this year.

[270] **Mr Vinestock:** Yes, and we have, as Nick has said, changed the policy so that it is clearer what is expected and what happens if people are absent for more than a certain amount of time. We are also looking at the support that we provide to staff to encourage them to be in work in terms of occupational health, counselling and whatever. So, we are doing all that we can to reduce those figures. You cannot ever quite know what is going to happen, but we are working to reduce the figures, while maintaining our position as a sympathetic and sensitive employer, particularly when dealing with cases of disability.

[271] **Jenny Rathbone:** Just on more strategic issues, looking at the apportioning of operating costs, which are on page 42 of your report, I note that you, on a slightly reduced budget, increased the amount of money that you are allocating to promote the existence of the public service ombudsman and less money to handle complaints and also to embed the knowledge from those investigations. Given our earlier conversations about the rise and rise of complaints, I wondered how you are managing to deal with increased complaints with less money.

[272] **Mr Bennett:** That is a good point, is it not? In terms of aim one, on increasing the profile of the office, we have seen this rapid ramping-up of levels of inquiry. Maybe we have been the authors of our own destiny there to some extent. I think that, certainly historically, the desire here has been to make sure that the corporate priorities reflect what should be the pathway of the citizen through public services. So, first of all, are you aware that there is somewhere you can turn to if you are unhappy? Secondly, and I think on an ongoing basis, investigations will take up the significant chunk—over 75%—of our expenditure, but then we have to make provisions as well to make sure that that learning is shared so that we can try to take a preventative, more strategic, approach to complaints and public service delivery.

[273] **Jenny Rathbone:** My anxiety would be that more people come to you with their complaints without understanding that this is a ladder and if they have not exhausted the complaint with the body from which they had poor service, everybody's time is wasted.

[274] **Mr Bennett:** Absolutely, but I think that that is where—. Certainly in terms of the new structure, one of the key ways in which we have coped over the last few years has been through the complaints advice team, which does not just give advice on our own services, but makes sure that there is a signposting and also that people must exhaust the complaints procedure that exists within the different public bodies. So, that does take on a significant resource implication. However, again, it is good if we are able to make sure that people are exercising their rights and accessing the correct complaints procedure. I think that I am right in saying here that the intention over the past few years has been to pass on the complaints, not the complainant. Perhaps it should be resolved somewhere else if the complaint is premature, or perhaps it is still the jurisdiction of another organisation, but we will not just pass the citizen from pillar to post; we will pass on the complaint and we would want to make sure that the complainant has some resolution of their issues.

[275] **Alun Ffred Jones:** Cwestiwn syml ar adroddiad yr archwilydd cyffredinol yw hwn. Ar ddiwedd ei adroddiad, mae'n gwneud nifer o ddatganiadau ac, yn eu plith, mae'n dweud 'ni chadwyd cofnodion cyfrifyddu priodol' ac yna, yn olaf,

Alun Ffred Jones: I want to ask a simple question on the auditor general's report. At the end of his report, he makes a number of statements, and among them, he says, 'proper accounting records have not been kept' and then, finally,

[276] 'nid wyf wedi derbyn yr holl wybodaeth a'r esboniadau sydd eu hangen arnaf ar gyfer fy archwiliad'. 'I have not received all of the information and explanations I require for my audit'.

[277] Sut fydddech chi'n ymateb i'r datganiadau hynny? How would you respond to that statement?

[278] **Mr Thomas:** Efallai y gallaf i egluro. Mae hon yn fformiwla rwy'n ei defnyddio ar bob un o'r cyfrifon. Os ydych yn darllen y rhagymadrodd i hynny, gwelwch **Mr Thomas:** If I could explain, this is a formula that I use for all of the accounts. If you read the foreword to that, you will see

[279] 'I have nothing to report in respect of the following matters'.

[280] Mae hynny'n golygu fy mod wedi cael y wybodaeth oedd ei hangen arnaf er mwyn i mi roi'r dystysgrif. That means that I have received the information that I required for me to give the certificate.

[281] **Mr Bennett:** Diolch. **Mr Bennett:** Thank you.

[282] **Darren Millar:** In the accounts, on page 20, page 129 in our pack, there is some information on internal and external audit that suggests that there is not full assurance on the general ledger internal control systems. There is full assurance everywhere else, but it is just 'substantial' on the general ledger. What lies behind that?

[283] **Mr Meaden:** There was one very low recommendation. We use a fairly basic accounting package called Sage and our internal auditors identified that there were quite a few nominal codes that were not being used; it would be good practice to close as many of those down as you could, because you could make erroneous postings to them or whatever. They were quite right. However, when we investigated carrying out that process, some accounts could not be closed, because they were control accounts and they are mandatory codes in the system. Some have already had money spent on them, perhaps five, six or seven years ago, and cannot be closed, because of the historic transaction. I cannot remember exactly, but I think that we closed 29 or 30 codes immediately after the report and, as at this point in time, there are no audit recommendations outstanding. We go through those with the audit and risk committee every quarter, and there are none outstanding. So, that is why it was not full; it was one low key recommendation.

[284] **Darren Millar:** In terms of the audit and risk committee, and the appointments process for that, are the members appointed by you as ombudsman?

[285] **Mr Bennett:** Yes, they are. We have one vacancy that will be advertised very shortly.

[286] **Darren Millar:** Okay, so the appointments process is dealt with by a formal advert inviting applications. The membership of that seems very similar to the advisory panel. I assume that the same people sit on both. Is that correct?

[287] **Ms Hudson:** It is, yes. Basically, we have the advisory panel as a parent body and then the audit and risk committee is a sub-committee of the panel; therefore, the membership is made up of members of the advisory panel.

[288] **Darren Millar:** However, the advisory panel is chaired by the ombudsman.

[289] **Ms Hudson:** Yes.

[290] **Darren Millar:** So, does it have sufficient independence to be able to challenge as an audit and risk management committee, if it has the same members?

[291] **Ms Hudson:** The audit and risk committee is chaired by an independent member.

[292] **Darren Millar:** However, it is still chaired by an independent member who is also a member of the advisory panel, which is chaired by the ombudsman.

[293] **Ms Hudson:** Yes. Nevertheless, to assure committee, there is one element that is written into the job description, if you like, of the audit and risk committee's chair, namely that he has access to the Assembly if anything untoward arises—

[294] **Darren Millar:** Although he or she is appointed by the ombudsman.

[295] **Ms Hudson:** Yes.

[296] **Darren Millar:** Do you see what I mean? Is there sufficient challenge and independence in the system? Is that something that you might want to look at?

10:45

[297] **Mr Bennett:** I am pleased that my predecessor put those measures in place and created the advisory panel and the audit and risk committee. Certainly, it is perfectly possible that a corporation sole might wish not to go down that route. Members of both committees, since I started, have been keen to tell me that I do not have to continue with this arrangement if I do not want to. I think that that would be the height of arrogance and hubris to think that I am above receiving advice or, indeed, being subject to audit and risk advice. I think that it is really important that we sustain both those organisations, and make sure as well that new members are invited to join, and that that is done on an independent and transparent basis. Obviously, there is this issue of challenge and how challenging they can be to the individual who appoints them, but as Susan rightly says, if there were any issues of public probity that were brought to me that I wished to ignore or not to act upon, they are free to approach you—I assume that it would be you, as Chair of the Public Accounts Committee. So, there are checks and balances within the system.

[298] **Aled Roberts:** Mae'n siŵr eich bod yn ymwybodol o'r dadleuon dros uno cynghorau. A ydych wedi cael unrhyw fath o drafodaethau ynglŷn â chydweithio â chyrff cyhoeddus eraill yng Nghymru o ran rhai o'r gwasanaethau cefnogol, neu â swyddfeydd ombwdsmon eraill o fewn y Deyrnas Unedig?

Aled Roberts: I am sure that you will be aware of the arguments about merging councils. Have you have had any discussions in relation to collaborating with other public bodies in Wales in terms of some of the support services, or with other ombudsman offices in the United Kingdom?

[299] **Mr Bennett:** Rwy'n ymwybodol o'r ffaith bod y ddadl o gwmpas uno rhai cyrff yn rhan o'r drafodaeth ar bolisi cyhoeddus ar hyn o bryd. Wrth gwrs, mae'n bwysig. Os oes unrhyw ffordd y gall cyrff cenedlaethol arbed arian cyhoeddus drwy gydweithredu ar wasanaethau yn y siop gefn ac yn y blaen, mae hynny'n hollbwysig. Rwyf wedi codi'r mater hwn gyda chomisïynwyr eraill. Rydym am gyfarfod cyn y Nadolig i drafod y peth

Mr Bennett: Yes, I am aware of the fact that the argument around merging some bodies is part of the discussion on public policy at present. Of course, it is important. If there is any way that national bodies can save public money by collaborating in terms of back-office functions and so on, I think that that is vital. I have raised this issue with other commissioners. We will be meeting before Christmas to discuss this further. Of course,

ymhellach. Wrth gwrs, os oes unrhyw beth y gallwn ei wneud, fe'i gwnawn. Os edrychwch ar y cyfrifon, gwelwch bod y costau yn 4.5%. Felly, rydym yn effeithiol iawn yn y ffordd y gallwn greu mwy o arbedion. Efallai mai'r ffigur yw 20% o'r 4.5% hwnnw. Os ydwyf yn iawn, mae fy mathemateg yn dweud y byddai hynny'n golygu y byddem yn arbed 0.9% o'n cyllideb. Nid bwled arian mohono, os liciwch chi, o safbwynt sicrhau ein bod yn gallu bod yn fwy effeithiol. Credaf ei bod yn bwysicach inni ystyried gweddill y gwariant a sut y gallwn gael mwy o effaith wrth wella gwasanaethau cyhoeddus. Rwy'n hapus iawn i drafod hynny gyda'r comisiynwyr eraill. Mae yna gymdeithas ar gyfer yr ombwdsmyrn Prydeinig, lle mae'n bosibl i ni—. Nid wyf yn siŵr a ydym yn rhannu costau bob tro, ond yn sicr, rydym yn trio dysgu ganddynt. Mae'n ddiddorol iawn ar hyn o bryd; er enghraifft, mae Gogledd Iwerddon yn mynd i gael pwerau newydd—rhai nad oes gennym ni yng Nghymru, o safbwynt hunan-fenter. Dyna un wers y gallwn ei dysgu oddi wrthynt. Maent wedi newid y Ddeddf hefyd; felly, gallant dderbyn cwynion sydd heb eu hysgrifennu. Nid yw hynny'n bodoli yn ein deddfwriaeth ni ar hyn o bryd.

if there is anything that we can do, we will do it. If you look at the accounts, you will see that our back-office costs are approximately 4.5%. So, we are very effective in the way that we can create more savings. Perhaps the figure is 20% of that 4.5%. If I am right, my mathematics tells me that that would mean saving 0.9% of our budget. That is not the silver bullet, if you like, in terms of ensuring that we can be more effective. I think that it is more important for us to consider the remainder of the expenditure and how we can have a greater impact when it comes to improving public services. I am very happy to have that discussion with the other commissioners. There is an association of British ombudsmen, where it is possible for us—. I am not sure whether we share costs each time, but we certainly try to learn from them. It is very interesting, at present; for example, Northern Ireland is going to have new powers that we do not have in Wales in terms of own-initiatives. That is one lesson that we can learn from them. They have also changed the legislation; therefore, they can take complaints that are not written. That does not exist in our legislation at present.

[300] **Aled Roberts:** Yn fyr, mae'r cyfrifon yn nodi bod yna ddau achos lle'r oedd data personol wedi cael eu rhyddhau ar gam. A ydych yn barod i egluro sut y digwyddodd hynny a sut y mae'r rheini wedi cael eu datrys?

Aled Roberts: Briefly, the accounts note that there have been two cases of personal data being released mistakenly. Are you prepared to explain how that happened and how those issues have been resolved?

[301] **Mr Bennett:** Ydw. Gofynnaf i Chris sôn am hynny.

Mr Bennett: Yes. I will ask Chris to talk about that.

[302] **Mr Vinestock:** We do take data security very seriously. We recognise that, as an office, we get to see and to hold quite a lot of very sensitive and confidential data. So, we have had a lot of training sessions to try to reinforce that, and we have notices around the office to remind people of the importance of treating data carefully and making sure that we do look after them safely. We have also asked our internal auditors, Deloitte, to have a look at our arrangements for data security as part of the audit plan for the current year. To answer your questions, there were two incidents, which we disclosed in the accounts. They were both occasions where information was sent to the wrong people.

[303] So, there was a mismatch of addresses and information. In both cases, we took immediate steps once we discovered the error—and it was human error—to retrieve the documents so that they were not lost. We did get the documents back immediately. We have revisited our processes to make sure that there is nothing wrong with our processes, but in both cases it came down to human error. We have, through training, reinforced the need for people to be very careful, and we also, as you would expect, followed the normal human resources and disciplinary policies in respect of the data loss that did occur. So, we are doing

all that we can to make sure that this does not happen again, that we manage these sorts of occasions and keep it so that we avoid them wherever possible.

[304] **Darren Millar:** Okay. There is just one final question and that is on your budgeting processes. Looking at the estimates versus the actual expenditure in previous financial years in the report that you presented to the Finance Committee in October 2012—and I appreciate that that is before your time in post—there are some significant variances on just a couple of lines. One is your computer systems and support. The budget was £85,000 and the actual expenditure was £207,000. The training and recruitment costs are significantly below what you estimated. The estimate was £65,000 versus £37,000 in terms of actual expenditure. Is there any reason for that, particularly?

[305] **Mr Meaden:** On the computer costs, one of the reasons why the expenditure is higher than the estimate was that we reviewed how we were categorising certain expenditure. We noticed that our website development costs were showing under office costs. We did not think that that was the correct way to show website expenditure. So, website expenditure became computer expenditure. However, in the estimates, it would have been included elsewhere. That would have accounted for £40,000 to £50,000 of it. We also made management team decisions to invest a little bit more in IT than we had planned, particularly on our front-end systems. We have talked enough about the increasing workload et cetera. There were things we wanted to do to our software to make it work better. We also wanted to give people the best equipment, within reason, they could have to manage that. We invested in equipment and software and a bit more in website development during the last financial year, because, to us, it was an early win that would bring forward advantages.

[306] **Darren Millar:** There seems to be a consistent problem though, does there not? There was an overspend in the previous financial year against budget as well. So, has this been phased over two financial years, this improvement?

[307] **Mr Meaden:** It was, but, also, £85,000 is no longer an accurate figure for our computer expenditure. So, in the estimates that we put forward, we have a figure of £150,000, which more closely reflects the true way we run our business.

[308] **Darren Millar:** Okay. What about training and recruitment?

[309] **Mr Meaden:** In the two previous years, training and recruitment costs had been abnormally high. I am one reason for that. It cost a bit to recruit me because the recruitment costs are quite high. Again, there is no reason for them to be that high, and we have reduced our recruitment cost to about £30,000 in the estimate.

[310] **Darren Millar:** So, are you telling me that the estimates processes in previous years were not as sophisticated perhaps as they could have been?

[311] **Mr Meaden:** Well, there were genuinely high recruitment costs. If we suddenly lost four or five senior staff members, our recruitment costs would be much higher than anticipated. In the end, that estimate, like any budget, is only a plan and things will change from that plan.

[312] **Darren Millar:** Okay. Are there any further questions from Members? There are not. In that case, may I thank you, Nick Bennett, Dave Meaden, Chris Vinestock and Susan Hudson for your attendance today? You will be sent a copy of the transcript of today's proceedings. If there is anything to correct from an accuracy point of view, please get in touch with the committee clerks. Thank you very much indeed. We look forward to your note on the pension arrangements.

[313] **Mr Meaden:** Do we send that to you?

[314] **Darren Millar:** Yes. You send it to the clerks of the committee. They will be in touch about anything that is outstanding. Thank you.

10:54

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting**

[315] **Darren Millar:** I move that

the committee resolves to exclude the public from the remainder of the meeting and from item 1 of its meeting on 13 October 2014, in accordance with Standing Order 17.42(vi).

[316] I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:55.
The public part of the meeting ended at 10:55.*