



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

Y Pwyllgor Cyllid **The Finance Committee**

Dydd Mercher, 3 Hydref 2012
Wednesday, 3 October 2012

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

The proceedings are reported 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

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Christine Chapman	Llafur Labour
Jocelyn Davies	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Ann Jones	Llafur Labour
Ieuan Wyn Jones	Plaid Cymru The Party of Wales
Julie Morgan	Llafur Labour

**Eraill yn bresennol
Others in attendance**

Angela Burns AC / AM	Comisynydd Commissioner
Claire Clancy	Prif Weithredwr a Chlerc y Cynulliad Chief Executive and Clerk to the Assembly
Susan Hudson	Rheolwr Polisi a Chyfathrebu, Ombwdsmon Gwasanaethau Cyhoeddus Cymru Policy and Communications Manager, Public Services Ombudsman for Wales
Steven O'Donoghue	Pennaeth Adnoddau'r Cynulliad a'r Cyfarwyddwr Cyllid Head of Assembly Resources and Director of Finance
Malcolm MacDonald	Cynghorydd Ariannol, Ombwdsmon Gwasanaethau Cyhoeddus Cymru Financial Adviser, Public Services Ombudsman for Wales
Peter Tyndall	Ombwdsmon Gwasanaethau Cyhoeddus Cymru Public Services Ombudsman for Wales

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

Dan Collier	Dirprwy Glerc Deputy Clerk
Joanest Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Gareth Price	Clerc Clerk

*Dechreuodd y cyfarfod am 9.30 a.m.
The meeting began at 9.30 a.m.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions**

[1] **Jocelyn Davies:** Welcome, everyone, to this meeting of the Finance Committee. I remind you to check that all your electronic devices or mobile phones are switched off. This

is a public meeting, so you do not need to operate the microphones yourselves. We are not expecting a fire drill this morning, so, if you hear the alarm, please follow the directions of the ushers. We have no apologies today, but, as Peter Black is an Assembly Commissioner, he will not be attending this part of the meeting.

9.31 a.m.

Craffu ar Gyllideb Ddrafft Comisiwn y Cynulliad ar gyfer 2013-14 Scrutiny of Assembly Commission Draft Budget 2013-14

[2] **Jocelyn Davies:** We now turn to our scrutiny of the Assembly Commission's draft budget for 2013-14. I welcome Angela Burns, Assembly Commissioner. I ask all our witnesses to introduce themselves for the record.

[3] **Angela Burns:** Thank you, Chair. I am grateful for the opportunity to give a little more detail on the budget. I wish to introduce Claire Clancy, Chief Executive and Clerk of the National Assembly for Wales, and Steve O'Donoghue, who is the Assembly's head of resources.

[4] **Jocelyn Davies:** Thank you, Angela. You have sent us papers in advance, and Members will have read those, so we will go straight to questions, if that is okay with you. If there are any points that we have not covered, and, provided we have time, perhaps you would like to mop up at the end. I will ask the first question.

[5] You set out in the draft budget an increase of 5.3% in total budget required from 2012-13 to 2013-14. What efforts have you made to minimise this increase, considering that the Welsh block has not seen such an increase?

[6] **Angela Burns:** This has been, without a doubt, a difficult budget to prepare, and we have been mindful of several factors. Our four stated goals for the National Assembly are: to provide outstanding parliamentary support, to engage with the people of Wales, to promote Wales, and to use our resources wisely. However, organisations and individuals face a challenging economic situation out there, so we have put together a budget that we believe is able to demonstrate, for example, that we have sought and achieved efficiency savings, reflecting the commitments that we made to the Finance Committee last year. We were clear that we had a three-year plan, and we made a clear undertaking that we would not step outside of that plan, and that we would seek to improve on it if we could. We also re-phased—again on the advice of the Finance Committee—and so, this year, it looks like a much stronger budget. We moved some items forward, and now of course we will have to start delivering on them. However, despite all that—and I emphasise that—we have stepped out to look strongly at where we can not only make savings but benchmark ourselves against other organisations, to ensure that we are not going too far out of the acceptable envelope, if you like, for the public sector at present.

[7] **Paul Davies:** The budget documentation that we have received provides limited detail on where changes to resource are being proposed. I feel that there is very little information on savings, for example, compared with the details that we received last year. Do you feel that this gives sufficient information for the committee to scrutinise the budget plans adequately?

[8] **Angela Burns:** I would hope so—that is the short answer. We are clear about our plans and our investment within this budget document, and we are clear about the necessity for some of these investments. There are other investments that you could put in the nice-to-have bracket; there are others that you know you should make but now would not be an

appropriate time to do so. I believe, and I hope, that this budget document reinforces our three big themes, namely ICT investment, developing a venue for Wales, and providing outstanding parliamentary support. Claire, do you wish to go into a little more detail on where you might think that we may not have provided enough information?

[9] **Mrs Clancy:** As you say, there are three chapters in the budget that try to expand on what we mean by those three priority areas. The other thing that I would say is that, as well as the figures being consistent with the budget that was presented to the Finance Committee last year, the plans are, too. So, it is a sort of incremental process, and we are building on last year's plans. It is the second year of those plans and this is completely consistent, so it needs to be seen in addition to the information presented last time, which fits with it. The only other thing to say is that, if the committee wants any further detail, we can, of course, provide it.

[10] **Paul Davies:** I asked the question because, for example, the budget shows £2.3 million assigned to the investment programme. Can you tell us what is included in that programme and what decision-making process went into deciding on that particular figure?

[11] **Angela Burns:** Certainly. If I may, I will quickly cover the issue of decision making. Perhaps then Steve would like to go through some of the details of the investment programme. The decision-making process is a key issue for us. We are very aware that, in some areas of the public sector, contract management and procurement have not been done as efficiently and effectively as they could have been. For example, last year, we undertook an investment in a specialised, trained procurement manager, who has already delivered better efficiencies, better processes and, therefore, savings. Any large decision first comes before a strategic investment board and then before the Commissioners. We do not just ask the obvious costing questions but talk about the relevance, the appropriateness and the timescale. So, it goes through a very rigorous management appraisal. Going back to a point that I made a little earlier, we benchmark ourselves and we seek to do that against other parliamentary bodies as well as other outstanding Welsh public bodies, to ensure that we are getting the best deal and the most effective spend as well as keeping pace and, if we can, ahead of what other people are delivering. We have a great deal of detail on the investment programme. Steve, perhaps you would like to go through that quickly.

[12] **Mr O'Donoghue:** I would be happy to. I think that last year's increase was very much about the unavoidable costs that the Assembly was facing. This year's increase is very much about investment. On page 11, we talk about the strategic investment in ICT, which is the main priority for investment over the next year. The Commission has an opportunity this year to consider options for the future of its ICT services provision. We have had to make a prudent estimate in the budget that would allow the Commission to consider the options available to it to secure the improvements necessary in that service.

[13] **Paul Davies:** You have mentioned the three key themes, but can you tell us what real outcomes have been achieved with the additional investment that we saw last year? Indeed, what real outcomes do you think will be achieved in the next financial year?

[14] **Angela Burns:** I will give you two examples, very briefly, that you will have direct experience of. One of the investment changes that you will have seen is that of the changes to the IT available in the Chamber. That was a massive investment programme. We did that during the recess period. I hope that most people have found it fairly useful. It is a step change from what we had there before, and it enables Members to work in a comprehensive way. We think that that is a useful investment given the benefits that it brings to you in your ability to deliver on your primary tasks, whether that is scrutiny of the Government, dealing with your committee issues or dealing with your casework.

[15] Another investment that you may have seen is the investment that we have made in

Members' support services. There are now two extra people working with the Finance Committee and we are trying to upskill our back-office staff so that they can give you the appropriate advice to enable that kind of scrutiny. So, they are tangible and soft improvements that we believe that we have delivered.

[16] **Jocelyn Davies:** Do you want to expand on that?

[17] **Mr O'Donoghue:** I would like to give one other example that came to me after a discussion with Ann Jones about the difficulties that Members were facing in providing support for particular constituents. So, the budget this year enabled us to create the new access fund, just to take away any barriers to Members being able to assist constituents with particular needs. The cost was relatively low, but it is an example of where we have been able to use the funds available for the benefit of constituents.

[18] **Ieuan Wyn Jones:** Ers inni gael manylion eich cyllideb, rydym hefyd erbyn hyn wedi cael ffigurau terfyn gwariant adrannol pob un o adrannau'r Llywodraeth. Cyhoeddwyd y gyllideb honno ddoe. O edrych arnynt, rydym yn gweld, er eich bod wedi egluro'r rhesymau dros y cynnydd, fod y cynnydd yng nghyllideb y Comisiwn ddwywaith yn fwy na chyllideb yr adran iechyd, er enghraifft. Cynnydd o 2% oedd hwnnw ac rydych chi dros 4%. Pa mor gyfforddus ydych chi gyda'r ffaith mai cyllideb y Comisiwn yw'r un sydd wedi'i chynnyddu fwyaf o bob un yn y gyllideb a gyhoeddwyd ddoe?

Ieuan Wyn Jones: Since we received the details of your budget, we have also by now seen the departmental expenditure limit figures for each Government department. That budget was announced yesterday. In looking at those, we see that, although you have explained the reasons for it, the increase in the Commission's budget is twice as much as the one for the health department, for example. That was 2% and yours is over 4%. How comfortable are you with the fact that the Commission's budget is the one that has increased the most out of all those in the budget that was announced yesterday?

[19] **Angela Burns:** Thank you for that question. I will try to answer it broadly and I will ask Steve to come in with the greater detail. No-one is ever comfortable with an increase in budgets. That is the first thing to say. However, we believe that, in order to achieve our objectives, which are very clear about delivering outstanding parliamentary support and reinforcing our parliament here, we need to take some of these actions, particularly on the investment side. We had planned to start doing it last year, but we agreed to defer it to try to space it out. What we are seeing this year is the start of that run. Let us not beat around the bush. The ICT programme, whichever option the Commission decides to take, will cost us some £2 million over the next two years—and it is essential; we cannot not do it.

[20] The only other comment that I would like to make is that we are still within our 0.3% of the Welsh block. I know that you can round figures up and down and make them come out quite differently, but we have tried to keep that in line with where we think we need to go.

[21] Finally, we are a pretty lean organisation, and if you accept that we have no option but to do, for example, the IT investment—otherwise our systems will not work and we will not be able to deliver what we are doing here—that means that we have to make cost savings elsewhere. That will affect an awful lot of employees. We have to look at our lower paid workers, and at people in our research departments, which again means that there is less support for you. We do not have an awful lot of wriggle room. We are a very lean organisation. You will be aware that, in the third Assembly, the drive was very much about getting value for money and substantial cuts were made, which were very good because they put us into a good shape. However, if you like, we are a skinny child and we now have to put on a little bit of fat—and it is not wasteful fat, but the kind of fat that will build muscle—to enable us to deliver the services that we need to deliver. Steve, can you put numbers to my

overall comment?

[22] **Mr O'Donoghue:** In real terms, it is an increase of around 2.8%.

[23] **Ieuan Wyn Jones:** The only figures in the budget are cash figures. You can compare whatever you like, but you accept, do you not, that the Assembly budget, in cash terms, has a substantial increase in comparison with the other DELs? That is a fact. Do you accept that?

[24] **Angela Burns:** Absolutely.

[25] **Mr O'Donoghue:** Yes. I echo Angela's point about the 0.3%. Of the £15 billion that comes to Wales, we use just 0.3% to scrutinise and question how and where the remaining 99.7% is spent. You are absolutely right, Ieuan, that it is a cash increase but, in proportionality terms, it is the amount of funding that this institution needs to do its job in the most effective way.

[26] **Ieuan Wyn Jones:** Un o'r pethau yr oeddwn eisiau gofyn amdano ymhellach yw'r gyllideb ar gyfer 2014-15, sy'n ddangosol wrth gwrs, ond sydd hefyd yn dangos elfen o gynnydd. A ydych chi'n derbyn, gan fod Canghellor y Trysorlys wedi dweud y bydd toriadau pellach mewn gwariant cyhoeddus ar ôl 2015, mai dyna'r flwyddyn olaf y byddwch yn gallu disgwyl cynnydd, ac, yn dilyn hynny bydd eich cyllideb yn cael yr un math o doriadau ag adrannau'r Llywodraeth? Pa waith paratoi yr ydych yn ei wneud ar gyfer y cyfnod ar ôl 2015?

Ieuan Wyn Jones: One of the things that I wanted to probe further on is the budget for 2014-15, which is indicative of course, but which also shows an element of increase. Do you accept, given that the Chancellor of the Exchequer has said that there will be further cuts in public expenditure post 2015, that that will be the last year for which you can expect an increase, and, subsequently, your budget will be subject to the same kind of cuts as Government departments? What kind of preparatory work are you doing for the period post 2015?

9.45 a.m.

[27] **Angela Burns:** You are absolutely right, and I think that conventional wisdom says that the economic crisis and challenge will not disappear over the next few years. That is why we were very clear about doing a three-year plan and sticking to it. We are currently putting together our plan for the final year of this fourth term. The increase that Steve, Claire and I talked about, we believe, will be very much based on inflation, and Steve will give a little more information about that in just a moment.

[28] We hope that by doing the investment programme that we are doing now with things such as ICT, we will knock the very big and chunky spends that we need to take over the next decade on the head, because we do not anticipate having to re-do, or re-tender, our ICT systems in three years' time or five years' time. We need to get them out of the way, and then we will have more standard running costs. We are very aware that when we put together our 2014-15 plan, it will have to be the tidy-up and the pulling together of the threads for this fourth Assembly. We do not want to lay a legacy upon the Commissioners coming in after us that they may not be able to fulfil because we cannot predict what will happen in 2017-18.

[29] **Ieuan Wyn Jones:** Following that, during the final year of this Assembly, we expect that there will be further cuts in public expenditure in the next comprehensive spending review. What plans are you putting in place? I am trying to suggest to you that 2014-15 is the last year in which you can expect an increase in the budget.

[30] **Angela Burns:** I totally accept that, and in an organisation such as ours, which is very people focused, you inevitably have to look at the people. I certainly do not want to say

now, ‘Yes, we will be slashing and burning in the next few years.’ However we hope that by putting in good systems now—and it is not just the ICT systems; it is all of our back-office systems and processes—we can make a lot of savings. We can avoid employing people by doing this, but, if we do not do it, we may have to go out and recruit. So, it is about trying to make ourselves as lean and fit as we can, so that when we go forward we will be able to do the same things and provide the same levels of service, without having to come back and say ‘We need a massive increase in our budget’. I am not sure that I have answered you satisfactorily.

[31] **Ieuan Wyn Jones:** In a sense, I am asking you how you will cope with a reduced budget.

[32] **Mr O’Donoghue:** The Commission has currently set a three-year budget strategy to deliver three years of investment and, just like the comprehensive spending review, the Commission will need to re-work another strategy to supersede this one. You are absolutely right, we will need to be mindful of what is happening in the wider economy and the state of public finances, but what cannot be questioned is our core statutory duty to support the Assembly and the work that needs to take place.

[33] **Angela Burns:** For example, there is a place in our investment programme to review the sustainability of the building. There has been money that has been talked about for years about replacing windows and making us very sustainable. I am sure that Steve, who is our king of sustainability, will perhaps add to this, but we may have to say, ‘We cannot afford that; it is a massive step change and it will cost a lot of money.’ Although sustainability, without a doubt, is an important objective, we may have to turn around and say, ‘We do not think that we can deliver this over the next five years because it will cost us far too much money, and we need to invest that money in Member support, security or whatever in order to provide these services.

[34] **Jocelyn Davies:** Would it be fair to say that, as you are thinking ahead to future years, you are not assuming that the budget will rise?

[35] **Angela Burns:** Absolutely not.

[36] **Jocelyn Davies:** So you are, within that thinking, considering scenarios where there will be a reduced budget.

[37] **Angela Burns:** Yes.

[38] **Mike Hedges:** I will preface my remarks by saying, first of all, that I will not deal with ICT now, but I will save it for later so that you do not tell me off. Secondly, I cannot think of very many schools that would not benefit from replacement windows. Actually, I cannot think of very many public buildings that would not benefit from a whole range of fabric improvements. The question I would ask is why we should be interested in changing the windows in here rather than in my daughter’s school, for example? How would I explain to her that I was making sure that I had a nice, warm environment, and it was just a pity about her school?

[39] I remain unconvinced about the budget, to be honest. I am willing to be convinced, but at this moment I remain unconvinced, and if it were up to me I would give you a 0% increase in cash terms. If you get this right, how will we be able to judge you on the outcomes? I come from local government, where we are awash with key performance indicators. What key performance indicators would you say I ought to be looking at? You should be able to say, ‘We have had this money, and these are the key things that we have done, we are having these additional sums’.

[40] **Angela Burns:** To start with the windows, you are absolutely right, and that is why that investment programme has been on hold. This was something that was put into the investment programme a few years ago when we were in a very different economic climate, and it is about not just windows, but the whole sustainability of the building. That is because sustainability and equality are the two primary underpinning drivers of the National Assembly for Wales; when we started off, they were put in as the performance indicators that we had to measure ourselves against. We recognise that, and although saving our planet is exceptionally important for future generations, we have to weigh that in the balance with what we can do today with the money that we have.

[41] Secondly, I regret that you were unconvinced by our budget. We came here last year with a very clear three-year plan, and I felt that we were mandated to go ahead and deliver on that three-year plan. I just want to quickly say that a 0% increase, which is quite within your rights to visit upon us, would result in some draconian changes to the way that we operate here. Let us talk about the absolute changes and the people that they would affect. Yes, we do not need to have a new ICT system, but that means we would not be able to have one at all, because where we are now with our ICT is not sustainable. We cannot stay there; we have to exit or put in place a new agreement with our current suppliers in 2014. This institution is at enormous risk if we do not sort out that ICT element. A 0% increase would mean that we would have to look at the people. There are no other places to look. We do not have buildings to sell or land that we can do things with. The people that we employ are the backbone of the National Assembly for Wales and all of us would find it very much harder to do our jobs if we did not have our Research Service, our translation facilities, if we were not able to go downstairs and have a cup of coffee in our dining room—it is basic stuff because we are a pretty basic organisation, and a pretty skinny organisation at present.

[42] As for how we would measure success, when I came here last year, I made the comment that one of our clear ambitions was to make sure that, when we all go to the streets in 2016, we do not have people saying to us, ‘What is the National Assembly for Wales? What does it do? Why are you different from Westminster? What is the point of an Assembly Member as opposed to an MP?’. For us, success is about us being the fulcrum of Welsh life, about really developing the Welsh nation with a centre and heart that—while not driving it, because it is the people of Wales that drive the nation—can be a locus for people to focus on. A key success is Members being satisfied, and we know from our Members survey that we get enormous plaudits in some areas, and we get an absolute thumbs down in other areas. That has to be very clear, so, for us, standing still is not an option. We want to be an exemplar organisation.

[43] In fact, on success, perhaps Claire would like to say something about the Members survey, because I think that it has brought home to us where we are failing.

[44] **Mrs Clancy:** Yes, we are just doing the analysis of the results, and we will have a clear action plan for dealing with it. You will not be surprised about some of the areas where there was most criticism, one of which was ICT. The survey was done at a time when we were still having serious problems with Caseworker and before the Medialon upgrade. So, we will take specific action to tackle that and to try to improve the results of the next satisfaction survey that we put to you.

[45] What Angela has said about the big picture and the big outcomes that will be a measure of our success is exactly right. As management tools underneath that, for each of the big programmes of work, we have indicators of success and milestones that the management board and programme managers monitor and are accountable for. We also have our efficiency targets and our value-for-money programme. So, one of our measures of success is our achievement against those. Over the last two years, we have been successful in delivering our

efficiency targets, and a lot of the investment that we are making is in ways of doing things that will allow us to take cost out and to do things in the most efficient way. So, we have those targets. A specific example is that the procurement team keeps track of the work that it does in negotiating contracts and the savings that it achieves on those individual contracts. So, one of the measures of success is the extent to which it can save money. It might be a small amount in the individual contracts—around £5,000 on the current payroll, for example—but it all adds up. The savings that it has been able to accrue so far this year add up to almost the cost of a post or a member of staff. What we can achieve through those measures and through identifying that is to ensure that we not only save public money, but drive up standards of service to Members at the same time, because it is that balance that is absolutely crucial. If we do our jobs right, we will be able to evidence that we have that balance right.

[46] **Jocelyn Davies:** Mike, do you have any further questions?

[47] **Mike Hedges:** I have one further question. I will not say anything about ICT at this stage, and save that until later, but I would like to make two points. First, are resources in the right place? Should posts be moved so that people are moved? I speak as someone who, last year, had a phone call from somebody who worked for the Commission who asked me if I could send them a copy of all my e-mails. If somebody has so little to do that they have time to look at all my e-mails, I gather that perhaps you could find something more worth while for them to do. Are all the resources that you have in the right place, and should you look to move some of them around?

[48] **Angela Burns:** That is a very fair comment. May I quickly say that nobody should have asked you for a copy of all your e-mails? As a Commissioner who looks after Members, I am happy to take that up on your behalf, because that is outrageous.

[49] **Jocelyn Davies:** So, you can confirm that our e-mails are not routinely read by somebody who has nothing better to do.

[50] **Angela Burns:** I would be utterly horrified if they were.

[51] **Jocelyn Davies:** Can you ask them to delete the ones that they have read of mine to save me doing it? [*Laughter.*]

[52] **Angela Burns:** Secondly, you made a good point about whether we have the right skills mix. Going back to Ieuan Wyn Jones's point about going forward in the future and how we manage, one of the key things is that we do not have the right skills mix. We have a lot of the skills in the right place, but not all of the skills in the right place, and that is why we recently did a voluntary severance programme, because we needed to say to some people, 'Great though you are, our business has changed this way, and you do not have the skills to effect that in an efficient and positive way. We need to recruit the right person or we need to bring up somebody already within the organisation to do that.' We will have to continually tweak this. We are getting there, but we are not there completely.

[53] **Julie Morgan:** I want to ask you about value for money, which is obviously very important in view of all these discussions, and I think that you been working with KPMG to ensure that you have a value-for-money programme. Can you tell us a bit about that programme and what sort of impact it is having?

[54] **Angela Burns:** I will perhaps ask Claire to talk about that, but you are right about us working with KPMG. I sit on the audit committee for the National Assembly, and we also run an internal audit team—well, in fact, I think that it is basically a team of one person, but she is of absolutely world-class quality. Lynne goes through various processes with us throughout the year to ensure that everything we do is benchmarked and audited and that we achieve

value for money. However, we have a very detailed value-for-money programme. Claire, did you want to add a bit more?

10.00 a.m.

[55] **Mrs Clancy:** The value-for-money programme that KPMG has helped us to devise tackles three areas to get leaner processes, so that we do not have duplication or unnecessary effort, and that is backed up by some of the investment that we are making in systems. An example that Steve will be delighted to hear me mention is the changes to our HR and payroll approach, which will mean that we have simplification, which means that every member of staff will have to make less effort than before. So, there are leaner processes, better procurement—which I have already talked about—which delivers real savings, and then better information so that we make the best use of funds. So, there are three prongs to the value-for-money programme. Then we have our target, and we are on track to deliver £900,000 in efficiencies this year.

[56] There are two areas of our budget where we can influence spend. An awful lot of our budget, as we discussed in some detail last year, is fixed, and there is not much room for manoeuvre for us. One of the two areas is our investment programme, and we have set up the new investment committee that Angela mentioned to make sure that we keep the tightest possible control over the use of those funds and to make sure that they are being used to maximum effect. So, it is not just about saving the money, but making sure that the money that is spent is producing the right results. So, we are on track to deliver £900,000 in efficiencies this year.

[57] The second area in which we can make most savings is in staffing. What I mean by that is that, when we have turnover and are looking to fill vacancies, we have scope to adjust the speed at which we do that and the level at which we do it. So, in some of the recruitment that we have been doing, particularly at senior levels, we have adjusted the grades down and are able to get the capabilities that we need, but at a lower cost. Also, we can make choices about when we bring in recruitment, and that helps us to deliver the efficiency savings. It is a combination of those three things.

[58] **Julie Morgan:** So, you are on track for the £937,000 in savings this year.

[59] **Mrs Clancy:** We are.

[60] **Julie Morgan:** What about next year? What is your plan for 2013-14?

[61] **Mrs Clancy:** The target is £0.5 million, and we will take the same approach. It will be through procurement, contract management, process management, and staff and recruitment management. We are 100% confident that we will deliver that.

[62] **Julie Morgan:** That sounds good. Could you give us more detail on the better value being extracted from contracts, procurement and contract management?

[63] **Mrs Clancy:** I have said that, at the moment, it is small and being built up—Jan, our procurement secondee, is in the gallery. On the catering contract, there is a saving of £10,000. The payroll service contract that we currently have has seen a saving of £5,000. The maintenance contract has a saving of £30,000 per annum. There are window cleaning savings of £5,000. You will also have noticed changes to the shop and to the cafe in the Senedd. As well as being a much more attractive place to welcome visitors to, it has reduced costs, because of the change in the staffing approach, by £30,000 and increased income by 34% for the cafe and around 30% for the shop. That is a case where the investment was around £80,000, I think, and we are going to get very fast payback, because of the increased income

and the reduced costs.

[64] **Julie Morgan:** That certainly seems a very good move.

[65] **Angela Burns:** May I add one further point on the value-for-money programme? One of the other benefits to have come out of it, of course, especially when it comes to looking at processes, is that it has strengthened our management information, which is critical to any organisation. It is good management information that will let us see the pitfalls ahead and be able to pick up and go through our processes. We will find—and have found—things as we go, where we can say that not only have we saved money by changing our process, but we may have minimised a risk or identified a problem that was looming that we had not foreseen. So, it has had consequential benefits as well.

[66] **Ann Jones:** I would like to raise a point on the contracts. We pride ourselves on being an exemplar employer; how do you monitor the contracts for equality as regards the contractors' workers and how do we ensure that a living wage is paid to all contractors who come in? There are some huge employment issues around some of the very essential services that we contract out, yet these people are not even able to join a trade union. Should we be encouraging that in the contracts, and what do you do to ensure that you do that?

[67] **Mr O'Donoghue:** Certainly, our contracts allow for the living wage to be paid—

[68] **Ann Jones:** It is not being paid, is it?

[69] **Mr O'Donoghue:** If it is not, we will take that up with the contractors.

[70] **Ann Jones:** Okay.

[71] **Mr O'Donoghue:** I will also take back your point about union representation and other aspects of employment rights.

[72] **Ann Jones:** What about equality issues?

[73] **Mr O'Donoghue:** I will have to take those back to the contract managers and explore how we check that the contractual conditions that we put in place are actually in force.

[74] **Ann Jones:** So you have never, when you have let a contract, looked at equality issues, trade union issues, or the living wage. I think that that is what you are saying, because you have to take these points back. So, you obviously have never checked that.

[75] **Mrs Clancy:** We always do.

[76] **Ann Jones:** If you had checked that and that was what you were doing, you would have been able to say off the top of your head that you include equality, a living wage and trade union representation. The fact that you are unsure about that and have to come back does not fill me with confidence. I was convinced about your budget, but I am beginning to think—a bit like my colleague sitting to my right—that there are issues that need to be addressed.

[77] **Mrs Clancy:** We do have those requirements within our contracts. When we are entering into discussions and through the procurement process, we set out our requirements in respect of equalities and a living wage, and other standards such as health and safety. There are also other requirements about sources of goods and services as well. We can certainly provide you with full information about the requirements that we set out for our contractors. We monitor those, and I am certain that the people responsible for those contracts, in their

regular discussions on the contract-management process, would have those answers. What we could do is to give you a report on each of our major contracts, the terms that we apply to them, and the evidence that we have that those terms are being complied with through our normal contract-management processes.

[78] **Jocelyn Davies:** The only specific point on the list that Ann gave you that you could not give us assurance on was union membership. However, you are pretty convinced that all of the other aspects are covered, but you are not sure about union membership.

[79] **Mrs Clancy:** I just do not know the answer myself.

[80] **Jocelyn Davies:** I think that we would benefit from a note on that.

[81] **Ann Jones:** Yes, we will have a note.

[82] **Jocelyn Davies:** Yes. Obviously, we have members who feel very strongly about that.

[83] **Angela Burns:** Ann raised a very good point in that I believe that it is being monitored and it does happen, but what has not happened is that it is not high enough up the organisational thought process. We had an excellent presentation a couple of meetings ago from our equalities team at the Assembly, and I know that the Assembly is excellent—in fact, I think that we are in the top 20 in the UK—as an equalities employer. However I will suggest to my fellow Commissioners that, when we have our Commission meetings, we could ensure that we have a regular slot to ask questions of management. As you have said, it is not good enough for it just to be in the Commission, it is about making sure that our suppliers are also playing the game as we would like to see them do it.

[84] **Jocelyn Davies:** It would be very useful also to make that information available to Members.

[85] **Ieuan Wyn Jones:** Yn eich adroddiad ar y gyllideb, rydych yn tanlinellu'r ffaith bod newid sylweddol wedi bod yn strwythur pwyllgorau'r Cynulliad ac rydych yn egluro sut y mae hynny'n digwydd a'r gefnogaeth sydd bellach yn cael ei rhoi i Aelodau i gyflawni eu dyletswyddau yn y system pwyllgorau newydd. A ydych yn hapus bod gan y Comisiwn y strwythur staffio iawn i sicrhau bod y pwyllgorau hyn yn gallu cyflawni eu dyletswyddau yn iawn?

Ieuan Wyn Jones: In your report on the budget, you highlighted the fact that there has been a significant change to the Assembly's committee structure and you explain how that works and what support is being given to Members to fulfil their duties within the new committee system. Are you happy that the Commission has the right staffing structure to ensure that these committees can perform their duties properly?

[86] **Angela Burns:** The short answer is 'no', we are not content. We have a new committee structure; it is a different scenario to how it was in the third Assembly. As we all know, we now have five major scrutiny committees that look at policy and legislation, plus we have the Finance Committee and the Public Accounts Committee and so on. That has necessitated a change in working practices. The amount of work that Assembly Members have to get through on every committee is utterly phenomenal. There are issues about whether or not we are delivering, for example, briefings on time, papers on time and Welsh translations on time. There is an enormous amount of issues. There is no doubt that the teams are up against it and it is a consequence of how we have chosen to work our committee structure. Given that we know this and that we have been listening to Members and the issues that they raise, our director of Assembly business is now conducting a full-scale review of how committees work, the support services that we need to provide, whether or not we are

meeting Members' expectations and the objectives. I honestly do not know whether I can add anything else, except to say that this is a work in progress. We are now 18 months into it; we have learned a lot and made some changes, but further changes need to be made. We are currently conducting a massive review.

[87] **Jocelyn Davies:** I would like to ask some questions about costs as we go forward. Could you give us an update on the costings included in your budget for the implementation of the National Assembly for Wales (Official Languages) Bill and the outcomes that the Commission is working towards with that investment?

[88] **Angela Burns:** As you will all know, the official languages Bill will be discussed in the Assembly this afternoon. There are two points on this: currently, we have a contract for £250,000, which pays for translation costs. If the official languages Bill is enacted today with all of the amendments that are in place, that will incur an additional £600,000 cost for the Assembly. We are obviously seeking a staged implementation and the Commission has put forward the Bill as we would like it to go through. No doubt, our Commission member who is responsible for this will try to answer the political questions later in Plenary. However, as for sheer cost, it is £250,000 now with a potential worst-case scenario of an additional £600,000 immediately. On top of that, we have an investment line in our forward work programme for a translation audio visual system, which is in the order of another £0.5 million. However, I have to say, that our Commissioner in charge of ICT, Peter Black, is becoming of the view that we will not need that. We are still investigating it, but we have done an awful lot of work ourselves in-house and we think that we may have a different solution. I think that that pretty much covers all of the costs on that.

[89] **Jocelyn Davies:** So, the budget that you presented to us does not include the scenario of the amendments passing this afternoon.

[90] **Angela Burns:** No.

[91] **Jocelyn Davies:** Okay, but what is included in the budget is the legislation, as the Commission presents it to us today. However, if any of the amendments pass, it will be law, so what will you do then?

[92] **Mr O'Donoghue:** It is about making tough choices, like everyone else. We have £2.3 million available for investment in this budget and we would have to make choices about what we can deliver to support the official languages Bill and what needs to go as a result of that.

[93] **Jocelyn Davies:** However, that £600,000 extra would be every year; it would be an ongoing cost. That is not a one-off capital investment, so what would we be choosing between?

10.15 a.m.

[94] **Angela Burns:** I will gallop through the kind of investments that we have before us. For example, we have our HR and payroll systems, which we need to make significant changes to, because they are falling apart. We have the digital archive rolling programme. We have the whole ICT system, which I sense will be the subject of a question in a while, based on what Mr Hedges had to say. We have Wi-Fi across the Cardiff bay estate, which members of the public and Members ask for, but maybe we will say, 'Actually that will cost £300,000 to set up and £50,000 a year to run' and so perhaps that will be a route that we will choose not to go down. We will perhaps review our finance systems differently. I have already talked about the natural ventilation pilot scheme. We have talked about whether Peter Black thinks that we really need the audiovisual translation services. There are lots of choices that we can

make. Also, we have some money set aside within our budget for the increase.

[95] **Jocelyn Davies:** What is the audiovisual translation service? I do not know if Members know what that is.

[96] **Angela Burns:** I will have to read this to you, because it is kind of technical.

[97] **Jocelyn Davies:** Okay.

[98] **Angela Burns:** It is to produce a state-of-the-art bilingual audiovisual record of the National Assembly for Wales Plenary and committee meetings, capable of generating synchronised edited text in a searchable format within a reasonable time frame following the conclusion of the deliberations. Essentially, we are of the opinion that we may well not need that, because we think that we have developed that ourselves within our systems in-house. That is fair to say, is it not, Claire?

[99] **Mrs Clancy:** That is a possibility. The business case will be coming forward in the next month or so, and we will be looking at what the options are then.

[100] I will just add something on the ongoing costs of translation, if I may. One of the key reasons why the Commission is anxious to phase in improvements in our service is that we have a clear commitment to improving our use of the Welsh language and the range of Welsh-language services. We have been working, as I think you know, very hard to use machine translation tools—with some success, but also with some difficulty; it has proved a bit harder than we had hoped. Nevertheless, the technology is improving rapidly and the Commissioner in charge, Rhodri Glyn Thomas, has been exploring different options with the team. So, that is likely to be the way forward. In time, and quite rapidly in time, it will be much more cost-effective to do considerably more using the sort of technology that Angela has described, whatever way we end up delivering that. So, we would not expect the costs to be that high in a couple of years' time, because of the way in which we will be able to use technology.

[101] **Jocelyn Davies:** It is interesting that when you mentioned tough choices, it was about things that we do not have at the moment that we would like to do, rather than whether there is something that we have at the moment that we could do without. Would you look only at the future investments that it would be nice to have, rather than looking at everything that is already provided and at doing without something that we already have?

[102] **Mrs Clancy:** No. Absolutely. In some years, we have done a completely zero-based budgeting process, where we go right back to zero, as the name suggests, and look at the rationale and the justification for everything that we do. We do not do that every year, because that in itself is a big piece of work and takes a lot of effort. However, we still have the arrangement that every single bid to fill a post comes to me, and for every one there has to be an articulated business case, and that applies to posts that exist in the structure as well as new posts. The removal of the post of chief operating officer was an example of taking out a senior post that was right for the period when it existed, but then we needed the skills of an ICT director. So, we made that change and we took out costs. So, we do that.

[103] **Jocelyn Davies:** I do not want to belittle the savings that you have made, but if you are looking for £600,000, not filling a post will hardly be—I know that people might think that Commission staff are paid well, but you are not paid that well. I know that Mike wanted to come in on this particular point.

[104] **Mike Hedges:** I am a great fan of zero-based budgeting. Are those results available for us to see?

- [105] **Mrs Clancy:** As I said, we do not do it every year and we did not do it this year.
- [106] **Mike Hedges:** No, but the last one you did, is it available?
- [107] **Mrs Clancy:** Yes, but—
- [108] **Mr O'Donoghue:** I think it was about two years ago that we undertook it. Last year, you will recall that we undertook an external challenge; we brought in our independent advisers and specialists from other parliamentary bodies.
- [109] **Mike Hedges:** Is it available?
- [110] **Jocelyn Davies:** Say, for example, the verbatim account of this committee; would you know what that costs? For the production of the—
- [111] **Angela Burns:** I do not know off the top of my head.
- [112] **Jocelyn Davies:** So, that is the sort of thing you looked at: you looked at everything.
- [113] **Mrs Clancy:** Yes.
- [114] **Jocelyn Davies:** So, it could be that we could be making a choice between that and having verbatim records of every single committee.
- [115] **Angela Burns:** Yes.
- [116] **Jocelyn Davies:** Okay. I think we have explored that.
- [117] **Ann Jones:** You have talked about HR and doing the contracts and part of the investment opportunity that you would use to do that, so, in which financial year are the contracts for the corporate control systems due to be replaced and how will you make sure that you get the most fit-for-purpose system?
- [118] **Angela Burns:** We have no budget approved, because it has to come before the project board. At the moment, we have estimates, for example, which add up, over a two-year period, to about £320,000. However, as I say, it has not come before the board. When it does, we will consider it and it may be one of the tough choices we have to make; we may just say, 'No, it is better, perhaps, to have a couple more people employed and keep with the clunky old system than go for the all-singing, all-dancing one'. So, every single investment decision is made on a case-by-case basis.
- [119] **Ann Jones:** Okay, so if you were to integrate all those systems, would that deliver financial savings?
- [120] **Mrs Clancy:** Yes.
- [121] **Ann Jones:** Of roughly how much?
- [122] **Mr O'Donoghue:** The project board is still working on the business case for it, but the work that our business analysts have undertaken has suggested that if the two systems were integrated, then process transactional savings in the order of 54% could be achieved. We just need to test that a little further to understand what impact that would have.
- [123] **Ann Jones:** So, 54% of what?

- [124] **Mr O'Donoghue:** Of the total transactions between the two teams at the moment.
- [125] **Ann Jones:** Do we know roughly what that is? 54% of £1 is 54p, but 54% of—
- [126] **Mr O'Donoghue:** In value terms, it is approximately £60,000 per year.
- [127] **Ann Jones:** So, you are going to save £60,000 each year.
- [128] **Mr O'Donoghue:** Potentially.
- [129] **Ann Jones:** Potentially. Okay.
- [130] **Mr O'Donoghue:** As I say, that is subject to the final business case.
- [131] **Ann Jones:** Fine. Okay.
- [132] **Jocelyn Davies:** Mike has the next questions.
- [133] **Mike Hedges:** On to ICT now.
- [134] **Jocelyn Davies:** Brace yourselves. [*Laughter.*]
- [135] **Mike Hedges:** I will avoid—I used to give an hour long lecture on things that went wrong with ICT systems in the public and private sectors—
- [136] **Jocelyn Davies:** You can send us a written copy of that. [*Laughter.*]
- [137] **Mike Hedges:** What I will ask is: how confident are you that if you bring in a new system, you will bring it in on budget and that it will work? I was one of those people who had concerns about the new system in the Chamber last week. My voting button kept flashing off every time I voted, rather than staying on. As opposed to that of a Commissioner who sat next to me; their light stayed on and did not go off the whole time.
- [138] **Jocelyn Davies:** There are special buttons for the Commissioners. [*Laughter.*]
- [139] **Angela Burns:** It is called the reject button.
- [140] **Mike Hedges:** To avoid them having to vote. How confident are you that you can work within the budget and what effects are the ICT changes going to have on other budgets?
- [141] **Angela Burns:** I will answer this question two ways. First, confidence is always something you should never be too cocky about. However, let me tell you, as an Assembly Member, for the entire recess period, I had to either drive to Cardiff bay or to my office in the constituency to log on to deal with my e-mails, because I could not get my laptop working at home. Trust me, all four Commissioners and the Presiding Officer have this one right up close and personal to our hearts. It has driven everyone bonkers.
- [142] To be very clear—I have to pick my words very carefully, because we are right in the middle of the process now—we have gone back to our current supplier, which will be putting together a case and cost for taking our system forward over the next five years. We are looking at an alternative option or options, which range from us taking everything in-house, to doing a halfway house, whereby we might do some of it ourselves and farm out bits and pieces. We have had the overview discussions already. We have had absolute broad-brush headline figures. Dave Tosh, our new director of ICT, will be working them up over the next

month in great detail. It is not just about cost, Mike, as you have identified; it is about the benefits, the expectations, and the delivery. Of all the projects, we will be measuring this one like no other project has ever been measured before.

[143] We need to make our decision towards the end of November because, if we are going to leave our current supplier, we have two break points. The first break point is 2014, and the second break point happens by a natural extinguishing of the current contract, which is with us and the Welsh Government. That happens in 2019. The risk that we have, of course, is that the Welsh Government may choose to end the contract in 2017 and our system cannot survive on its own. So, we have an enormous risk and benefit analysis going on in tandem with a cost analysis. I promise you that this will be benchmarked and crawled over by absolutely everyone before we make the decision. We have already put together a project team of dedicated finance people, project management, and the whole works. We will be looking to do things like a proper soft integration, shadowing and making sure that it works. There have been a few teething problems, for example, with the Senedd refresh. There are a handful of people in IT. They put the new system in and then they ran around trying to pretend to be 60 Assembly Members and a host of officials in the thick of it, making it all happen. Of course, they did not pick up every bug, but I think that the bugs have been very small and are, hopefully, very quickly mendable. As you all know, with any implementation, you always get a snagging list afterwards. I cannot talk too much about the moneys involved, because it is all commercially confidential at the moment.

[144] **Jocelyn Davies:** No, no. We do not want you to compromise your negotiations.

[145] **Angela Burns:** Basically, it is under way and it is our No. 1 priority as a Commission.

[146] **Jocelyn Davies:** Mike, did you have any further questions on this?

[147] **Mike Hedges:** Yes, but can I write to Angela Burns with those questions? I will share them with the committee.

[148] **Angela Burns:** Absolutely.

[149] **Jocelyn Davies:** Can you do it through the clerk so that we can all see them?

[150] **Mike Hedges:** I will do it through the clerk. It will be for the benefit of everyone.

[151] **Jocelyn Davies:** All right. Thank you. Chris is next.

[152] **Christine Chapman:** When we looked at the draft budget last year, we were told that there was an unavoidable increase in rent of £500,000. Has there been any increase in the provision for rent in 2013-14?

[153] **Angela Burns:** Yes. It was a step-change increase, so now it is flat for the next five years. Although that £500,000, announced on this new level, was a big step change, it was the result of us being able to negotiate a £1.1 million reduction prior to that. So, in some ways, we should always have been paying that level, but we got that £1.5 million. So, no, there is no further increase.

[154] **Christine Chapman:** To follow on from that, I know that your report discusses the Pierhead building, A Venue for Wales, a great deal; do you believe that the Assembly is achieving value for money in the utilisation of buildings, such as the Pierhead building?

[155] **Angela Burns:** I think that the Pierhead building is in its early days. It is slowly

growing in stature. The fact that the Wales Governance Centre has moved in there is absolutely excellent. I know that the Government and the Assembly, under the aegis of David Melding, have set up think tanks, fora and so forth. It is being used more and more often. In fact, I shall be there later today sponsoring a Parents for Welsh-medium Education event. Please come along, everyone. It is slowly building as a centre, which is what we want it to do. There is an investment in it, but this is part of our gamble. It is part of our objective about engaging the people of Wales, promoting Wales, and trying to become that sort of locus of activity, with the Pierhead and National Assembly buildings here. This is where we want our Olympians, Paralympians, rugby teams, and all our honoured people to come to celebrate. We want to provide that centre. So, it is getting there, Christine, but it is a long process.

[156] **Julie Morgan:** Could I just ask a question on the use?

[157] **Jocelyn Davies:** Yes.

10.30 a.m.

[158] **Julie Morgan:** It could be used more than it is. When I have tried to use it, one of the issues has been the difficulty of running a major event in this building at the same time as an event in the Pierhead building. I assume that that is to do with the availability of staff. Have you thought about a strategy for getting people to use the Pierhead building more? I know that there are requests to use it more and that it is possible to use it, but there are not necessarily enough staff to look after it as well as to look after the building here. That is something that I, certainly, have come across.

[159] **Angela Burns:** You are absolutely right to identify that as a problem, and it is one of those difficult choices that we make. Sometimes, we get it right and sometimes we get it wrong. We do not want every event to happen in the Pierhead building, because want to give this building life, purpose and energy, but we cannot afford to staff both of them all the time. We took a decision to try to keep the numbers of support, security and translation staff required, and we cannot do both things at once. Is there anything else that you want to add to that, Claire?

[160] **Mrs Clancy:** On a slightly more positive note, the changes that we made within the security service and to its shift patterns mean that we are now better able to ensure that the Pierhead is available to Members when they want to use it. It should be rare that we are unable to accommodate a request if the building is available, so please let me know if you have any problems.

[161] **Christine Chapman:** Angela, you expressed some concerns about sustainability earlier. We are looking at possible savings in carbon emissions and energy consumption, so could you say something about the actions that you will take to ensure that there will be year-on-year savings in carbon emissions and energy consumption and that we meet the targets for 2015?

[162] **Angela Burns:** Our concerns about the cost of the natural ventilation system aside, sustainability is one of our key drivers and we pay it an enormous amount of attention. Actually, that is why I am going to hand over to Steve. He has championed and is championing sustainability throughout the whole of the Assembly Commission, and all our financial decisions are taken with that as one of the very important items in the mix. I know that we are in the top rankings on a number of sustainability indicators, and we have won all sorts of different awards and been runners-up in others. I would like Steve to talk about it because I think that he has done an amazing job on this.

[163] **Mr O'Donoghue:** Thank you. I must also sing the praises of our sustainability

manager, Neil Bradley, and the estates team because, every time the estates team does something here, it is thinking sustainably, whether it is recycling pieces of carpet or installing sensor lighting. All those things are having an impact on the sustainability of this organisation. I think that it is fantastic that we have achieved a 24% reduction in carbon emissions over the past four years and a 9% reduction last year alone. However, we are coming to the end of what is achievable relatively easily. There are not many lights left to be switched to sensor controls. The double doors at the Tŷ Hywel reception let out an awful lot of heat during the winter months, and we can do something about that, but, looking forward to achieving that 40% target, we are facing a pretty big and difficult decision about the air cooling system in Tŷ Hywel, because it is very carbon-hungry. The options are looking unaffordable. What could change is the technology that could make that cheaper. We are going to have to come back to consider that in a future budget strategy. However, I do not want that to take away from the fantastic progress that has been made thus far.

[164] **Christine Chapman:** Excellent. These are practices that have grown up over the years, but are there any new big ideas that could really make a difference in meeting targets? Is there anything on the horizon in that regard?

[165] **Mr O'Donoghue:** There is, but it is hugely expensive and it involves replacing the windows of Tŷ Hywel so that we are able to open them and allow more fresh air in. The research that we have had done says that the current opening positions do not allow sufficient air flow through every floor and, as a result, we need the air cooling system to maintain a proper working temperature. So, it is very technical but also very expensive, and, in the current climate, it is quite difficult to justify that.

[166] **Jocelyn Davies:** There is just one last question. We would like to know whether it is likely that any decisions from the National Assembly for Wales Remuneration Board might affect the budget that you have presented to us. Are you expecting anything, or is there potential for anything?

[167] **Angela Burns:** The only potential thing is that, as you will be aware, the remuneration board is currently undertaking an assessment of the terms and conditions—pay and benefits, the whole package—of Assembly Members' support staff. You will know that Assembly Members' staff pay and all the allowances have been frozen. There was a small increase in the remuneration board's spend, because there was a statutory obligation to uplift AMSSs, but it is now going to do a proper benchmarking exercise. I know that it is looking at our caseworkers, for example, with a view to comparing them with, say, a caseworker who works at a citizens advice bureau. It is looking at all sorts of different things, and it wants to benchmark to make sure that our staff are paid appropriately, fairly and in line. So, there could be a change in relation to that, but that is the only issue that we know of.

[168] **Jocelyn Davies:** If there were changes, it is unlikely for there to be a suggestion that we decrease salaries for staff. Would you be able to manage that within the budget that you have presented?

[169] **Angela Burns:** Yes, we think that we would.

[170] **Ieuan Wyn Jones:** What is surprising about your answer is that you did not mention pensions.

[171] **Angela Burns:** Yes, but pensions are not within my remit.

[172] **Mrs Clancy:** It is doing a big review at the moment, and the likelihood is that any changes would impact beyond this fourth Assembly, so not within this budget's timescale.

[173] **Jocelyn Davies:** Okay. We do not have any more questions for you, so thank you very much for your evidence today and for presenting your plans to us. You have agreed to send us a note on contract equality, with specific reference to the points that Ann made. We will be sending you a transcript to check for factual accuracy. Thanks very much.

[174] **Angela Burns:** Thank you very much for your time.

10.38 a.m.

**Craffu ar Amcangyfrifon Drafft Ombwdsmon Gwasanaethau Cyhoeddus
Cymru
Scrutiny of Public Services Ombudsman for Wales Draft Estimate**

[175] **Jocelyn Davies:** We are just waiting for our next witness, the Public Services Ombudsman for Wales, to come in, and I assume that Peter Black will be joining us for this session. I am sorry that the previous item ran over—

[176] **Ieuan Wyn Jones:** It was all those ICT questions I asked.

[177] **Jocelyn Davies:** It was worth exploring those particular points. [*Interruption.*] We are still being broadcast, remember, Mike.

[178] **Mike Hedges:** If we are still being broadcast, I will that I thought that you chaired that very well.

[179] **Jocelyn Davies:** Welcome, Mr Tyndall. I see that we have spelt your name wrong on the name plate. You are down as 'Pater' but I think that we all know that you are Peter. I see that you have turned it around to face you—an excellent solution.

[180] **Mr Tyndall:** I know who I am. [*Laughter.*]

[181] **Jocelyn Davies:** Welcome to the Finance Committee, Mr Tyndall. As you know, we have asked you to come today so that we can scrutinise your draft estimate. You have sent us information that we have all read. Could the witnesses please introduce themselves for the Record, and then we will go straight into questions?

[182] **Mr Tyndall:** I am Peter Tyndall, Public Services Ombudsman for Wales.

[183] **Ms Hudson:** I am Susan Hudson, policy and communications manager.

[184] **Mr Macdonald:** I am Malcolm Macdonald, financial adviser to the ombudsman.

[185] **Jocelyn Davies:** You state in paragraph 9.1 of your estimate that there is a 1.12% increase in your budget estimate for 2013-14 and no change in 2014-15. We have calculated that that 1.12% excludes depreciation, the local government pension scheme deficit and the extra investigator. In the UK budget in March 2012, the Welsh block grant, as you know, shows an increase of 0.7% in revenue and an 8.3% decrease in capital. If it were your intention to follow the movements of the Welsh block, can you explain why it was decided to use the figures originally presented in the 2010 spending review, rather than the latest budget as a guideline?

[186] **Mr Tyndall:** When we spoke to you last year, we made it clear that the budget that we had originally prepared was over a three-year period, and last year we did not take any of the increase in the Welsh block. However, we said that we would still need the increase that

we did not take last year for this year, because I had given a commitment last year to come in with no increase in budget. This reflects the discussions that we had with the committee last year. The figures that we have used are based on the increase in the revenue departmental expenditure limit, which excludes depreciation. To the best of my understanding, those are current figures. We have used that on the revenue line because the increase in my revenue budget reflects the increase in the revenue DEL in the Welsh block, so it is drawn from that.

[187] Therefore, we feel that what we have done is what we said we would do and agreed to do with the committee. Having had previous discussions with the committee, I have tried to make sure that my office reflects the general difficulties that public services face across Wales, and therefore to link the expenditure to those levels of expenditure. So, although it reflects an increase, because of the impact of inflation, it actually reflects a real-terms decrease equivalent to that affecting other public services in Wales.

[188] **Julie Morgan:** Have you been able to satisfy the medium-priority recommendation of the internal audit annual report that guidance should be prepared on the use of key spreadsheets? What has been the progress on that?

[189] **Mr Tyndall:** Yes, we are partway through implementation. The reason we are partway through is because my financial adviser, Malcolm Macdonald, will retire at the end of this financial year, and we want to ensure that Malcolm and his successor are engaged in finalising the documentation of the spreadsheets, but the work is in hand.

[190] **Julie Morgan:** Do you anticipate that it will be finished before Malcolm leaves?

[191] **Mr Tyndall:** Indeed, it has to be finished. We are working on documenting not just those spreadsheets but all the things that are in Malcolm's head, so that his successor has something to refer to. Malcolm has, of course, offered to be available by phone after he retires, but we do not think that that is a reasonable way to proceed.

[192] **Julie Morgan:** Was that the only medium-priority recommendation?

[193] **Mr Tyndall:** It was. The other ones are in the category of 'nice to do', things that they think we can tweak a bit, but they are inessential. Unless there is a very good reason, we try to deliver on them all. However, our internal auditors gave us a clean bill of health, essentially.

[194] **Paul Davies:** I want to ask you some questions on the enquiries and complaints that you have received. Paragraph 5.2 of your evidence highlights the continued increase in enquiries and complaints. Given that paragraph 5.4 of your evidence tells us that you have cut five staff posts, could you share with us how you are managing this increased workload with fewer resources?

10.45 a.m.

[195] **Mr Tyndall:** Yes, and we do have fewer resources than we would have had. We have not filled posts, as we have identified.

[196] As for the first thing that we have done, most ombudsman offices have three stages in the consideration of each complaint that goes through to a full investigation. There is a process at which the complaint is received and checked; there is a process in which it is assessed to see if it is suitable for investigation; and then there is a process in which it is investigated. My office has two stages, so that the business of receiving the complaint and determining whether to investigate it is undertaken within a single team and generally within 28 days. More than 90% of all decisions on whether to investigate are given within the

deadline of 28 days—20 working days.

[197] Taking a whole stage out of the process sounds like a simple thing to do, but then you have to assume that the stages that were there did nothing, which is not the case. What we have done is to include investigative staff in the consideration of front-line complaints, and that enables us to turn things around much more quickly, and that is important. I should say that we have had people from ombudsman schemes, not just in the UK and Ireland, but from around the world, coming to see the way we have structured our investigation process, because the streamlining that we have achieved is something that other people are now looking to take on board.

[198] So, we have done that, and we have done it partly by implementing some new IT that supports the decision-making process. We have done it by employing high levels of delegation, so that people are empowered to make decisions early, so that it does not need to go up and down a complicated management structure. We have also introduced a review stage to make sure that we are doing things consistently and appropriately across the board.

[199] As well as that, we are now getting more than 25% of all complaints coming to us on the internet through the web form, and that saves us an awful lot of time. If you think that, previously, they would have arrived on a form and somebody would have to copy-type that into the system, but now, when it comes through, somebody completes it via the internet and it goes directly into the system. These are the sorts of savings that you are seeing achieved elsewhere in Government. From our perspective, those have not been new cash savings; they have enabled us to deal with a much increased volume of complaints with a slightly smaller resource than we would have anticipated. We have also introduced very detailed performance management of our complaint handling, to make sure that the throughput is constant, and the way in which workloads are managed is an important part of how we look at our business.

[200] The net result of it all has been that, although the workload is rising at a very consistent rate—I should say that Susan will mention the figures in a moment for this current financial year, just to show that it is not just that the increase has continued, but that the rate of increase is being sustained—at the moment, our performance in responding to complaints is at its best level. So, we had no complaints more than a year old at year end. We are answering the phone consistently: we are hitting more than 90% of our target to answer the phone directly when people ring us. We are producing our investigation reports promptly, and we are also giving decisions on whether to investigate or not promptly.

[201] As well as that, as you will know, we have extended the work that we do on closing complaints without investigation by settlement. We can do that at the point when the complaint first reaches us, with the classic, easy-to-resolve ones like: ‘The plumber was supposed to come round and didn’t’, for which you can ring the council or the housing association and get them to send somebody. We can also do that with some more complex complaints where it is evident to us, for instance, that a health board should have undertaken an assessment of whether somebody was entitled to continuing healthcare but did not do so. Quite often, we will close such a case not by having an investigation, but by persuading the health board to do what it should have done in the first place and issue an apology for not having done so.

[202] Through all of that range of measures, we have been increasing efficiency. Much of it, as I say, has been underpinned by the changes to the structure and the IT that we introduced that enables us to carefully monitor our workload and to avoid doing things that do not add value to the task, so that the investigator’s time is spent on investigating, not on administration.

[203] **Paul Davies:** Just to be clear, you have changed the structure and you have changed

the way in which you are working, but you have not actually changed the criteria for how you deal with enquiries or complaints. You have not moved the goalposts for how you deal with complaints.

[204] **Mr Tyndall:** No, we have not. I gave an assurance to this committee last year that, if there were a risk that we would need to not investigate complaints on cost grounds, I would come back to the committee and explain that that was happening. Well, that has not happened. With the continuing efficiencies, we would expect to be able to manage the current level of increase for the year ahead.

[205] **Jocelyn Davies:** Susan, I think that you were going to give us something.

[206] **Ms Hudson:** I was going to give some statistics—some of this is in the paper that you have before you. When comparing the position between April and August this year with the same period the previous year, enquiries are up by 92.4%. The number of enquiries we receive that then turn into complaints is up 8% in the same period. To emphasise the issues relating to the way in which we handle cases, we have closed 21% more complaint cases in the same period this year than in that period the previous year. Another element that we need to take into account is the increase in the volume of health cases, as we mentioned previously. Our current projection for the position at the end of this year is that health complaints will be up again. The number of complaints against health bodies last year was 527, and we are projecting that that is going to be about 620 at the end of March this year. So health complaints, which take a considerable amount of resource for us, as the most complex cases, continue to be on the rise as well.

[207] **Mike Hedges:** You have answered a lot of what I was going to ask. On the web form, is it well received by the people who use it? Secondly, although you said that you could not quantify the savings from using the web form, are you able to produce an average cost for an investigation on an annual basis? I know that investigations are different, and so on, but an average cost over a period of time should give some indication of the direction of the cost of each investigation.

[208] **Mr Tyndall:** We have always resisted that, I have to say, because there is not an average investigation, so when you try to do comparisons, the cost of, let us say, a complex health investigation is going to be very different to a simple investigation as to whether a parking ticket was misapplied, to use a simple example. So, the average cost is not helpful. What we have tried to do is demonstrate that, for the level of resources that we have received, our productivity has gone up substantially year-on-year, and we continue to do that with these figures. I am quite happy to show that, for the same level of resource, the level of throughput has been much higher, which I think is a better measure of increased efficiency. In general, because of the huge variation in cost, the average cost of an investigation is affected by all kinds of things: in health cases, it is affected by the need to use specialist advisers. Clearly, we, unusually, have to deal with cases against councillors who are accused of breaching their code of conduct, and they can be very simple and cheap, but they can be very long-winded and expensive, so trying to just derive averages is a little crude, but what we can do is demonstrate much increased throughput against the resource we receive.

[209] **Mike Hedges:** If you provide those two pieces of information, I already have your budget, so I can produce the third piece on my own.

[210] **Jocelyn Davies:** I suppose you would call them ‘standard’ cases rather than ‘average’. Do you have any other questions, Mike?

[211] **Mike Hedges:** No.

[212] **Christine Chapman:** Could you share with the committee how the proposed changes to the social services complaints procedure under the planned social services Bill might affect your office?

[213] **Mr Tyndall:** It is important to understand that there are three different sets of changes. The first, straightforwardly, is extending our jurisdictions so that people who pay for their own care—whether domiciliary care or residential care—can complain to my office. We think that that is very important, because, as you know, increasing numbers of people have to pay for their own care and it does not seem reasonable that, of two people in adjoining rooms in a residential care home, one should be able to complain if they are not satisfied, but the other should not. So, we are very pleased with the direction in which that is going.

[214] We do not think that that, of itself, will have a very significant impact. However, what happened elsewhere when changes of this kind were made was that other residents of residential care homes who are part-funded by their local authorities realised that they could complain to the ombudsman. At the moment, many do not. So, we have based our figures on growth in the volumes of cases on the presumption that the publicity associated with self-funders being able to complain will lead to an increase in the numbers of people wanting to complain who could complain at the moment, but do not realise that they can. We expect that there will be some front-loading to that, so that the first year or 18 months will be busy and then we will settle down to a steady state with regard to the workload, because there will be some people with complaints dating back over some time that they have not yet brought forward, but, given the opportunity, will bring them. So, there will be a bit of a boost at first, but then things will steady off. Susan, in a moment, I will get you to give some of the numbers associated with that.

[215] The second change does not depend on the Bill, but on changes to the social services statutory complaints process. That can and is expected to happen before the legislation goes through. That will bring the social services complaints process in line with the health complaints process and the model complaints process that can operate for all other bodies across Wales. That means that all independent consideration of complaints will be undertaken by my office. Once again, we have very clear ideas. Some 30 cases each year currently go to independent review. We would expect the bulk of those to come as investigations to my office. So, that bit is fairly straightforward. We expect that to happen during the financial year—probably quite early in the financial year, or at least we certainly hope that that will be the case.

[216] The third relates to end-of-life care that hospices and other services provide—principally domiciliary services. Typically, those services have funding from the Welsh Government or through local health boards, but do not currently fall within my jurisdiction. I would expect a tiny number of complaints to come through, because I think that most people are broadly happy with the service that they receive. However, we had one complaint regarding the issue that there is nowhere to go at the moment. So, we do not think that there are many dissatisfied people, but we think that there needs to be an opportunity for the small number of people who are dissatisfied to have some access to independent redress beyond the organisation that they are dealing with.

[217] We did a calculation of the overall numbers. Susan, do you want to talk briefly about the additional numbers of complaints?

[218] **Ms Hudson:** We had a look at the experience of the local government ombudsman in England to see what had happened there and, as Peter mentioned, there was a greater level of increase in the first year compared to the second year. So, going on the percentage increase in England, we estimated that, for us, there could be some 69 extra complaints in the first year, dropping down, maybe, to some 23 extra complaints in relation to self-funded care. We have

taken the figure of the increase that we would expect to have there as well as what we anticipate will come our way following the change in the social services complaints procedure. We estimate that the number of complaints that will turn into investigations for us will be about an extra 25 each year. So, that is the basis on which we have arrived at the resource that we will require for investigation work.

11.00 a.m.

[219] **Ieuan Wyn Jones:** Rydych wedi dweud y bydd y newidiadau hyn yn arwain at fwy o achosion. Yr hyn mae hynny yn ei olygu yw bod eisiau mwy o staff arnoch ac, yn eich amcangyfrif, rydych yn dweud bod gennych un ymchwilydd ychwanegol ar gyfer 2013-14. Wrth gwrs, mae hynny'n gost ychwanegol i chi, ond oherwydd bod y patrwm cwynion yn newid a ydych chi hefyd wedi trafod gyda Llywodraeth Cymru pa fath o arbedion y mae'n mynd i'w wneud drwy drosglwyddo'r system i chi?

Ieuan Wyn Jones: You have said that these changes will lead to a greater number of cases. What that means is that you will need more staff and, in your estimate, you said that you have one additional investigator for 2013-14. Of course, that is an additional cost for you, but, because the pattern of complaints is changing, have you also discussed with the Welsh Government what kind of savings it will make through the transfer of the system to you?

[220] **Mr Tyndall:** I did not catch much of that, Ieuan. I am sorry, my Welsh is inadequate.

[221] **Ms Hudson:** Efallai mai'r ffordd orau i ddweud hyn yw, o ran y broses gwynion, ni fydd angen proses yr adolygiad annibynnol ar ran y Llywodraeth bellach, a byddwn yn gallu ymdopi â'r cwynion ychwanegol heb orfod cael y weinyddiaeth sydd ynghlwm â hynny yn y Llywodraeth ei hun. Nid mater i ni yw dweud faint fydd yr arbediad hwn. Cwestiwn i'w ofyn i'r Llywodraeth yw hwnnw.

Ms Hudson: Perhaps the best way to put this is that, regarding the complaints process, the independent review process by the Government will no longer be required, and we will be able to cope with the additional complaints without needing the administration that is involved in that in the Government itself. It is not a matter for us to say how large this saving will be. That is a question to ask the Government.

[222] **Ieuan Wyn Jones:** Fodd bynnag, gan ein bod yn edrych ar eich cyllideb, mae gennym ddiddordeb os oes cost ychwanegol i chi ac, felly, llai o gost i rywun arall—mae hynny'n cael effaith ar gyllideb rhywun, onid yw?

Ieuan Wyn Jones: However, because we are looking at your budget, we would have an interest if there is an additional cost for you and, therefore, a smaller cost for someone else—that has an effect on somebody's budget, does it not?

[223] **Ms Hudson:** Ydy.

Ms Hudson: Yes.

[224] **Ieuan Wyn Jones:** Fodd bynnag, rydych chi'n dweud nad ydych mewn sefyllfa i wybod pa arbedion y mae'r Llywodraeth yn eu cael.

Ieuan Wyn Jones: However, you are saying that you are not in a position to know what the savings are for the Government.

[225] **Mr Tyndall:** We tried this before with the health complaints and got ourselves tied in knots. The one thing I will say is that there will be a point at which there is an overlap as we gear up and before savings are made, because there will still be cases in the old system that will have to be run down, so there may be an overlap before the full savings are realised.

[226] **Ieuan Wyn Jones:** Mae gennyf gwestiwn arall sy'n ymwneud â'r ffaith eich

Ieuan Wyn Jones: I have another question, which relates to the fact that, in your

bod yn dweud yn eich amcangyfrif fod cost ymchwilydd ychwanegol yn £44,000 tra bod y cynnydd mewn cyflogau yn £71,000. Felly mae gwahaniaeth yn y fan honno. A fedrwn chi egluro'r gwahaniaeth rhwng y ddau? estimate, you state that the cost of an additional investigator is £44,000, while the increase in salaries is £71,000. So, there is a difference there. Can you explain the difference between the two?

[227] **Mr Tyndall:** Some of the increase in salaries relates to increments, so there is incremental progression. Some officers are still moving through their scale. As time goes on, fewer people will be moving, but that is the difference.

[228] **Peter Black:** You have also made provision for an additional investigator in 2014-15, but you go on to state

[229] 'this may not be necessary depending on the volume of complaints that I receive.'

[230] Given the growing use of the signposting service and web forms, and against the backdrop of the lower Welsh block increase, can you share with the committee the impact of not recruiting this additional investigator?

[231] **Mr Tyndall:** One of the things that we have to make a judgment on relates to the fact that we know that we are taking on additional complaints because of the extensions to our jurisdiction and because of the changes in the social services complaints process. We also know that there is a continuing rise in the number of complaints that are coming in anyway. So, we need to take stock in the course of the year, and we continue to make the endeavours that we are making to reduce the administrative overhead to our process, so that we are doing as much as possible in investigation. Investigation is, to some extent, irreducible; for example, you have to go to read files. So, we need to look at this during the year. What I do not want is for two things to happen: first, I do not want us to go back to the lengthy delays that we experienced in the past, because the further removed you are from the events, the harder it is to conclude the investigation, and the more frustrated the complainant becomes, as do the bodies in jurisdiction, because people do not want to be left waiting. So, I do not want to go back to lengthy delays. Secondly, I do not want to have to turn complaints away because we cannot afford to investigate them. So, in the course of the coming year, I want to monitor the changes in the two and to make sure that if it turns out as I hope, which is that we are able to contain the increase within the additional resource, then we will not come back for the additional post. However, I did not want to give an absolute assurance that that would be possible, because we will need to see the impact in practice rather than in theory to be able to reach a definitive conclusion.

[232] **Peter Black:** Paragraph 8.1 of your submission states that your estimate for 2013-14 does not allow for any pay uplifts. However, you have an increase in salaries of £123,000 in 2014-15 over 2012-13. Is that due to increments as well, or is there another explanation?

[233] **Mr MacDonald:** It includes the increases for social services and the incremental uplifts—it does not include any other movements on pay. It is purely a fact of an incremental movement for the posts that were put in place this year, the additional cost for another person in 2014-15 and incremental increases for existing staff, which are, of course, contractual. However, they are moving out because of the limited turnover of employees.

[234] **Peter Black:** Given that you have that limited turnover, are you getting to a situation where most staff are reaching the top of their increments? That will, presumably, start to peter out in budgets.

[235] **Mr Tyndall:** Yes. We have seen a reduction over the years as more people reach the top of their pay scales.

[236] **Ann Jones:** On the pay award, I notice that you have not put in any forecast for pay awards in the last three years, and you have not put one in for this year. Is there a risk to your estimate because you have not budgeted for a pay award in 2014-15, or even 2015-16?

[237] **Mr Tyndall:** It is difficult to judge. Our pay scales are tied to local government pay scales—we do not negotiate separately with staff. The greatest likelihood, it seems, is that either the existing pay freeze will continue or there will be some movement for lower-paid staff. The movement for lower-paid staff would not represent a substantial increase to prevent us from achieving our targets in the budget estimate; however, if there were, for instance, a substantial pay increase, then that would. We have to make some judgments on this. It would be unreasonable for me to come to you on the presumption that there might be, say, 2.5% pay increases over each of the next several years. In the current fiscal climate, that does not seem likely. We have, therefore, tried to make a realistic judgment. However, there is a risk if the unforeseeable happens.

[238] **Christine Chapman:** I note that you have an estimate of advisory fees for 2013-14. Could you tell us how you feel about professional advisers with regard to value for money and what benefits you may have from them?

[239] **Mr Tyndall:** We rely on professional advisers, principally in health cases, where we are looking to determine whether a doctor did the right thing. They do not undertake the investigation for us, but they give us that specific advice about the care that somebody has received. We take that into account when we are producing our report. We also use other technical advice when we need to—social care being the obvious area, but also in planning. We changed the way that we use advice, principally this year, by recruiting some additional advisers who come to the office. That means that we can do two things; it means that we can avoid sending away files and so on for specialist advice in cases where the in-house adviser can say conclusively that one thing was right or another was wrong. It also means that we can ask questions more specifically of advisers—we can frame the questions to reduce our costs.

[240] Sending medical records securely is expensive, so being able to do things in-house is a good thing for us. However, it also means that the overall call on our professional advice budget is reduced. We have managed this carefully, and it is a budget on which we keep a close eye. We renegotiated the contract with the Parliamentary and Health Service Ombudsman for England, who has a large pool of specialist advisers, which is drawn on by devolved ombudsmen in the devolved countries. However, as I said, increasingly, we use in-house advisers to minimise the external costs.

[241] **Ieuan Wyn Jones:** You said earlier that there has been a substantial increase in health complaints, which carry additional costs, and you have said that complaints are up anyway. In relation to health, that additional cost clearly has budgetary implications. What is the proportion of the increase in health in relation to other areas? Can you give us some idea of that?

[242] **Ms Hudson:** The easiest way for me to put it is probably to say that the complaints we are getting about sectors such as local government, social housing and so on remain pretty much at a constant level; it is only the health complaints that have experienced a sharp rise. It represented some 37% of our caseload last year; previously, it was 25% and when the office was in its early days it represented only 15% of our caseload.

[243] **Ieuan Wyn Jones:** So, it has more than doubled. Over what sort of period has that occurred?

[244] **Mr Tyndall:** In my time as ombudsman, it has gone from being the third most

numerous complaint to more than double the next category. We have all the figures and we can easily provide them, so we can let you have a note on those.

[245] **Ieuan Wyn Jones:** We are interested because of the cost implication.

[246] **Jocelyn Davies:** From what you have told us, you have found that in-house specialist advice is more efficient and effective. I guess that, with those specialists, you are their top priority but when you commission advice you may not be the top priority of that specialist.

[247] **Mr Tyndall:** Yes, I think that the mixture is good. In some specialisms in Wales there will clearly be only a handful of people involved, so you absolutely have to go somewhere else to get an independent view.

[248] **Christine Chapman:** To put these figures into context, there has obviously been an increase in health complaints, I suspect because of the compensation element of this. I know that there is a great deal of sharp practice out there on the part of compensation lawyers, which may be pushing these figures up. The figures have increased, but what sort of cases have been found for the person who has complained?

[249] **Mr Tyndall:** Again, we will provide the detail on this in our response, but health generally has more upheld cases than any other area we work in. That is partly because the internal mechanisms in health screen out many of the no-hope cases and we do not investigate those. We do not provide compensation as such, so I think that people go down the redress route directly. Where we see lawyers involved tends to be with continuing healthcare rather than with clinical issues. It is more usual for the person themselves or a family member to pursue the clinical issues with us. That is the advantage we have; you do not need to engage a lawyer to come to the ombudsman. Like the NHS itself, it is free. It is a free inquisitorial service as opposed to one where you need a lawyer to defend your interests.

[250] **Jocelyn Davies:** Following your investigations, are lessons usually learned by the health body that made the mistake?

[251] **Mr Tyndall:** You would hope so. [*Laughter.*]

[252] **Jocelyn Davies:** Are the reports public?

[253] **Mr Tyndall:** The reports are public but, particularly in recent years, we have introduced a digest of all the non-public reports because many of the reports would not be published and would not attract major publicity. However, by producing a digest of the ombudsman's casebook, it is possible for people in the health sector, for example, to learn from these cases. I am about to embark on a series of meetings with each of the chairs and chief executives of the health boards to discuss their annual letters and the failings over the past year as well as the progress they have made on putting things right.

[254] **Jocelyn Davies:** Are there any other questions on that from Members? I see that there are none. In that case, I have one last question for you. We note the cost pressures in relation to the premises. There is a 5.2% increase this year and a 1.7% increase next year, but you forecast no increases in future years. So, how do you intend to absorb any costs?

11.15 a.m.

[255] **Mr Tyndall:** We negotiated a revised lease on our premises at advantageous terms when the lease last came to an end and, other than that, we have suffered the same pressures as everybody else—on energy costs, principally, and the associated service costs. The level of rent that we pay, not being in central Cardiff, Cardiff bay or another high-cost area, is

substantially less than we would pay otherwise.

[256] **Jocelyn Davies:** Do you expect not to have increases in your energy costs?

[257] **Mr MacDonald:** We do, but we are trying to contain that. Some of the aspects there are outside our control, because they come from the landlord, but we have allowed for some increases. In the latter part, we are not aware of what will happen. The lease comes up after 10 years. I would imagine that there would be all sorts of aspects to that, but our general feeling is that the resources that we have allocated to premises are adequate for our purposes. One of the other aspects that we do not have any control over is business rates.

[258] **Jocelyn Davies:** Yes, of course, but you have no wriggle room if there are increases.

[259] **Mr Tyndall:** No, it is tight, and we might need to look again at that in future years. The amount for the next financial year is realistic.

[260] **Jocelyn Davies:** Are there any other questions from Members? I see that there are not. Thank you for your evidence today. You have promised to send us one or two things in a note and, as usual, we will send you the transcript for you to check for factual accuracy.

11.17 a.m.

**Papurau i'w Nodi
Papers to Note**

[261] **Jocelyn Davies:** There are one or two papers to note. Are Members happy with that? I see that you are.

**Cynnig o dan Reol Sefydlog Rhiw 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public from
the Meeting**

[262] **Jocelyn Davies:** I move that

the committee resolves to exclude the public for the remainder of the meeting, in accordance with Standing Order No. 17.42(vi).

[263] Are all Members happy with that? I see that you are.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.17 a.m.
The public part of the meeting ended at 11.17 a.m.*