

Our ref: NB/SMH

Ask for: Nick Bennett

Your ref:



01656 641150

Date: 27 November 2015



Mrs Jocelyn Davies
Chair of the Finance Committee
National Assembly for Wales
Cardiff Bay
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Dear Jocelyn

Finance Committee's legacy – Budget process

Thank you for your letter dated 17 November 2015 seeking my views on the Committee's approach to budget scrutiny during the Fourth Assembly.

Having taken up the role of Ombudsman in August 2014, I have experienced two budgetary cycles. My experience of these has been that they have been efficient and effective.

With regard to the current Standing Orders, it is of course a requirement under Standing Order 27.15 that:

The Ombudsman must submit the estimate of income and expenses required under paragraph 15 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005 to the Finance Committee as soon as practicable but in any event no later than 1 November in each financial year.

In practical terms, the Finance Committee has considered these estimates at the beginning of October each year. Against the current requirements of the Standing Orders, from my perspective, and the internal mechanisms of my office, this arrangement has worked well.

As regards the Finance Committee's scrutiny of my budget estimate, I have found this very useful. In particular, the questions put to me by Committee Members have provided me with the opportunity to publicly demonstrate that I take seriously my responsibility for ensuring proper, efficient and effective use of the public money I receive.

I would add that my staff have experienced very positive working relationships with the Finance Committee secretariat in relation to arrangements for the estimates submissions and attendance at Committee meetings.

I would also like to thank you as Chair of the Finance Committee for your pragmatic approach to issues that occur in-year and, for example, circumstances when it has been necessary to submit a supplementary estimate.

Your letter also invites suggestions for ways of improving the overall process. I have a few comments which the Committee may wish to consider for the Fifth Assembly.

First, it would be welcome if the Public Services Ombudsman for Wales's (PSOW's) budget could be aligned with the spending review period. This could be scrutinised by the Finance Committee and the baseline budgets agreed for, say, the next 4 years. I could then set my baseline budget in line with the movement in Welsh Block total DEL, adjusted for known changes in any of the years in the spending review period, such as new powers. This would assist me in long term financial planning and give assurance that sufficient resources are in place to deliver my Strategic Plan over the review period.

Secondly, at present the PSOW has to return any unspent cash at the end of each financial year to the Welsh Consolidated Fund. Not allowing the carry forward of unspent cash balances creates a conflict with resource accounting which was introduced to alleviate the problems associated with annualised accounting - the rush to spend in March each year is well publicised and to bring the public sector in line with private sector accounting by introducing concepts such as accruals and provisions. In the case of my office, if a provision is made in the annual accounts there may not be enough cash in the following year's budget to make a payment against that previous year's provision, resulting in abnormal cash budget pressures and the possibility of a supplementary budget. I would ask that the PSOW could keep any cash underspend in a bank reserve up to a limit to be agreed, say 3% of the PSOW budget. Balances above this limit would be returned to the Welsh Consolidated Fund.

My final comment in relation to possible improvements is probably not for the Finance Committee itself but for the Assembly administration team. I would find it useful at the end of the budget process to receive a letter from the Assembly confirming the funding for my office (both resource and cash) for the forthcoming year. Not only would I personally find this helpful, it would also assist in relation to the auditing of my accounts by the Auditor General for Wales. Currently, I have to rely on finding a document laid on the Assembly's website for confirmation of the funding for my office.

Finally, I can confirm that I have completed the survey to which you refer in your letter and I hope you find this further response helpful.

Yours sincerely

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

Nick Bennett
Ombudsman