

Our ref: PT/SMH

Ask for: Peter Tyndall

Your ref:



01656 641152

Date: 10 December 2010



Mrs Angela Burns
Chair
Finance Committee
National Assembly for Wales
Cardiff Bay
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Dear Chair

Estimate of Income and Expenditure for 2011/12

Thank you for your letter dated 22 November 2010.

I regret that Members of the Committee were unhappy about a number of aspects of my budget submission and welcome the opportunity to respond to their concerns and to clarify matters in this letter.

I will begin by addressing the overall picture in relation to the budget submitted (and approved) by the Finance Committee in November 2009 and how the budget submission for 2011/12 compares with this. I have also provided a table with the expected outturn for comparison.

[Please note: All figures are in cash terms and make no provision for any inflation element.]

Table 1

Revenue Budget 2010/11*	£'000
Comprising:	
• Core Service	3,342
• NHS Redress Costs (incl. half year salaries)	178
• Signposting Service Costs (incl. half year salaries)	213
• One off set up costs	33
	3,766
• Less income	- 6
TOTAL	3,760

*Adjustment excludes cost of capital of £15K

Table 2

Likely Outturn 2010/11*	£'000
Comprising:	
• Core Service	3,370
• NHS Redress Costs (incl. half year salaries)	178
• Signposting Service Costs (incl. half year salaries)	213
• One off set up costs	33
	3,794
• Less income	- 42
TOTAL	3,752

*Adjustment excludes cost of capital £15K

Table 3

Revenue Budget 2011/12	£'000
Comprising:	
• Core Service	3,342
• NHS Redress Costs (incl. full year salaries)	335
• Signposting Service Costs (incl. full year salaries)	276
	3,953
• Less income	- 6
TOTAL	3,947

In addition, I have listened carefully to the views of Committee Members regarding the desirability of reducing the core budget and include at table 4 details showing the impact of a 3% cash reduction. For purposes of comparison, this equates to a 4.8% real terms reduction using the GDP deflator. However, as set out below, I have considerable reservations as to whether it will prove possible to meet my statutory obligations with such a reduction.

Table 4

Revised Revenue Budget 2011/12*	£'000
Comprising:	
• Core Service	3,234
• NHS Redress Costs (incl. full year salaries)	335
• Signposting Service Costs (incl. full year salaries)	276
	3,845
• Less income	- 6
TOTAL	3,839

For ease of comparison, I have at the Annex attached Appendices B, D E and F of last year's submission, updated for 2011/12 figures.

I will now briefly highlight certain issues in relation to the three elements making up my budget submission, i.e. the core service, NHS redress and signposting.

Core Service

As can be seen by comparing tables one and three above, my original estimate envisaged no change in the estimated cost for the core service between 2010/11 and 2011/12. The budget was submitted at this level having taken the following considerations into account:

- I anticipate that there will be a rise in the volume of complaints received as a result of reductions in public expenditure. In the current year complaints about maladministration are up by 2%.
- There are known cost pressures of £115k on my office for 2011/12 (see Appendix B for details).
- These cost pressures can be met from the existing level of budget through efficiency measures. Such efficiencies take the form of, for example:
 - greater delegation - reducing the amount of staff time devoted to concluding investigations
 - the use of 'letter reports' rather than lengthy formal reports
 - in the coming year, introducing fully interactive on-line complaints forms to reduce staff time spent on each complaint
 - greater use of the telephone rather than putting everything in writing
 - closing more cases through resolution, reducing the number of reports
 - streamlining administration through the creation of a single central team.

In the coming year, these efficiencies would enable me to reduce the staffing establishment by three posts by not filling casual vacancies. This equates to a 6% reduction in staff numbers. I also anticipate a pay freeze for all but the most junior posts.

With a further reduction of 3%, at least one more post will need to be lost. This would lead to some complaints not being investigated, to longer timescales for investigations and to poorer performance on other indicators such as timely response to callers and work designed to promote service improvement.

NHS Redress

The full year provision for the new work associated with the NHS Redress Measure is £335K for 2011/12. This is consistent with the detail contained in my paper to, and approved, by the Finance Committee in November 2009.

The Minister for Health and Social Services discussed her paper setting out the final assessment of the financial impact of the NHS Redress Measure with the Finance Committee on 31 January 2008. That report includes a broad estimate that the Ombudsman's office would receive an additional **100** cases annually and would therefore require an additional £350K.

The report also sets out that with the abolition of Independent Review and costs associated with the Independent Review process there would be a saving of £454K to the NHS budget (i.e. the £104K saving referred to in my report for the Finance Committee on 18 November 2010.)

I would also draw attention to the fact the £335K provision I am making, means that I am not drawing down the full £350K for which the Welsh Assembly Government has budgeted, and that therefore there is an additional £15K saving to the Welsh public purse.

Following the meeting with the Committee, I have once again considered the likely impact on my workload. In the last year, 250 complainants requested independent reviews. Once independent review is abolished, all of these requests will come to my office, rather than to the independent review secretariat. The trend in requests for independent review in recent years is largely static; although the figure for last year was substantially higher than the previous year, due to the previous year being lower than average. By contrast, my office received 308 complaints about health issues. Health complaints to my office have been rising consistently, and are up from 191 in 2006/07. Some of the complaints to my office have already been for independent review, and eliminating the overlap will help to reduce cost. We expect that the rise in investigations will be at least 100, although as is evident from the figures, this could in fact be higher. In order to deal with this, we have developed the budget on the basis of five additional investigators, who were appointed in the current financial year, additional casework support and additional professional advice.

An additional 100 complaints is equivalent to a **7%** increase in complaints of maladministration, but would represent a higher increase in terms of workload because of the complexity of health complaints and a higher increase in cost because of the need to use more professional advice.

Signposting Service

As I reported to Finance Committee in November 2009, a feasibility study commissioned by the Welsh Assembly Government concluded that 4 full time members of staff would be required to run the call centre aspect of the service. I accepted the conclusion of that study and this was the basis on which I recruited for the Signposting Service which I expect to go live early in 2011. The budget provision of £276K for 2011/12 is consistent with that in my paper to, and approved by, the Finance Committee last year.

As reported to the Committee, we have already seen a substantial increase in enquiries in the current financial year and the numbers in 2011/12 are expected to be at least twice those recorded in my annual report for 2010/11.

Attached to your letter was an annex with more specific, detailed questions. These are addressed at Appendix A.

I also gave an undertaking to the Committee on 18 November, that I would provide a more detailed explanation of the situation in relation to depreciation. The depreciation charge for 2010/11 of £177k comprises normal ongoing depreciation of

£141K plus £36k for the accelerated write off of items replaced before the end of their useful life arising out of the office fitting out work and the replacement of some of the telephone equipment in implementing the signposting service and NHS Redress Measure. The normal ongoing charge for 2011/12 is £148K. This figure includes the first year's depreciation on the additional capital expenditure incurred on the increased office accommodation required for the Signposting and NHS Redress services.

I hope that this letter and its attachments satisfactorily address the aspects of my budget estimate submission for 2011/12 that the Committee seeks clarification upon.

Yours sincerely

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

Peter Tyndall
Ombudsman

**Response to 'Detailed questions to be addressed' appended to
Letter from the Chair of the Finance Committee dated 22 November 2010-11 re.
Estimate of Income and Expenditure for 2011/12:**

Likely expenditure in 2010-11 compared with 2010-11 estimates

In comparison to the 2010-11 estimates, the likely outturn shows an increase in revenue of £51,000, offset against increased income of £36,000. The Estimates state that some of this increase in revenue is due to a secondment of an investigator to Healthcare Inspectorate Wales.

1. Does this secondment account for the entire £36,000 increase in salaries and related costs?
2. Can you explain why there was a £36,000 increase in income over that expected in 2010-11?

RESPONSE TO 1 AND 2: An experienced Senior Investigator from my office has been seconded to Health Inspectorate Wales (HIW) to assist them in their work in regulating health bodies. My office continues to pay his salary, and receives income from HIW to cover this. The net effect is cost neutral. The income has been used to cover his post for the duration of the secondment. (This was set out in my letter to you dated 22 February 2010 concerning the then forthcoming Supplementary Budget submission.).

3. Excluding the £36,000 increase in staff costs already mentioned, can you explain the remaining £15,000 increase in revenue between the estimates and likely outturn?

RESPONSE: HM Treasury changed the requirement upon us as to how we show the cost of capital. The £15K is therefore attributable to this change. It is a non-cash sum and has no effect on the cash expenditure on the service.

4. You state that there will need to be a supplementary estimate for 2010-11; can you clarify how much this supplementary estimate will request?

RESPONSE: The Supplementary Estimate solely relates to the secondment identified above and the additional expenditure will be entirely offset by the additional income from Health Inspectorate Wales in respect of that secondment.

Overall estimate for 2011-12

5. You state in your estimates that in comparison to this year, the estimate for 2011-12 represents a £261,000 reduction, although you recognise some of this is due to one off capital costs in 2010-11. In fact, when compared with the likely outturn for 2010-11, the estimate for 2011-12 shows a £187,000 revenue increase in cash terms. Can you confirm that this wholly represents the inclusion of whole year costs for the Signposting and NHS Redress services, as opposed to the inclusion of only half year costs in 2010-11?

RESPONSE: Yes - see the tables in the body of my letter.

6. With reference to changes in capital between this year and 2010-11, there is an overall reduction of £448,000, the majority of which represents one off set up costs in 2010-11. However, in the text of your estimates you state that there is a reduction of £5,000 capital from the current year. This was stated to be due to the reduction of £5,000 from an 'assumed capital baseline' of £20,000. Could you explain how you consider it is appropriate to refer to this as a 'reduction' bearing in mind it represents a decrease in an assumed baseline, rather than a year on year reduction?

RESPONSE: Since the establishment of the office of the Public Services Ombudsman for Wales a provision of £20K has been made for capital expenditure. However, this has been reduced to £15K in recognition of the overall 25% reduction in capital expenditure in the Welsh Block. See also response to question 10.

Comparison of current estimate for 2011-12 with that presented in November 2009

7. You have reduced the provisional estimate for 2011-12, made in November 2009, by £5,000, or 0.1 per cent. Do you feel this is a sufficient change to your estimates for 2011-12 in light of the recent Spending Review and its impact on the Welsh block as a whole?

RESPONSE: I have carefully considered the cost pressures affecting my office in determining the level of budget which will be required for the coming years. There will be considerable additional work coming to my office (100 new health cases for example and the many additional telephone and electronic contacts arising from the Signposting Service). Although the staff directly involved in investigating these will be new, the pressure on the back office will increase and will be contained within existing cash budgets. As I have set out above, keeping funding at the level of the previous estimates will require in-year savings of £115k, and real reductions in staff numbers. I do not consider that I could maintain service levels with a reduction in funding below this level. In the recent past, my office has struggled to deal with an increased volume of complaints within existing resources. Introducing the wide range of efficiency measures has helped to bring the workflow back into balance, but reductions greater than those envisaged here would inevitably lead to valid complaints not being investigated, delays in responding to enquiries and lengthy delays in investigating cases and preparing reports.

8. You state in your estimates that you are proposing to maintain your budget over the next three financial years, resulting in a real terms saving of 9 per cent. However, from the figures shown for future years in your estimates, and using Treasury's GDP deflators, the real terms cumulative reduction from 2010-11 to 2013-14 is 12.5 per cent, alternatively the real terms reduction from 2011-12 to 2013-14 is 4.8 per cent. Can you therefore explain how you arrived at a real terms saving of 9 per cent?

RESPONSE: The budget estimates provided by my office have always been based on detailed estimates of cost pressures, rather than notional figures. I would be happy to change the form of the report in future if this would assist. In practice, the savings I will have to make will be at the level set out at Appendix B for the coming year, and I anticipate that the levels required in future years will be similar or greater, as the cost pressures detailed will continue.

9. You also state in your paper that you are proposing to reduce capital, saving £18,000 over the three years. However, from the planned estimate for 2011-12 to the current estimate capital reduces by £5,000. It then reduces by £1,000 for each of the future years detailed. This amounts to a potential capital reduction of £7,000 over the three years. Can you clarify how you arrived at the figure of £18,000; is this again calculated on the basis of an assumed capital 'baseline' for each year?

RESPONSE: The table below shows the year on year reduction from the 2010/11 core service capital budget of £20k, arriving at the £18K saving.

Year	Percentage Reduction	Capital Budget	Capital Budget Reduction
	%	£'000	£'000
2011/12	24	15	- 5
2012/13	8	14	- 6
2013/14	8	13	-7
			-18

[Note: based on Comprehensive Spending Review press notice – Wales]

10. Can you outline your capital plans over the years 2011-12 to 2013-14 for which these allocations are to make provision?

RESPONSE: Since this office came into existence there has been a consistent capital allocation of £20K. In previous years, this has been used to fund:

- computers
- back up servers
- telephone system enhancements
- telephone system monitoring software
- office furniture storage units
- minor alteration works to office fitting out
- alterations to heating and electrical systems.

The capital expenditure in the coming financial year will be used for one off capital items of a similar kind.

Inflation and VAT

In your paper you state that no account is being taken of inflation in your estimates; which you forecast to be 3 per cent.

11. Can you clarify on what you are basing this 3 per cent forecast for inflation and why you have decided to use this figure, rather than the Treasury's GDP deflator figures, which are more commonly applied in the public sector?

12. You state in your estimate that you are absorbing the real increase of £115,000 as a result of inflation. Can you confirm that this figure has been gained by calculating 3 per cent of the total net cash requirement for 2011-12?

RESPONSE TO 11 AND 12: All previous budgets by this office have been produced on the basis of actual cost pressures rather than by using HM Treasury's GDP deflator. This budget has also been produced on that basis. A schedule of cost pressures for 2011/12 is at Appendix B and includes the impact of the VAT increase. However, in line with the Committee's requests, I have used the GDP deflator figure in the body of the letter for ease of comparison and will do so in future submissions.

13. Given that your estimates for 2011-12 contains no provision for either inflation or the increase in VAT, you state that this will require considerable management of resources. How are you planning to manage this and how confident are you that these potential costs can be absorbed within existing resources without impacting on the level of service provided?

RESPONSE: See answer to 7 above.

Salaries and related costs

14. The current estimates for 2011-12 in relation to staff costs show an increase of £174,000 on the likely outturn for 2010-11 (or an increase of £29,000 in comparison to the earlier estimates for 2011-12). In your paper you detail an additional £64,000 in relation to National Insurance costs and staff increments. Presumably some of this additional cost is in relation to the inclusion of whole year estimates for additional services; however can you explain why there is a £29,000 increase on the previously presented estimate for 2011-12?

RESPONSE: This is principally accounted for by the appointment of experienced staff at higher points on the pay scale. The response to our recruitment exercise was very positive and led to the appointment of experienced investigators, which will improve the quality of the service but at some additional cost.

15. Does this estimate for staff costs include provision for the continuation of the secondment to Healthcare Inspectorate Wales?

RESPONSE: No, the secondment comes to an end in January 2011.

Premises

16. You state in your paper that premises costs have been reduced by 9 per cent compared to 'the original estimate'. Is it not the case that compared to the original estimate for 2011-12, premises costs have reduced by 6.4 per cent, and that the 9 per cent reduction is in comparison to the estimate for 2010-11; however in comparison to outturn for 2010-11 this represents only a 4 per cent reduction?

RESPONSE: In making the statement about a 9% reduction, my budget estimate paper to the Finance Committee did indeed refer to the 2010/11 Estimate column at Appendix C. The '2011/12 Estimate submitted November 2009' column was never formally submitted to the National Assembly. This column was created to try to illustrate to the Finance Committee in November 2010 the full year effect of the figures presented in 2009.

It was the 'original estimate 2010/11' which was actually approved by the Finance Committee and it was for this reason that this was this figure used for comparison purposes with the estimate for 2011/12.

17. Regardless of the actual percentage reduction in premises costs, as you state in your paper that you have acquired a lease for more office space in the building, can you explain how the decrease in costs has been achieved?

RESPONSE: We were able to negotiate down the cost of premises, taking advantage of market circumstances.

Administration costs

18. You state in your paper that 'administration costs' account for 5 per cent of the net operating cost and that you expect this to reduce in the year ahead. Can you explain what you are referring to when you say administration costs, as according figures presented in appendices B and C of your estimates, total administration costs account for over 90 per cent of your net operating costs for every year detailed?

RESPONSE: In the paper, the comparison is made between front-line service costs, the cost of considering, signposting and determining complaints, and back office costs. These figures are derived from those in my annual accounts. Because frontline services will grow at a far greater rate than back office costs, the percentage of my budget devoted to administration will reduce.

19. In comparison to outturn for 2010-11, office costs increase by 13.8 per cent (or £17,000). Bearing in mind you state that you expect administration costs to reduce in the year ahead, can you explain the reason for this increase?

RESPONSE: This relates to the full year costs of the additional premises taken on to accommodate the Signposting and NHS redress work.

Efficiency and effectiveness

In your paper you state that your office has always worked to maximise efficiency and effectiveness, and that should additional savings be identified, then the cash drawdown will be reduced. You also state that an intensive review of costs is being undertaken to identify savings.

20. Could you expand upon the nature and methodology of this review and from where it is planned any potential savings could be made?

21. When will the results of this review be known and therefore any subsequent impact on your estimate be identified?

RESPONSE TO 20 AND 21 - The review is an ongoing process involving re-assessments of our investigation processes (incorporating Internal Audit recommendations where appropriate) to ensure that we are as efficient as possible in our management of complaints, without compromising quality. The process has already achieved decision making devolved to the lowest appropriate level and an emphasis in making sure that complaints are resolved speedily with reporting on investigations taking a secondary outcome role. Staff vacancies are challenged vigorously as they arise. The process will result in real savings through three posts not being filled. .

22. In your 2010-11 Estimate you stated that 'there is little scope for reducing expenditure without affecting overall performance'. Is this still your view and should any savings be made would this be at the expense of service provision?

RESPONSE: See 7 above. This budget represents the cash I need to deliver service at the current level of performance, allowing for the increased demand predicted elsewhere. A reduction in cash provision could only be accommodated by a reduction in service. For example, the improved service identified in the change to health service complaints would be difficult to achieve, or could be achieved only by a reduction in service provision to other maladministration complaints.

23. In your estimates you state that your office uses the HR department of the Welsh Audit Office which is more cost effective than developing in house provision. How much of a cost saving results from this collaborative approach?

RESPONSE: The use of the Wales Audit Office Human Resources advisors cost this office:

2008/09	£5,197
2009/10	£ 567
2010/11	no cost to date

This modest sum enables the office to have HR advice at a senior level when appropriate. To provide in-house provision would require a sum of at least £30,000 (plus on costs) and the individual recruited would not be as experienced as that available to me under the present arrangement. Therefore, exceptional value for money is achieved by the arrangement.

Strategic Plan 2009-10 to 2011-12

24. You state in your paper that the three year strategic plan will be updated during the year to include the key priorities for 2011-12. Have these key priorities been identified and were they considered within the current estimates as they are presented?

RESPONSE: The strategic plan is a rolling three year document. The year 2011/12 will be the third year of the current plan. We have already decided that our four key Strategic Aims will remain the same. Whilst detailed key priorities will be developed between November and January (with a view the final document being published 1 April), these will be a matter of building on, and progression of, the activities in the first two years of the Plan. There are therefore no budget requirements for any new key activities for 2011/12.

25. Appendix B in your estimates shows net operating costs against your strategic aims. Even given the fact that these figures include your own salary and related costs, whereas other figures in your estimate do not, it is still difficult to reconcile these figures to those presented in Appendix C. Could you provide the Committee with a note reconciling these figures to the outturn for 2010-11 and the estimate for 2011-12?

RESPONSE: The relevant figures to which I need to refer Committee to is the 'TOTAL' figure of £3,962,000 at the fourth column of Appendix C. To this needs to be added my own salary and related costs of £191,000. This then gives the total of £4,153,000 to be found at the bottom of the column in respect of Net operating costs for 2011/12 at Appendix B.

Demand for services

26. In your paper you suggest that reductions in public spending will lead to a 'significant rise in complaints'. How do you anticipate this will impact on the demand for your services?

RESPONSE: See body of letter.

27. Can such an increase in demand be managed within the resources you are requesting in your estimate without any reduction in levels of service?

RESPONSE: See body of letter.

Complaints Wales and NHS Redress

28. You state that the annual costs of the Complaints Wales and NHS Redress functions remain as stated in last year's estimates. The annual costs provided last year for the transfer of the independent review function to your office was based on 'proposed arrangements' and it was unsure when this would be implemented. Have there been any changes to these 'proposed arrangements' since these estimates, and when is the service likely to go live?

RESPONSE: There have been no changes to the proposed arrangements. The Complaints Wales signposting service is expected to 'go live' in early 2011. We are currently in discussion with the Welsh Assembly Government about the transitional arrangements for the NHS Redress function but we now expect this to take place from April 2011.

29. You suggest that the savings as a result of your Office undertaking these functions are some £243,000 per year, and that the increased cost to your office will have corresponding savings elsewhere in the Government's budget. Are you able to clarify whether these estimated savings as a result of your Office undertaking these functions are likely to be realised?

RESPONSE: Please see note to table in body of letter.

Professional Adviser's Fees

30. With regard to fees for professional advisers, the 2010-11 outturn figure increased by £49,000, or 18 per cent, over that stated in the estimate. Can you explain why there was such a significant increase in this cost over that which was expected?

31. Given that professional advisers are required in relation to healthcare cases; will the transfer of the independent review function to your office impact upon these costs?

RESPONSE TO 30 AND 31: The increased cost of advice is particularly driven by the continuing rise in health complaints, with a corresponding need to take additional advice. There is provision for additional advice within the NHS redress component of my proposed budget. I expect to be able to manage within the levels set out in the budget, provided that the level of complaints is not significantly higher than the estimate.

32. In relation to your arrangement with the Office of the Parliamentary and Health Services Ombudsman in relation to professional advice support. You state that this is reviewed periodically, have you managed to identify whether this arrangement results in a cost saving against any alternative arrangements, and if so how much

RESPONSE: The Office of the Parliamentary and Health Service Ombudsman (OPHSO) provides specialist medical advice when clinical matters are subject of complaint. That office has access (via its recruiting arrangements) to experts from all medical disciplines. The office recently conducted a review to ensure that it was achieving the services at the best available rate. It is a service used by both the Scottish Public Services Ombudsman and the Northern Ireland Ombudsman. It would not be practicable for this office to attempt to replicate the service provided by OPHSO, nor is such a service available from any commercial organisation. Recruitment costs alone would be prohibitive should I set out to develop a comprehensive in-house service and it is not certain that we would achieve the full range of disciplines provided by OPHSO. However, we employ on a sessional basis, an experienced medical practitioner, who acts as a filter on medical complaints. The advice provided both reduces the number of referrals to OPHSO and achieves a more targeted approach to an OPHSO referral; in both cases achieving a saving for the office. An extension of this approach is being actively considered.

Cost Pressures 2011/12

Item	Level of Increase	£'000	£'000
Known changes			
Pay			
Increments (referred to in report to Finance Cttee)		50	
National Insurance uplift		14	
Low pay increases	£250 per person	4	
Pensions for former ombudsman		2	70
VAT	Additional 2.5%		14
			84
Other changes			
Premises			
Not controlled by PSOW			
Service charges	4.6% increase	3	
Electricity	10% increase	2	
Other premises costs		3	8
Office costs			
Postage & carriage	(5% fuel costs)	1	
Paper and other stationery	(5%)	1	
Library costs	(5%)	2	
Other		1	5
Travelling & Subsistence			
Impact of fuel cost increases			2
Computer costs			
Equipment, software & support	(3%)		3
Communications			
Print costs			3
Advisers			
			10
TOTAL			115

ANNEX

Public Services Ombudsman for Wales
Budget Estimate – 2010/11 Ongoing Costs

	Actual 2009/10	Estimate 2010/11	Likely outturn 2010/11	Estimate 2011/12 @ 18/11/10	Estimate 2011/12 - 3%
	£'000	£'000	£'000	£'000	£'000
Salaries and related costs	2,235	2,297	2,317	2,326	2,218
Premises	252	302	262	279	279
Computer systems and support	67	75	74	75	75
Office costs	146	117	113	122	122
Professional fees	315	235	284	250	250
Communications	77	95	95	95	95
Training and recruitment	43	70	57	70	70
Travel and subsistence	40	29	34	29	29
Audit fee	20	17	20	20	20
Depreciation	109	105	124	76	76
Cost of capital	-35	-28	-	-	-
Total administration costs	3,269	3,314	3,380	3,342	3,234
Income	-9	-6	- 42	-6	-6
Total revenue	3,260	3,308	3,338	3,336	3,228
Capital expenditure	41	20	20	15	15
TOTAL	3,301	3,328	3,358	3,351	3,243
Non cash					
Depreciation and disposal of assets	-109	-105	-124	-76	-76
Cost of capital	-35	28	-	-	-
Debtor / creditor movements	-1	70	68	25	25
Pension arrangements	40	-36	-36	-50	-50
Provisions movement	79	20	20	50	50
	-26	-23	-72	-51	-51
Net cash requirement	3,275	3,305	3,286	3,300	3,192

Public Services Ombudsman for Wales Budget Estimate for 2011/12 - Signposting service
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	Likely Outturn 2010/11	Set-up Costs	Annual Costs
	£'000	£'000	£'000
Salaries and related costs	61		112
Premises	62		58
Computer systems and support (including website)	36		20
Office costs	13		14
Professional fees			
Communications			
Recruitment and training	21		
Travel and subsistence			
Audit fee			
Depreciation	53		72
Total administration	246	0	276
Income			
Total revenue costs	246	0	276
Capital Expenditure			
Fitting out	122		
Furniture			
Computers	30		
Software	291		
Contingency			
	443	0	0
Non cash			
Depreciation	- 53		- 72
Other non cash items			
Total non cash	- 53		- 72
Net cash requirement	636	0	204

Public Services Ombudsman for Wales Budget Estimate for 2011/12 – NHS Redress
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	Likely Outturn 2010/11	Setting up	Annual costs
	£'000	£'000	£'000
Salaries and related costs	136		250
Premises			
Computer systems and support (including website)	1		10
Office costs	5		10
Professional fees	25		50
Communications	10		10
Recruitment and training	1		
Travel and subsistence			5
Audit fee			
Depreciation			
Total administration	178	0	335
Income			
Total revenue costs	178	0	335
Capital Expenditure		0	0
Fitting out			
Furniture			
Computers			
Software			
Contingency			
Total	0	0	335
Non cash			
Depreciation			
Other non cash items			
Total non cash		0	0
Net cash requirement	178	0	335

Public Services Ombudsman for Wales Budget Estimate for 2011/12 - Summary
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	Ongoing Original @ 18/11/10	Ongoing - 3%	Signposting	NHS redress	Total	Total - 3%
	£000		£000	£000	£000	£000
Salaries and related costs	2,326	2,218	112	250	2,688	2,580
Premises	279	279	58		337	337
Computer systems and support	75	75	20	10	105	105
Office costs	122	122	14	10	146	146
Advisory fees	250	250		50	300	300
Communications	95	95		10	105	105
Training and recruitment	70	70			70	70
Travel and subsistence	29	29		5	34	34
Audit fee	20	20			20	20
Depreciation	76	76	72		148	148
Total administration costs	3,342	3,234	276	335	3,953	3,845
Income	-6	-6			-6	-6
Total revenue	3,336	3,228	276	335	3,947	3,839
Capital expenditure	15	15	0	0	15	15
TOTAL	3,351	3,243	276	335	3,962	3,854
Non cash						
Depreciation and disposal of assets	- 76	-76	- 72		- 148	-148
Debtor/creditor movements	25	25			25	25
Pension arrangements	- 50	-50			- 50	-50
Provisions movement	50	50			50	50
	- 51	-51	- 72	0	- 123	-123
Net cash requirement	3,300	3,192	204	335	3,839	3,731

