

Annual Scrutiny of the Public Services Ombudsman for Wales

November 2025



1. Introduction

Public Services Ombudsman for Wales's annual scrutiny

Background

- 1.** The Public Services Ombudsman for Wales (the Ombudsman) produces an Estimate of the income and expenses for each financial year in accordance with the Public Services Ombudsman (Wales) Act 2019 (the 2019 Act).¹ The Estimate must set out the resources required for the Ombudsman to carry out statutory functions, with the exception of the Ombudsman's own salary (and associated costs) which are directly charged to the Welsh Consolidated Fund (WCF).
- 2.** The Finance Committee (the Committee) is responsible for considering the Ombudsman's Estimate. Standing Orders 20.23 and 20.24 of the Welsh Parliament state that the Ombudsman must submit their Estimate by 1 November each financial year, with the Committee laying it before the Senedd, along with any modifications considered appropriate, by 22 November.²
- 3.** The Committee is also responsible for all oversight of the Ombudsman as set out under Standing Order 18A.³
- 4.** Section 73 of the 2019 Act requires the Senedd to "as soon as practicable after the end of the 5 year period, prepare and publish a report on the operation and effect of this Act during the 5 year period". The 2019 Act also requires the Senedd to "consult such persons as it considers appropriate" as part of that review.⁴ The five year period ran from the date of Royal Assent until 21 May 2024.
- 5.** As the Committee responsible for oversight of the Ombudsman, responsibility fell to the Committee to review the 2019 Act.⁵ The Committee published its report on the post-legislative review of the 2019 Act in October 2025.⁶

¹ Public Services Ombudsman (Wales) Act 2019

² Standing Orders of the Welsh Parliament at 20.23 and 20.24

³ Standing Orders of the Welsh Parliament at 18A

⁴ Public Services Ombudsman (Wales) Act 2019, Section 73

⁵ Standing Orders of the Welsh Parliament at 18A

⁶ Finance Committee, Post-legislative review of the Public Services Ombudsman (Wales) Act 2019, October 2025

6. On 16 October 2025⁷, the Committee scrutinised the Ombudsman's Annual Report and Accounts 2024-25⁸ (the Annual Report), which was laid before the Senedd under paragraphs 15, 17 and 18 of Schedule 1 of the 2019 Act and considered the Ombudsman's Estimate 2026-27 (the Estimate).⁹ The Committee took evidence from:

- Michelle Morris, Public Services Ombudsman for Wales;
- Katrin Shaw, Executive Director, Casework and Legal; and
- Heather Beynon, Executive Director, Corporate Resources.

⁷ Finance Committee Agenda 16 October 2025

⁸ Public Services Ombudsman for Wales: Turning the page. Annual Report and Accounts 2024-25

⁹ Public Services Ombudsman for Wales: Estimate 2025-26

2. Annual Report and Accounts 2024-25

7. The 2019 Act sets out the Ombudsman's powers and the bodies in respect of which the Ombudsman can consider complaints. The current Ombudsman, Michelle Morris, has been in post since 1 April 2022.¹⁰

8. The report will be the second Annual Report the Ombudsman has produced since the publication of the Strategic Plan 2023-2026: A new chapter.¹¹

9. The Ombudsman notes the previous year was “very challenging” and that “staff have continued to deliver exceptional services” despite this. The Ombudsman goes on to say:

“Highlights include: closing more complaints than ever before, reducing the average time it takes us to complete an investigation, and exceeding our ambitious target for improving service quality.”¹²

Operational performance

10. The Annual Report and Accounts measures performance against four Strategic Aims, as set out in the Strategic Plan 2023-2026: A new chapter.¹³

- Strategic Aim 1: Delivering justice with a positive impact for people and public services.
- Strategic Aim 2: Increasing accessibility and inclusion.
- Strategic Aim 3: Increasing the impact of our proactive improvement work.
- Strategic Aim 4: Ensuring that we are a healthy, efficient and accountable organisation.

¹⁰ The Public Services Ombudsman for Wales

¹¹ Public Services Ombudsman for Wales. Strategic Plan 2023-2026: A new chapter. April 2023.

¹² Public Services Ombudsman for Wales. Turning the page. Annual Report and Accounts 2024-25, page 9.

¹³ Public Services Ombudsman for Wales. Turning the page. Annual Report and Accounts 2024-25, page 8.

Caseload

11. The Annual Report notes the Ombudsman received 9,757 new cases in 2024-25, 1 per cent less than 2023-24 but a 36 per cent increase compared to 2019-20.¹⁴ The Estimate for the year forecasted an increase in caseload between 5 per cent and 12 per cent.¹⁵

12. When asked if the methodology for forecasting caseload was robust enough, the Ombudsman explained that they “continue to refine and to try and improve how we're estimating future case numbers”. The Ombudsman added:

“I take some reassurance from the fact that, in the current year, we've seen an increase in complaints of 12 per cent, which is in line with the projected 13 per cent. So, I think we are refining and improving our forecasting as we go through the years.”¹⁶

13. The Ombudsman reflected that the work of the office to signpost individuals to the relevant body in the first instance might have contributed to the reduction in how many new cases were received. She explained:

“... if we have a contact at the beginning, an enquiry, and that issue is perhaps out of our jurisdiction or it's too early and we can't deal with it because perhaps they haven't already been to the public body concerned, then those aren't complaints that flow through into our complaints processes. We've done a lot of work on communications to try and make sure that people know they can't come to us at that early stage and to encourage them to go through the proper channels before coming to us.”¹⁷

14. The Ombudsman noted that whilst the number of people making contact with the office had decreased, the number of complaints that they could process had increased by 10 per cent. She explained:

“... when complaints are properly made and go through to assessment and investigation, that's the resource-intensive aspect of our work, and a lot of time is spent dealing with those

¹⁴ Public Services Ombudsman for Wales: Turning the page. Annual Report and Accounts 2024-25, page 15

¹⁵ Finance Committee, Annual Scrutiny of the Public Services Ombudsman for Wales, November 2023, page 33

¹⁶ Finance Committee, RoP, 16 October 2025, paragraph 201

¹⁷ Finance Committee, RoP, 16 October 2025, paragraph 206

complaints. So, last year that went up, and we had over 3,500 complaints, which was in excess of the previous year, and, indeed, any other previous year; it's the highest we've ever received."¹⁸

15. When asked why the caseload might be increasing, the Ombudsman's official noted they have noticed an increase in the number of individuals using artificial intelligence (AI) tools to make their complaint.¹⁹ They went on to explain that as a result they are receiving a lot of complaints that can't be dealt with as the complainant hasn't explored the issue with the public body or that the complaints don't fall under their jurisdiction as AI hasn't distinguished between the different ombudsman bodies.

16. The Annual Report notes that the time taken to complete an average investigation reduced to 53 weeks in 2024-25 in comparison to 64 weeks in 2023-24.²⁰ The Ombudsman explained that the casework team had made a conscious effort to reducing this timeframe and going forward they will look to "track that down through a more challenging and improving target every year".²¹

17. However, the Ombudsman noted that whilst some straightforward cases can be completed in a quicker way, cases which are more complex will require detailed investigations and therefore take longer to complete.²²

18. The Ombudsman's official added:

*"... we only investigate on the public service complaints side when we really feel that is necessary. The vast majority of our cases are dealt with at an early stage, where we can try and find resolutions and early settlements. Because, as you say, people do not want to be left in a position without having an outcome when things have gone wrong for up to a year."*²³

19. With regard to Code of Conduct complaints, the Annual Report notes that further work is needed to reduce the time it takes to consider the complaints. The Ombudsman's official reiterated these concerns and explained how they have

¹⁸ Finance Committee, RoP, 16 October 2025, paragraph 200

¹⁹ Finance Committee, RoP, 16 October 2025, paragraph 280

²⁰ Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 49

²¹ Finance Committee, RoP, 16 October 2025, paragraph 212

²² Finance Committee, RoP, 16 October 2025, paragraph 213

²³ Finance Committee, RoP, 16 October 2025, paragraph 215

trialled new ways of working within the team to address this issue, including temporary staff moves and a new temporary “paralegal-type post”.²⁴

20. The official concluded that whilst these changes are “reducing that time and reducing the number of cases that have gone over that 12 months” the office remains “at full capacity” and as a result of moving resources into the code of conduct team they are now “seeing pressures elsewhere in the service, on the public service complaint side”.²⁵

21. The Annual Report notes that 562 open cases have been carried forward to the next year and explains that this is an increase on the previous year which “reflects the pressures on our office, with the volume of new complaints constantly increasing”.²⁶ The Ombudsman’s official explained that out of the 562 open cases:

“... there were 531 open complaints and, in line with our key performance indicators, we refer to our aged investigations as being those that have gone over that 12-month period. There were 31 cases at the end of March that we carried over to this financial year, so that was 5.8 per cent of the open case load.”²⁷

22. The Ombudsman’s official highlighted the impact this increase has on resource is “quite significant” and staff are under a lot of pressure. To mitigate this the official explained that they have moved staff to support teams with a higher caseload and that this is a “constant juggling act” as they are “fully stretched”.²⁸

23. With regard to why cases are open for longer, an official for the Ombudsman noted a number of factors might be contributing to this including the need to engage with public bodies at regular intervals, accessing clinical advice and identifying a suitable specialist advisor for some cases. She concluded:

“But we’re not just standing still where those cases are in the queues. We are really trying to make progress. So, we have a couple of experienced members of staff who are trying to

²⁴ Finance Committee, RoP, 16 October 2025, paragraph 219

²⁵ Finance Committee, RoP, 16 October 2025, paragraph 219

²⁶ Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 17

²⁷ Finance Committee, RoP, 16 October 2025, paragraph 279

²⁸ Finance Committee, RoP, 16 October 2025, paragraph 280

manage that work for us and make progress, even though a case might not have a dedicated case owner.”²⁹

Workforce

24. The Annual Report notes that training and recruitment costs increased from £40,000 in 2023-24 to £120,000 in 2024-25.³⁰ The Ombudsman confirmed that 11 new starters took up roles in 2024-25 and a number of other recruitment campaigns were run but the successful candidates didn’t take up the post until the following financial year. Three new members were also recruited to the Audit and Risk Assurance Committee and Advisory Panel. The Ombudsman added that external agencies were used for some of the senior recruitments and that the costs are expected to return to normal levels next year.³¹

25. During 2024-25, an Interim Executive Director was appointed to cover the role of Chief Operating Officer from March 2025 on a 0.5 Full-Time Equivalent until a permanent position was filled.³² The Ombudsman explained the Interim Executive Director had a narrower area of responsibility than the previous Chief Operating Officer and that some of the responsibilities were shared with other members of the senior team which is why it was only a “half-time post”.³³ The Ombudsman confirmed that the structure of the senior leadership team has changed since this recruitment and there are two executive directors covering the area of responsibility.³⁴

26. The Annual Report notes one off-payroll worker engagement earning £245 per day or greater in 2024-25 and at 31 March 2025.³⁵ The Ombudsman clarified that this role was in relation to temporary cover until August 2025 for the vacant Head of IT post and that:

“... we went through the proper processes with that. We looked at our procurement. We followed His Majesty's Revenue and Customs guidance around IR35, which governs that type of activity. We followed the guidance and it showed that it was

²⁹ Finance Committee, RoP, 16 October 2025, paragraphs 283 and 284

³⁰ Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 90

³¹ Finance Committee, RoP, 16 October 2025, paragraph 291

³² Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 116

³³ Finance Committee, RoP, 16 October 2025, paragraph 296

³⁴ Finance Committee, RoP, 16 October 2025, paragraph 298

³⁵ Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 117

appropriate to fill this role in this way. We also discussed the issue with our ARAC and were transparent with them about the costs. It was all checked, and the treatment was approved with Audit Wales as well, when they did our year-end accounts.”³⁶

Welsh Language

27. In 2024-25, 27 people requested to be communicated with in Welsh; compared to 61 in 2023-24. The Annual Reports reflects that this is a low number, going on to say:

“Our research last year suggested that even confident Welsh speakers would generally choose to complain in English. Nevertheless, next year we will continue in our efforts to promote our Welsh language services.”³⁷

28. The Ombudsman explained that work will be undertaken to explore why individuals don’t feel confident to submit complaints in Welsh and if further support is required to encourage this. She went onto to highlight that in addition to complying with the Welsh Language Standards there are now more Welsh speakers within the workforce which allows for more complainants to progress their case through the medium of Welsh.³⁸ She explained that by having Welsh language skills across more teams they have been able to utilise these skills in a more informal setting:

“... even though people don't formally make their complaint in Welsh, when they then track through and start working with an officer who's dealing with their complaints, they quite often, if they want to, then use Welsh as the language of communication, in talking to people on the phone about their case.”³⁹

29. She concluded:

“... we are going to do that work, to try and profile complainants a bit better, and to see if there's more we can be doing to encourage them to formally make their complaints in Welsh.

³⁶ Finance Committee, RoP, 16 October 2025, paragraph 303

³⁷ Public Services Ombudsman for Wales: Turning the page. Annual Report and Accounts 2024-25, page 59

³⁸ Finance Committee, RoP, 16 October 2025, paragraphs 222 and 223

³⁹ Finance Committee, RoP, 16 October 2025, paragraph 225

*Everything is there for them to be able to do so, but they're just, at the moment, not choosing to use that.*⁴⁰

30. The Ombudsman noted that this profiling would include a breakdown of individuals who submit a complaint in English but converse with the office in Welsh.⁴¹

Own Initiative Investigations

31. The 2019 Act includes a provision for the Ombudsman to undertake two types of own initiative (OI) investigations:

- Extended OI investigation happens when the Ombudsman is already investigating a problem and extends the investigation to other issues or complainants.⁴²
- Wider OI investigation happens when the Ombudsman conducts a stand-alone investigation which does not relate to a complaint made by an individual.⁴³

32. The Explanatory Memorandum for the 2019 Act costs for 1-2 wider OI investigations per year.⁴⁴ Since 2019 the Ombudsman has completed two wider OI investigations.⁴⁵

33. The Ombudsman told the Committee that she intends to launch a consultation on the next wider OI investigation “early next month” and subject to the outcome of the consultation for that investigation to be launched in the new year.⁴⁶ With regard to extended OI investigations, the Ombudsman noted that three such investigations were in progress.⁴⁷

34. The Ombudsman reflected on a number of lessons learned as a result of the OI investigations undertaken to date including the need for concise and targeted

⁴⁰ Finance Committee, RoP, 16 October 2025, paragraph 224.

⁴¹ Finance Committee, RoP, 16 October 2025, paragraph 227.

⁴² Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 64.

⁴³ Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 66.

⁴⁴ Public Services Ombudsman (Wales) Bill, Explanatory Memorandum, March 2019, page 102.

⁴⁵ Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 66.

⁴⁶ Finance Committee, RoP, 16 October 2025, paragraph 232.

⁴⁷ Finance Committee, RoP, 16 October 2025, paragraph 233.

consultations, ensuring the scope of the investigation remains focused and improving engagement with relevant public bodies.⁴⁸

Outreach and promoting learning

35. The Annual Report states that communications and engagement work during 2024-25 has continued to focus on young people, people from diverse ethnic backgrounds, diverse national backgrounds, disabled people, Welsh speakers and people experiencing socio-economic disadvantage.⁴⁹

36. The Ombudsman attended several events to promote her services and notes strong engagement on social media. Whilst many of the target groups appear to be aware of the service, the Annual Report notes few complaints from them. The Ombudsman notes:

“Next year, we will narrow our focus and redouble our efforts to encourage some of these groups to use our services.”⁵⁰

37. When asked what work is being undertaken to engage with harder to reach groups, such as the homeless, the Ombudsman reflected on her OI powers as:

“... certain people will just probably never come to us with a complaint, and therefore allowing us to target people who are homeless, unpaid carers, and perhaps in the future more vulnerable people in the community, regarding housing issues. It allows us to do that, as long as we have that reasonable suspicion of maladministration. So, that's an important way that we can do it.”⁵¹

38. The Ombudsman also explained how some of the outreach work they undertake involved working with other groups to “help us get access into those communities, or can make sure those communities and people are aware of what it is we do”. She added:

“The sort of thing that we've been doing is getting out and attending events where we think we can meet people, giving us

⁴⁸ Finance Committee, RoP, 16 October 2025, paragraphs 236 - 238

⁴⁹ Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 57

⁵⁰ Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 57

⁵¹ Finance Committee, RoP, 16 October 2025, paragraph 247

*an opportunity to talk about our work and promote our work to people that perhaps wouldn't normally know about us."*⁵²

39. The Ombudsman added they are also starting to implement some of the findings from the research they commissioned regarding improving engagement with the third sector across Wales. She explained they are engaging with the sector:

*"... to look at how we can link into their networks and some of the things that they're doing to promote our work and start having conversations with the people working in the third sector across Wales that can help us perhaps reach into areas or identify issues that we haven't previously identified. So, we've done that research and we're starting to act on that already."*⁵³

40. Reference was also made to the work undertaken by the Ombudsman with regard improving awareness of Members and support staff to the work and support the Ombudsman can provide to constituents:

*"We're engaging with the Senedd Commission to look at how we can plug into induction arrangements for new Members of the Senedd next spring, again to promote what we're doing with a greater number of Members but also with constituency staff. And next month we'll be at an event in Westminster to do a similar thing with MPs and their staff, joining other ombuds organisations from across the UK."*⁵⁴

41. The Ombudsman concluded the engagement strategy will be reviewed in line with recommendations made by the Committee following its post-legislative review of the 2019 Act.⁵⁵

⁵² Finance Committee, RoP, 16 October 2025, paragraph 247.

⁵³ Finance Committee, RoP, 16 October 2025, paragraph 250.

⁵⁴ Finance Committee, RoP, 16 October 2025, paragraph 251.

⁵⁵ Finance Committee, RoP, 16 October 2025, paragraph 247.

Outturn and Governance

42. The Ombudsman's net total outturn was £6.089 million, an underspend of £179,000 or 2.9 per cent,⁵⁶ compared to the 2024-25 Revised Estimate (£6.268 million)⁵⁷.

43. The Annual Report provides an analysis of spending by Strategic Aim:

- Strategic Aim 1: Delivering justice with a positive impact for people and public services - 72.9 per cent of net expenditure (74.9 per cent in 2023-24)
- Strategic Aim 2: Increasing accessibility and inclusion - 4.3 per cent of net expenditure (4.1 per cent in 2023-24)
- Strategic Aim 3: Increasing the impact of our proactive improvement work - 19.1 per cent of net expenditure (17.8 per cent in 2023-24)
- Strategic Aim 4: Ensuring that we are a healthy, efficient and accountable organisation - 3.7 per cent of net expenditure (3.2 per cent in 2023-24).⁵⁸

44. When asked why there has been a change in expenditure across Strategic Aims 1 and 3 the Ombudsman clarified that monetary spend in both were increased but the proportions changed to reflect temporary staffing changes in light of maternity leave:

*"... we don't have the budget, usually, to cover people for maternity leave, but, on this occasion, those two roles were really, really critical for us. One was a compliance officer and the other was our head of policy and communications, roles we felt we couldn't leave unfilled for a whole year. So, we put funding in from elsewhere in the budget in order to cover maternity leave. Both of those officers are now back in work, so the funding will return to its normal level in the current year."*⁵⁹

⁵⁶ Public Services Ombudsman for Wales: Turning the page. Annual Report and Accounts 2024-25, page.123

⁵⁷ Finance Committee. Scrutiny of the Second Supplementary Budget 2024-25. March 2025. page 29.

⁵⁸ Public Services Ombudsman for Wales: Turning the page. Annual Report and Accounts 2024-25, page.144

⁵⁹ Finance Committee. RoP. 16 October 2025. paragraph 256

45. The Ombudsman confirmed that the “increased focus on the proactive work” has not come at the expense of casework.⁶⁰

Costs associated with the Public Services Ombudsman (Wales) Act 2019

46. The Annual Report sets out costs associated with the additional powers provided to the Ombudsman under the 2019 Act. For 2024-25 the total expenditure was £409,000 against a budget of £420,000, a variance of £11,000.⁶¹

47. When asked if any cost avoidance benefits arose from the 2019 Act were identified during 2024-25, the Ombudsman reflected that without the 2019 Act the caseload would have increased by 10,000 to 16,000 in one year which is “way above” actual caseload. She explained:

“... we've received fewer complaints than we would have if the new Act hadn't been in place. And our estimate based on the unit costs, which we have in our annual report, is that that could relate to a cost avoidance of between £135,000 and £3.2 million, just in that one year. I know that's a huge variation, but 10,000 to 16,000 is also a huge variation in terms of where it may have been. But I think the basic point, which is correct, is that, if the Senedd hadn't put the Act in place, it's likely that our case load would have been much higher. The work that we've been doing in the interim period, the powers we have in the new Act, have allowed us to slow down that increase and we've therefore not had to fund the cost of dealing with that increased case load.”⁶²

48. With regard to the benefits, efficiencies and improvements arising from the 2019 Act, the Ombudsman reflected that the reduction in complaints about complaint handling by public bodies might be as a result of their work in training public bodies on how to deal with complaints. She added:

“We've got common complaint standards now in place across health, local government and housing. From our own research, and again it's referenced in the annual report, people are saying that they're generally having a better experience if they make a complaint to a public body, and we hope that this is all

⁶⁰ Finance Committee, RoP, 16 October 2025, paragraph 256

⁶¹ Public Services Ombudsman for Wales, Turning the page, Annual Report and Accounts 2024-25, page 89

⁶² Finance Committee, RoP, 16 October 2025, paragraphs 259 and 260

part of the complaint standard, the training and the work that we've been doing with the public sector.”⁶³

49. The Annual Report states that communications cost as a result of 2019 Act were £15,000 in 2024-25⁶⁴, however in 2023-24 these costs were £1,000⁶⁵. The Ombudsman clarified that the increase was as result of two one off costs:

“The first was that we did publish our second own-initiative investigation, which meant that we incurred additional costs around translation, design and printing to be able to publish that report. And the second was that we commissioned some additional stakeholder research, particularly around doing in-depth interviews with chief execs and senior leaders in public bodies, again to try and assess the impact of the new powers we have and the work that we've been doing around that.”⁶⁶

50. Similarly, the Ombudsman confirmed that the additional £8,000 which was spent on professional fees⁶⁷ was as result of the research that was commissioned in relation to the third sector which was used to inform their submission to the Committee's post-legislative review of the 2019 Act.⁶⁸

Other costs

51. The Annual Report notes that during 2024-25, the Ombudsman utilised £144,000 of the provision for dilapidation costs, leaving a balance of £179,000 at 31 March 2025.⁶⁹ An official for the Ombudsman explained this is in relation to the reduction in the office space:

“It happened in April 2024, so that's when it appeared in the accounts. The provision relates to a resource—it's not cash; there was no cash that changed hands with this—it's looking at putting the building correct for one floor, rather than for three floors. During the audit, we worked with Audit Wales to come

⁶³ Finance Committee, RoP, 16 October 2025, paragraph 263

⁶⁴ Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 89

⁶⁵ Public Services Ombudsman for Wales: A New Chapter Unfolds, Annual Report and Accounts 2023/24, page 59

⁶⁶ Finance Committee, RoP, 16 October 2025, paragraph 266

⁶⁷ Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 89

⁶⁸ Finance Committee, RoP, 16 October 2025, paragraph 272

⁶⁹ Public Services Ombudsman for Wales: Turning the page, Annual Report and Accounts 2024-25, page 151

up with that new provision to make sure that we reflected that we had one floor.”⁷⁰

Committee View

52. The Committee notes that, whilst the number of individuals who contact the Ombudsman has continued to increase since the 2019 Act granted the Ombudsman additional powers, there was a slight reduction in overall numbers for 2024-25. We welcome the Ombudsman’s work to improve signposting to relevant public bodies and agree that this might help reduce the number of individuals who submit early complaints to the Ombudsman before contacting the relevant public body.

Conclusion 1. The Committee supports the Ombudsman’s approach in improving the signposting of individuals to appropriate public bodies to discuss their complaint in the first instance.

53. The Committee notes the Ombudsman’s increasing caseload with regard to the number of complaints that have been accepted and processed. We also heard how the Ombudsman is receiving more complaints which might be created by complainants using AI.

54. With regard to forecasting caseload, we welcome the Ombudsman’s commitments to refining the mechanisms for caseload projection to ensure that pressures can be met within existing resources or to determine if additional resource is required. We note that the number of complaints received for the current year is in line with the forecast for the year, which provides some assurance that the forecasting mechanism is fit for purpose.

Conclusion 2. The Committee welcomes the work undertaken by the Ombudsman to further refine the mechanisms for caseload projection.

55. The Committee welcomes the reduction in the time taken to complete an average investigation, either as a result of early resolutions and early settlements, and acknowledges the Ombudsman’s commitment to further improvements in this area. However, we remain concerned about the continued delays in complex cases, the strain on staff capacity and the need for complainants to have their case resolved whilst the issue is still a matter of concern.

⁷⁰ Finance Committee, RoP, 16 October 2025, paragraph 294

56. The Committee notes an increase in open cases being carried forward and the impact this is having in increasing the amount of aged cases, in particular as the Annual Report for 2023-24 reported a focus on closing aged cases⁷¹. The Committee acknowledges the challenges in progressing cases, however, we are aware that this increase in cases will be placing additional pressure on staff and note the Ombudsman's attempt to alleviate these pressures through internal staff moves to those teams who require additional support.

57. The Committee is of the view that proactive measures should be taken to identify and address any risks to staff morale, resilience, and mental health which may arise as a result of increased work pressure and staff moves. This should include regular engagement with staff, transparent communication about organisational changes, and the provision of appropriate support mechanisms to ensure a sustainable and healthy working environment.

Recommendation 1. The Committee recommends the Ombudsman provides information on plans she has to alleviate workload pressures and to outline the support that is available to staff and for this to inform future resource planning.

Recommendation 2. The Committee recommends that the Ombudsman prioritises the monitoring of staff wellbeing in light of increased workloads and recent staff movements.

58. We note the changes made by the Ombudsman to the structure of the senior leadership team in light of vacancies which have arisen in 2024-25. Whilst we acknowledge that utilising opportunities to implement changes to staffing structures can be beneficial, we ask that the Ombudsman reviews these changes to ensure that they continue to meet the needs of the organisation.

Recommendation 3. The Committee recommends that the impact of the revised senior leadership structure be evaluated over time, with findings published in an Annual Report to ensure that the new arrangements deliver operational efficiency and strategic oversight.

59. We welcome the assurances from the Ombudsman that the office is complying with the Welsh Language Standards and that there are more Welsh speakers at the organisation which allows more cases to be progressed through the medium of Welsh. However, we note the number of complaints submitted in Welsh has reduced. We share the Ombudsman's interest in understanding why

⁷¹ [Public Services Ombudsman for Wales: A New Chapter Unfolds: Annual Report and Accounts 2023/24, July 2024](#)

Welsh speakers make the complaints in English despite subsequently indicating they are happy to communicate with the office in Welsh.

60. We welcome the Ombudsman's proactive approach to undertake profiling work to better understand the barriers faced by Welsh speakers and to explore whether additional support is needed in this area. The Committee would be particularly interested to understand if a correlation exists between age and the language preference of the complainant and ask that this be reviewed within the profiling exercise. We ask that the Ombudsman includes the results of the profiling exercise in her next Annual Report.

Recommendation 4. The Committee recommends that the Ombudsman undertakes an anonymised profiling exercise to identify trends in language preference of complainants and publishes the responses in the next Annual Report with the findings to inform future service improvements.

61. The Committee notes the limited use of wider OI investigations since the 2019 Act's introduction. As part of our post-legislative review of the 2019 Act we made a number of recommendations in relation to OI investigations that we would urge the Ombudsman to implement.⁷² We welcome indications from the Ombudsman that she is already implementing one of these recommendations with regard to streamlining the consultation period in line with lessons learnt from previous OI investigations.

Conclusion 3. The Committee welcomes the Ombudsman's approach in applying the lessons learnt in developing future own initiative investigations in line with the Committee's previous recommendations in this area.

62. The Committee recognises the importance of improving the efficiency of processes for developing plans to undertake a greater number of OI investigations and notes that the Ombudsman was hoping to issue a consultation for a wider OI investigation imminently. We believe that strengthening these planning mechanisms will enable the Ombudsman to respond more effectively to systemic issues and deliver greater public value. In our view, this approach will support transparency, enhance accountability, and maximise the impact of the Ombudsman's work.

⁷² Finance Committee, Post-legislative review of the Public Services Ombudsman (Wales) Act 2019, October 2025, pages 37 to 40.

Recommendation 5. The Committee recommends that the Ombudsman improves the efficiency of processes for developing plans to undertake a greater number of own initiative investigations.

63. The Committee notes the Ombudsman's proactive approach to outreach, including attendance at public events and collaborative work with both third sector organisations and elected representatives, in order to engage with hard to reach groups. Despite these efforts, the Committee is concerned by the low number of complaints received from the target groups which suggests a gap between awareness and actual service use. However, we welcome the Ombudsman's intention to narrow the focus and intensify efforts to encourage uptake among these communities, in line with the recommendation we made as part of our post-legislative review of the 2019 Act.⁷³

64. The Committee notes that the Ombudsman was required to change the proportions of monetary spend across Strategic Aims 1 and 3 to reflect temporary staffing changes and recognise that the proportions will return to reflect the split of previous years in next year's Annual Report.

65. The Committee welcomes the Ombudsman's evidence regarding the cost avoidance benefits arising from the 2019 Act. We acknowledge the Ombudsman assurances that the 2019 Act has helped to slow the increase in caseload, which suggests that the preventative and systemic powers introduced by the Act are having a tangible impact.

66. The Committee further notes the reported improvements in complaint handling across public bodies, attributed to the implementation of the CSA and training initiatives. We believe this contributes to a more consistent and positive experience for service users, as evidenced by the Ombudsman's research.

Recommendation 6. The Committee recommends that the Ombudsman continues to quantify and publish data in the Annual Report on the costs of powers associated with the Public Services Ombudsman (Wales) Act 2019 to aid future scrutiny.

⁷³ Finance Committee, Post-legislative review of the Public Services Ombudsman (Wales) Act 2019, October 2025, page 20.

3. Public Services Ombudsman for Wales Estimate 2026-27

Overview

67. The Ombudsman's Estimate 2025-26 (the Estimate) sets out cash and resource requirements of £6,442,000 and £6,820,000 respectively. This is an overall cash increase of £345,000, or 4.5 per cent, compared with 2025-26.⁷⁴ The Ombudsman describes this Estimate as a:

*"... 'step-change' year, with a request for more substantial investment that will provide vital, additional resources to help us deal with both the current workload, and to future-proof the organisation against the future workload challenges our data shows we can expect to deal with."*⁷⁵

68. The Ombudsman clarified that:

*"Three per cent relates to pay and price pressures that we're talking about. The 2.4 per cent then is looking at the additional resource and then investing in the technologies to futureproof us. So, that step change part is 2.4 per cent of our increase in our estimate."*⁷⁶

69. The Ombudsman identifies £87,000 in efficiency savings from professional advice work and £29,000 in savings in pension payments.⁷⁷

Contingency Planning

70. In a letter issued to the Committee on 16 January 2025 in relation to the previous 2025-26 budget round, the Cabinet Secretary for Finance and Welsh Language explained the practical implications for Directly Funded Bodies, including the Ombudsman, if the Annual Budget Motion was not approved by the Senedd. It stated:

"If a Budget Motion is not passed before 1 April of the upcoming financial year, Section 127 of the Government of Wales Act

⁷⁴ Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 8.3

⁷⁵ Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 2.3

⁷⁶ Finance Committee, RoP, 16 October 2025, paragraph 365

⁷⁷ Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 2.4

2006 (GoWA) (Appropriation without Budget Resolution) automatically takes effect. This would give the Welsh Government and directly funded bodies authority to accrue (spend) resources, retain income, and draw cash from the Welsh Consolidated Fund of up to 75% of the limits approved in the previous financial year. If a Budget Motion still has not passed by the end of July, up to 95% of the previous financial year limits are deemed authorised.”⁷⁸

71. Addressing the impact on the Ombudsman if the Annual Budget Motion is not passed, the Ombudsman’s official indicated that they would be able to manage on a “short-term basis”. She explained that as 80 per cent of the budget is staff costs only receiving 75 per cent of the estimate would have a direct impact but could be mitigated by:

“... holding vacancies, delaying project work and by doing less, essentially, because we couldn't do as we're doing now with less resource. However, in terms of the vacancies and holding that, it's only possible if we do have vacancies come available. So, if those vacancies don't come up, then we won't be able to do that.”⁷⁹

72. The official went on to explain that should they only receive 95 per cent of the Estimate:

“... we would be looking at a reduction in staff resources and it would have a direct impact on our output, because we wouldn't be able, due to this 80 per cent of our staff costs—. Essentially, we would be facing redundancies in that scenario. Even in this scenario, we wouldn't be able to absorb those redundancy costs, so we would be coming back with a request in a supplementary budget to cover those redundancy costs.”⁸⁰

73. The official indicated that the service the office would be able to provide to complainants would be adversely impacted by any reduction in staff numbers.

⁷⁸ Letter from the Cabinet Secretary for Finance and Welsh Language to the Finance Committee, 16 January 2025

⁷⁹ Finance Committee, RoP, 16 October 2025, paragraphs 307 and 308

⁸⁰ Finance Committee, RoP, 16 October 2025, paragraph 311

She also noted that resources would be pulled from their proactive improvement work in order to focus on dealing with complaints.⁸¹ She concluded:

“... essentially, it wouldn't allow us to achieve our strategic aims and objectives, we feel it would expose us to a significant risk, and it would take us a long time to recover from.”⁸²

Staff Salaries

74. The Estimate notes that nearly 80 per cent of the Ombudsman's costs are staff costs, the biggest cost pressures arising from pay awards and employer pension and National Insurance contributions. It explains:

“These are not costs that we can directly control, at least in the short term. As indicated above, staff are contractually entitled to pay awards agreed for local government staff in England, Wales and Northern Ireland by the local government National Employers organisation.”⁸³

75. The Estimate states that the 2025-26 local government pay award has been settled at 3.2 per cent. The Estimate adds:

“This submission includes provision for a 3% pay award from April 2026 and we are seeking £157k to help us meet increased staff costs.”⁸⁴

76. The Ombudsman's official explained that they based the Estimate on a 3 per cent pay award for 2026-27 having looked at pay awards given in other public bodies but acknowledged they had no control on what the final pay award would be.⁸⁵

77. The Estimate notes that if actual local government pay awards are higher than provided for, there may be a funding shortfall and may require the submission of a Supplementary Budget.⁸⁶ The Ombudsman's official confirmed that should the pay award be less than the estimated 3 per cent, the surplus funds would be returned.⁸⁷

⁸¹ Finance Committee, RoP, 16 October 2025, paragraphs 312 and 313

⁸² Finance Committee, RoP, 16 October 2025, paragraph 313

⁸³ Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 5.2

⁸⁴ Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 5.3

⁸⁵ Finance Committee, RoP, 16 October 2025, paragraph 340

⁸⁶ Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 5.3

⁸⁷ Finance Committee, RoP, 16 October 2025, paragraph 338

Efficiencies

78. Since the last Estimate, the Ombudsman has generated £87,000 worth of efficiency savings, as a result of changing approach to professional advice.⁸⁸

79. The Ombudsman has also saved £42,000 through re-tendering and change of supplier for the IT Support contract and £29,000 has been saved as pension payments to spouses of former Local Government Commissioners will be lower in 2026-27.⁸⁹

80. The Estimate proposes to apply the £87,000 cash-saving efficiency from savings in professional advice to meet the some of the costs of additional staffing.⁹⁰ An official for the Ombudsman explained that the savings are as a result of the investment in the case management system and streamlining communications with professional advisors. The official confirmed that this will be a “recurring saving, but then we'd be looking for that to come under our new staffing”.⁹¹

81. With regard to how many staff could be recruited as a result of these savings, the official explained they have identified a figure because:

“... we want to do is to take the opportunity to have a fundamental look at how we organise those services and reconfigure them to match where we're at now in terms of case load, but also to futureproof it so that we can project over the next few years where we're going to be and try and put in place an arrangement with those modest additional resources, where we don't have to come back for increases in the next few years.”⁹²

Investment costs

82. The Estimate includes a commitment investment in the IT and Digital Strategy, through the use of property savings. The Ombudsman is seeking a £70,000 investment to meet additional costs of IT procurements due in 2026-27

⁸⁸ Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 6.2

⁸⁹ Public Services Ombudsman for Wales: Estimate 2026/27, paragraphs 6.2 a 6.3

⁹⁰ Public Services Ombudsman for Wales: Estimate 2026/27, paragraphs 6.2 a 6.3

⁹¹ Finance Committee, RoP, 16 October 2025, paragraphs 342 and 343

⁹² Finance Committee, RoP, 16 October 2025, paragraph 348

(£42,000) and to fund initial work on using AI to further improve casework efficiency (£28,000).⁹³

83. The Ombudsman's official outlined some of the projects which will be funded by these investments, including the development of a portal project which will streamline "engagement and communication with the relevant bodies" which could speed up the complaints process and create further efficiencies.⁹⁴ The official added that whilst work is being undertaken to determine how AI could streamline some of their processes and create further efficiencies, she confirmed AI wouldn't be involved with the decision making process.⁹⁵

84. Additional resources sought in the 2024-25 Estimate included a data analyst. This staff member has contributed towards the development of the Ombudsman's first Data Strategy to deliver data-driven decisions.⁹⁶ The Ombudsman reflected:

*"... we do have a data strategy in place now and we have started to see improvements in how we present data internally. I think the next stage for us, working with the new head of IT, is to look at how we can present that more externally to the organisation and use that data in a bit more of a proactive way, as Heather has identified, in our insights and detecting trends in our case load as well. So, we've made a start, but there's a lot more to be done on that ..."*⁹⁷

Caseload

85. The Estimate notes that the data shows they are currently experiencing a 13 per cent increase in enquiries in the current year to date. The Estimate states this high volume of enquiries suggests an increase in the number of complaints in the next few months.⁹⁸

86. To manage staff caseloads the Estimate notes that cases are being queued.⁹⁹ An official for the Ombudsman explained that whilst public service complaints are queued "until an experienced caseworker is able to oversee the sifting process of those cases" the temporary arrangements to increase staff numbers within the

⁹³ Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 2.4.

⁹⁴ Finance Committee, RoP, 16 October 2025, paragraph 357.

⁹⁵ Finance Committee, RoP, 16 October 2025, paragraphs 360 and 361.

⁹⁶ Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 3.9.

⁹⁷ Finance Committee, RoP, 16 October 2025, paragraph 363.

⁹⁸ Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 4.4.

⁹⁹ Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 4.8.

code of conduct complaints team means none of the complaints are queued. The official concluded:

“... the additional request for funding, which we believe is modest in the circumstances, but would give us an opportunity to have that reset, look at what has worked for the code team and look at how we could review our practice and approach on the public service complaints side, particularly at the front end of our service, where we are seeing these high pressures at the moment.”¹⁰⁰

Medium Term Financial Plan

87. The Estimate notes the formation of the first Medium Term Financial Plan (MTFP), which looks ahead at pay and price pressures over the next three years, together with increasing demand for services. The Estimate states the plan seeks to identify the resource likely to be needed to allow services to be delivered and objectives to be met.¹⁰¹

88. An official for the Ombudsman explained the modelling that has been undertaken to inform the MTFP includes identifying efficiency in multiple areas including future procurement, rent reviews and how they can better utilise technology to drive efficiencies. The official added that the MTFP also identifies where additional resource is required to manage demand. She concluded that the MTFP would provide the flexibility to adapt to “pressures in different parts of the organisation”.¹⁰²

Complaints Standards Authority

89. The Estimate states the Complaints Standards Authority (CSA) has 51 public bodies working under the Complaints Standard and the process of bringing the majority of the remaining Housing Association under the Standards is beginning this financial year. The Ombudsman notes an increase in demand for training and support.¹⁰³

90. The Ombudsman intends to bring further public bodies under the Standards which the Estimate states the process for this will require adaptation and will

¹⁰⁰ Finance Committee, RoP, 16 October 2025, paragraphs 315 and 316

¹⁰¹ Public Services Ombudsman for Wales: Estimate 2026/27, paragraphs 3.11 and 3.12

¹⁰² Finance Committee, RoP, 16 October 2025, paragraphs 325 and 326

¹⁰³ Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 4.12

provide additional demand on already limited resources.¹⁰⁴ However, an official for the Ombudsman confirmed that the current Estimate does not ask for additional resource to support the roll out and this will be managed by internal staff moves.¹⁰⁵

Committee View

91. The Committee notes that the Ombudsman's Estimate for 2026-27 has been prepared in the context of funding pressures in the public sector. We acknowledge that the number of complaints being considered by the Ombudsman continues to see year-on-year increases and that in order to future proof the organisation this Estimate asks for a more substantial investment than previous years. We are therefore satisfied that with the overall cash and resource requirements of £6,442,000 and £6,820,000 and agree that this is required to support the core business of the organisation, given increasing staff costs and the ongoing inflationary pressures.

Conclusion 4. The Committee notes the detail in the "Public Services Ombudsman for Wales: Estimate 2026-27" and considers the Estimate acceptable. Subject to the comments and recommendations in this report, the Committee supports the overall request for resource.

92. The Committee notes that, if the Annual Budget Motion is not agreed, the Ombudsman will only be able to access a proportion of the current year's approved budget - 75 per cent until the end of July and 95 per cent thereafter - in accordance with Section 127 of the Government of Wales Act 2006.¹⁰⁶

93. We note that the Ombudsman has undertaken some contingency planning should the Annual Budget Motion not be passed by the Senedd by the end of the financial year. However, as the majority of the Ombudsman's budget is set aside for staff costs we note with concern about the impact that a reduced budget would have on the workforce. This scenario could also could undermine the Ombudsman's capacity to deliver its services over time.

94. The Committee notes that the Estimate allows for a staff pay award of 3 per cent for the April 2026 award. We are aware that the local government pay award, which applies to staff under their contracts of employment, has not been settled for April 2026. Although it is not appropriate for the Committee to take a view on

¹⁰⁴ [Public Services Ombudsman for Wales: Estimate 2026/27, paragraph 4.14](#)

¹⁰⁵ [Finance Committee, RoP, 16 October 2025, paragraph 328](#)

¹⁰⁶ [Government of Wales Act 2006 \(c.32\)](#)

operational matters within the Ombudsman, such as the pay levels of staff, we have a natural interest in the budgetary impact of those decisions and ask to be informed of changes to the pay award in light of ongoing negotiations, including its budgetary impact, and confirmation if a supplementary budget is required.

Recommendation 7. The Committee recommends that the Ombudsman informs the Committee of any proposed or confirmed changes to the April 2026 pay award and confirms whether it intends to submit a supplementary budget to cover any related increases in costs that cannot be absorbed within its current budget.

95. The Committee welcomes the efficiencies of £71,000 identified in the Estimate which have been realised through a re-tendering exercise and a change of supplier for the IT Support contract, and as a result of pension payments to spouses of former Local Government Commissioners being lower in 2026-27. We note that some of this savings will be used to support the recruitment of additional staff to support the Ombudsman's work of future proofing the organisation to meet forecasted demands, and the Committee calls on the Ombudsman to provide further details relating to this area.

Recommendation 8. The Committee recommends the Ombudsman provides an update on how many staff it recruits as a result of these savings and outlines their impact within a future Annual Report.

96. We note the Ombudsman is offsetting its property savings to invest in the IT and Digital Strategy in order to support the work being undertaken to speed up the complaints process and create further efficiencies. Last year we recommended that the Ombudsman considers how AI or automation could result in efficiencies¹⁰⁷ and we are glad to see that the Ombudsman is implementing our recommendation.

Conclusion 5. The Committee welcomes the Ombudsman's approach of investing in its IT and Digital Strategy in order to create further efficiencies and speed up the complaints process.

97. The Committee acknowledges that, once again, the Estimate forecasts an increase in caseload for 2026-27. We note the Ombudsman's approach to changing staffing structures to meet these demands. However, we remain concerned about the queuing process which is in place for complaints in relation

¹⁰⁷ [Annual Scrutiny of the Public Services Ombudsman for Wales, November 2024, page 34](#)

to public services and would welcome further clarification as to how this process works in practice.

Recommendation 9. The Committee recommends that the Ombudsman provides further information on how the queuing process for public services complaints in greater detail and the impact that changes in the staffing structure will have on this process.

98. We welcome the Ombudsman's approach to developing the first MTFP. The Committee agrees that this approach will support the Ombudsman's plans with regard to service delivery and identify efficiencies and pinpoint where additional resources are required.

Conclusion 6. The Committee welcomes the Ombudsman's approach in developing its Medium Term Financial Plan.

Public Services Ombudsman for Wales

Estimate 2026/27

1. Introduction

- 1.1 This Estimate submission for 2026/27 has been prepared for consideration by the Senedd Finance Committee. The office's [Annual Report & Accounts for 2024/25](#) provide details of activities and achievements in that year. Our new Strategic Plan for 2026 to 2029 is being prepared and will be published for consultation later in the year. It is intended that the Plan is finalised and approved in early 2026.

2. Executive Summary

- 2.1 In 2024/25, we saw an increase in the number of complaints received about public services. Since 2019/20, the volume of new complaints reaching our office has increased, by 43%. This increase in caseload, and the pressure that this places on the wellbeing of our staff, is hugely challenging. To manage this increase, we have intervened early in more cases, avoiding the need for lengthy investigations, while also reducing the time it takes us to complete investigations. We are also continuing to experience increased case numbers in the current year.
- 2.2 This Estimate has been prepared within the context of the increase in complaints and enquiries, and our residual red risk (as shown in our Annual Report & Accounts): that we have reached capacity, in terms of the level of cases we are able to positively intervene in each year. The Estimate reflects the resources needed to support the delivery of the Strategic Aims, which will be set out in our new Strategic Plan, whilst also being mindful of the challenges continuing to face public sector finances.
- 2.3 Our submission considers 2026/27 as a 'step-change' year, with a request for more substantial investment that will provide vital, additional resources to help us deal with both the current workload, and to future-proof the organisation against the future workload challenges our data shows we can expect to deal with.
- 2.4 In Summary, the Estimate includes:
- 3% forecast pay award for April 2026 (£157k).
 - £237k investment in additional staffing resources, to bring us back up to optimal capacity, to better reflect the caseloads we are dealing with, and to provide greater resilience and capacity.
 - £70k investment to meet the additional costs of key IT procurements due in 2026/27 (£42k) and to fund our initial work on using AI to further improve efficiency in our casework (£28k).
 - Reflects cash-saving efficiencies of £87k, from savings on professional advice which will be used to meet the some of the costs of additional staffing.
 - Reflects a cash-saving of £29k, as pension payments to spouses of former Local Government Commissioners will be lower in 2026/27.

- Reflects cash-saving efficiencies of £42k, from savings on previous IT procurements, which will be used to offset the procurement cost increases in 2026/27.
- Includes no contingency. Since we have no contingency or reserves, any significant unexpected costs (such as pay awards above levels allowed for, or significant legal costs arising, for example, from case-related court cases or judicial review) would result in a Supplementary Budget submission.

2.5 **In summary, the Cash and Resource requirements are £6,787k and £6,820k respectively. This is an overall cash increase of £345k, or 5.4%, as a result of efficiencies being used to offset some significant cost pressures. 3.0% of this increase arises from externally generated pay and price pressures, which if approved would represent a ‘business as usual’ and stand still budget increase. The remaining 2.4% requested covers the growth needed to cope with increases in demand, and investment to make our service more efficient.**

2.6 The PSOW Act does not allow a charge to be made for our services and we receive no fee income. We recover the costs of payroll services to the Future Generations Commissioner only and are therefore entirely dependent on funding from the Welsh budget, following the recommendations of the Senedd Finance Committee. Our budget includes no contingency, and we hold no reserves.

2.7 In addition to the cash-releasing savings above, we continue to make volume efficiencies (‘doing more with the same’), as a result of not increasing our staff numbers in proportion with the increases in casework that we are continuing to experience (see section 6). Whilst these efficiencies do not generate cash savings, they reflect real efficiencies made. However as discussed with the Committee last year, we have now reached capacity in terms of the level of cases we are able to able to positively intervene in each year.

2.8 The proposed budget ambit is shown in Appendix A.

3. 2025/26 Update

3.1 Our Strategic Plan for 2023-26 sets out our vision and ambition for public services in Wales. It also sets out our four Strategic Aims:

1. Delivering justice with a positive impact for people and public services
2. Increasing accessibility and inclusion
3. Increasing the impact of our proactive improvement work
4. Ensuring that we are a healthy, efficient and accountable organisation.

3.2 Our new Strategic Plan for 2026 to 2029 is being prepared and will be published for consultation later in the year. It is intended that the Plan is finalised and approved in early 2026.

- 3.3 We monitor and report on our performance against a number of Key Performance Indicators (KPIs), which aim to support continuous improvement in our performance and capture, more accurately, the impact of our work. We prepare annual business plans, setting out key actions that will help us meet our Strategic Aims.
- 3.4 During 2024/25, we received 9,757 new cases overall; a 43% increase compared to 2019/20. Of this number, 3,547 of these cases were duly made complaints. This was 10% more than in 2023/24 and the highest number of complaints we have ever received in a single year. Performance is set out in detail in the Annual Report and Accounts 2024/25.
- 3.5 We need to be mindful of the impact of growing numbers of complaints on staff health and wellbeing. Our inability to positively intervene in more cases is demoralising for staff who have to decline to take forward a larger proportion of cases and continue to handle the pressure of our increasing caseload.
- 3.6 We also need to be aware of the impact on service users. We already ensure that we investigate only serious complaints, but continued increases in complaints may mean we would have to increase further the threshold for positive intervention. This would mean that only very serious cases would be investigated. As the Committee will be aware, everyone who makes a complaint considers it to be serious and if our Estimate is not approved, we would have more disappointed and dissatisfied complainants and service users.
- 3.7 In the current year, the 2025/26 local government pay award has been settled. In July 2025, it was announced that all staff would receive a pay award of 3.2% (backdated to April 2025). Our Estimate submission last year included a provision for a 3% pay award. Despite the actual settlement being slightly higher than we had allowed for, we will accommodate the additional pay costs in existing budgets.
- 3.8 We were grateful that the Finance Committee supported our 1st Supplementary Budget submission which sought additional resources to cover the increase in employer National Insurance contributions from April 2025. We will respond to the recommendation made in the Committee's scrutiny report of the Welsh Government's 1st Supplementary Budget in early 2026, as requested.
- 3.9 The additional resources provided in our 2024/25 budget, for one caseworker and a data analyst, have been put to good use. The additional caseworker post has helped to manage ongoing increases in casework through our innovative new Graduate Investigation Officer scheme. Our Lead Data Officer has been in post for one year. In that time, we have developed our first Data Strategy, as we believe that our decisions should be data-driven and we are committed to making that happen. The way that Welsh public sector organisations are reporting on their data is changing, and we want to be at the forefront of this. We have already made improvements in how we are analysing trends, forecasting future caseloads and in the internal presentation of our data.

- 3.10 We were also pleased to see a significant increase in our staff survey results, with 91% of staff saying that this is a great place to work, in comparison with 74% last year. In addition, 93% of staff said they were proud to work for PSOW, compared to 83% last year.
- 3.11 Another significant development in the current year has been the formation of our first Medium Term Financial Plan (MTFP). The MTFP looks ahead to the pay and price pressures facing PSOW over the next 3 years, together with the pressures of increasing demand for our services. The plan seeks to identify the resources likely to be needed to allow services to be delivered to an acceptable standard and to allow our strategic objectives to be met.
- 3.12 The MTFP explains how we can achieve our long-term aims, by focusing on continuous service improvement, and it will assist us in meeting one of the Finance Committee's Statement of Principles – Statement 4 (which expects directly funded bodies to “show how annual and multi-annual objectives will be prioritised, monitored and achieved”).
- 3.13 As the Committee will recall, cyber security remains a significant and constant risk in our risk register. In the last year, we have procured additional external support that includes an annual cyber security audit, monthly internal and external vulnerability scans, support for ongoing Cyber Essentials / Cyber Essentials Plus certifications, penetration testing, training including phishing simulations, device monitoring and, if and when needed, access to expert support if an incident occurs.
- 3.14 The Committee, in last year's scrutiny report, made a recommendation that we give consideration to how Artificial Intelligence (AI) can help support us to manage our increasing workload. We plan to use AI in a secure and ethical way, that will ensure AI does not replace human decision making by our professional Investigation Officers and Managers. Currently two AI initiatives are planned. The first is a MS Co-Pilot pilot project, involving our IT, Information Governance, Executive Support and Assessment Teams. Additional resources are being sought to purchase licences for staff. The purpose of this pilot is to assess improvements in staff personal productivity through the use of MS Co-Pilot, before considering a wider deployment to other teams.
- 3.15 The second initiative is to assist our main casework supplier (CAS) with the development of AI capabilities within our case management system. This is at no initial cost to PSOW. We are also reviewing automated redaction products, to supplement our current manual redaction product, Adobe. Other opportunities to look at the intelligent automation of our front and back office business processes will be considered in 2026/27.

4. Casework Pressures

- 4.1 Our caseload remains very high, compared with pre-COVID levels (43% up since 2019/20). We continue to work at full capacity on our casework and continue to experience increased case numbers when we are already under significant pressure. Overall, we intervened in 18% of the public service complaints that we closed last year, which was lower than during 2023/24 (20%). As outlined above in paragraph 2.2, we are working at full capacity and as cases continue to rise year on year, the level of cases we are able to positively intervene in each year is declining. We are concerned about the negative impact this has on a large proportion of our service users, when we decline to positively intervene in their cases. In relation to Code of Conduct cases, we referred 15 Code of Conduct cases to either the relevant Standards Committee or the Adjudication Panel for Wales last year.
- 4.2 Public Service Complaints - in order to manage our casework, we are continuing to apply our proportionality test and only positively intervene in serious cases and when we see opportunities to address potentially systemic failings to improve public services. Despite the volume pressures, we successfully adjusted our approach last year to take forward more non-health related complaints with a particular focus on housing disrepair/damp & mould complaints - ensuring that we use our limited casework resources in a balanced way, across all public services. Whilst we also reduced aged public service complaints investigations to less than 10% of our open investigations, the increase in cases has led to significant pressures at the assessment stage of our process.
- 4.3 Code of Conduct complaints - we have seen an ongoing high volume of cases. Whilst a significant proportion are not taken forward for investigation, we have continued to see approximately 15- 20% of cases meeting our two-stage test¹ for investigation – we impartially and fairly apply this test on the evidence presented in complaints to decide whether the two-stage test is met - it is right, therefore, that we formally investigate all cases which meet the two stage test in a consistent manner, to maintain trust and confidence in our office. We have a significant amount of work to do on our aged Code of Conduct investigations, which represent approximately 30% of our open Code investigation cases. As a trial this year, we have dedicated a member of staff to work on Code assessment cases – early signs are that this has been effective in allowing other staff in the Code team to focus on aged investigations. We have also introduced additional case reviews to monitor progress on cases and whether it is proportionate and/or in the public interest for investigations to continue.

¹ The two stage test – (i) whether the evidence provided in a complaint suggests that a breach of the Code has occurred, and (ii) whether an investigation is required in the public interest.

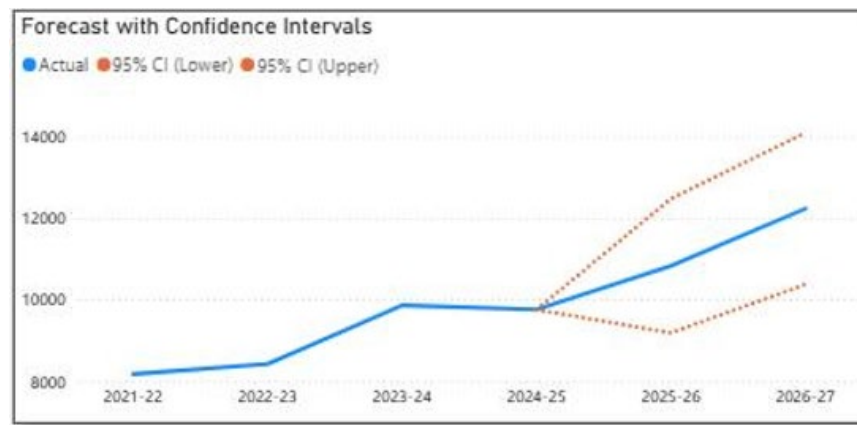
- 4.4 Our initial forecast is based on our actual casework data for the first 5 months of the year (April to August 2025). Our data shows that we are currently experiencing an 13% increase in enquiries in the current year to date. The high volume of enquiries suggests that this will lead into an increase in the number of complaints in the next few months, as those enquiries are processed. Our historic data shows that generally 50% of enquiries convert into complaints (the average since 2019/20 is 48%). We have used this percentage to forecast the future number of Public Service Complaints.
- 4.5 As per a previous Committee recommendation, we have revised our approach to forecasting with the assistance of our Lead Data Officer. The figures in the table below, for 2025/25 and 2026/27, are our forecast increases based on year-to-date figures, however, in light of the uncertainty (being so early in the financial year) in forecasting future workload, we have used confidence intervals² to form the basis of our future forecasts.

Year	Enquiries received	Code of Conduct complaints received	Public Service complaints received	Totals
2019/20	4,727	231	2,242	7,200
2020/21	4,001 (-15%)	308 (+33%)	1,874 (-16%)	6,183 (-14%)
2021/22	5,158 (+29%)	294 (-4%)	2,726 (+45%)	8,178 (+32%)
2022/23	5,350 (+4%)	283 (-4%)	2,790 (+2%)	8,423 (+3%)
2023/24	6,630 (+24%)	328 (+16%)	2,905 (+4%)	9,863 (+17%)
2024/25	6,210 (-6%)	315 (-4%)	3,232 (+11%)	9,757 (-1%)
2025/26 (projected)	7,012 (+13%)	358 (+13%)	3,506 (+8%)	10,876 (+11%)
2026/27 (projected)	7,924 (+13%)	405 (+13%)	3,962 (+13%)	12,291 (+13%)

Table 1: Workload 2019/20 to 2024/25 with projections to 2026/27

- 4.6 Graph 1 (below) shows past, current and projected numbers of enquiries and complaints, including confidence intervals. The inclusion of confidence intervals at the 95% level recognises that the actual number of enquiries and complaints received will vary from the figures in Table 1, and we expect the actual increases to be within the ranges in the graph.
- 4.7 For the 95% interval, this means that the range of values will be correct in 95% of estimations, and the 95% interval suggests total cases for 2026/27 could be as high as 13,803 (which would be a 27% increase).

² A confidence interval is a range of values, derived from historic data, that is likely to contain the true value of a population parameter, with a certain level of confidence. It is commonly used to reflect uncertainty in statistical forecasting and reflects good practice in data analysis. For example, a 95% confidence interval suggests you can be 95% confident that the actual parameter is within the range. Graph 1 excludes 2019/20 and 2020/21 from the Confidence Interval calculations because it mitigates the impact of the COVID pandemic on our casework figures.



Graph 1: Forecast casework increases to 2026/27, including confidence intervals

- 4.8 The cumulative effect of increases in casework and the fact we are working to full capacity and seeing ongoing caseload increases, means that, if we continue to manage our increasing public service complaints caseload by raising the bar for cases which are suitable for resolution or accepted for detailed investigation, then we may not be able to maintain the current level of positive intervention. To ensure that individual staff caseloads are manageable, we are queuing cases at various points in our process.
- 4.9 Our service users are left disappointed when we cannot positively intervene in a large proportion of cases. Also, it is demoralising for our staff, who are declining to investigate an increasing proportion of our public service complaints, as they take pride in our office's purpose and work to put things right for individuals when they have been treated unfairly by public bodies.
- 4.10 In relation to Code of Conduct complaints, we remain committed to improving our investigation timescales on Code cases. We recognise the impact long investigation timescales can have on individuals involved in cases and are using all available resources to improve the position. However, we are also mindful of likely future pressures arising as a consequence of the 2026 Senedd and 2027 Local Government elections – historically we have seen the number of Code complaints increase in the run up to elections.
- 4.11 Our current Strategic Plan for 2023-26 includes a strategic aim to increase accessibility and inclusion in our services. Whilst resources continue to be constrained, this still remains an important aim. We will work to maintain the improvements we have seen this year in providing access to our services for those groups currently under-represented in our service users. We expect that this will result in more enquiries and complaints from these groups.
- 4.12 Following the enactment of the Public Services Ombudsman (Wales) Act 2019 ('2019 Act'), when established, the CSA had 2 members of staff. The CSA now has 51 public bodies working under the Standards. This financial year, we are starting the process of bringing the majority of the remaining Housing Associations (13) under the Standards. With the increase in bodies working under the Standards, there is increasing demand for training and support.

- 4.13 Further, the time and resource required to collect and collate CSA data each quarter is increasing leaving little time, alongside delivering training, to proactively reach out to bodies whose data may cause concerns around non-compliance.
- 4.14 In 2026/27 and beyond, and in addition to the above, the CSA will continue to bring further public bodies under the Standards, specifically GPs, dentists, pharmacies and opticians. Whilst the process for doing so will require adaptation, given that the CSA resources available would not be conducive to continuing onboarding as we have done previously, this will provide additional demand on already limited resources.
- 4.15 We will also take forward any recommendations the Committee makes to us following its Post-legislative review of the 2019 Act. The casework pressures that we are experiencing mean we will have to continue to balance resources across our reactive and proactive powers to deliver outcomes for the citizens of Wales.

5. Cost pressures

- 5.1 Almost all our budget continues to be taken up by fixed or semi-fixed costs – premises costs and IT costs are largely fixed and staff costs cannot be varied in the short term, other than through redundancies (which would involve additional one-off costs).

Staff costs

- 5.2 Nearly 80% of our costs are staff costs and our biggest cost pressures arise from pay awards and employer pension and National Insurance contributions. These are not costs that we can directly control, at least in the short term. As indicated above, staff are contractually entitled to pay awards agreed for local government staff in England, Wales and Northern Ireland by the local government National Employers organisation.
- 5.3 Pay award costs are outside the control of PSOW and we have no input into pay award negotiations. The 2025/26 local government pay award has been settled at 3.2%. This submission includes provision for a 3% pay award from April 2026 and we are seeking £157k to help us meet increased staff costs. However, if the actual local government pay award is higher than we have provided for, we may have a funding shortfall that we may need to fund through the Supplementary Budget process.

IT Contract Renewals

- 5.4 Our previous Estimate submission explained how our new IT Support contract would commence in April 2025, and that we would be allowing for an extra £20k to help us meet this (entirely funded through the efficiency savings from property). In reality, the cost of the new contract was cheaper than the previous one, so this additional funding was not needed and an additional £22k was saved. Therefore, the overall saving from the re-procurement of our IT Support contract was £42k.

- 5.5 In 2026/27, we will enter a new contract for the hosting and support of our website. The procurement exercise will commence later in 2025, however, we will be looking for a supplier to host our existing website, alongside an enhanced support package, in light of the reliance we have on our website and the growing cyber security threat. We would also seek a more agile supplier, with greater capabilities to deliver future improvements in functionality, and who is more advanced in potentially integrating AI tools, such as chatbots, into our website. We know that this will be more expensive than our current arrangement and, therefore, will use £32k of our previous saving to fund these increased costs, without seeking additional funding from the Welsh Consolidated Fund.
- 5.6 An additional cost pressure we are facing is the increased costs of our Adobe licences, which are currently procured through the Crown Commercial Services framework. The current 3-year deal will end in March 2026, meaning that the costs for 2026/27 will be under the new framework. We know that re-tendered contracts are likely to be more costly than the expiring contracts, therefore, we will be allowing for an extra £10k to help us meet this, to be funded through the efficiency savings from the IT Support contract.

Price inflation

- 5.7 For the current year (2025/26), we anticipated 2% inflation based on the rate of CPI, at June 2024. In reality, actual rates of CPI inflation have been higher, peaking at 3.6% in June 2025, which has had an impact on utility and other supplies and services costs, including contracts where there is annual indexation. A number of annual costs, particularly IT, tend to increase by more than CPI.
- 5.8 For 2026/27, we have assessed the impact of inflationary increases on a line-by-line basis. The Office for Budget Responsibility predicts inflation will peak further, later in 2025/26, before falling to 2% for 2026/27. The Estimate includes 3.5% as an inflationary cost pressure, reflecting 2% for 2026/27, plus the additional 1.5% catch up effect from 2025/26, which we are currently experiencing. Whilst we will continue to seek best value prices from suppliers, general inflationary pressures make price increases likely. We are seeking £39k to help us meet these costs of inflation.

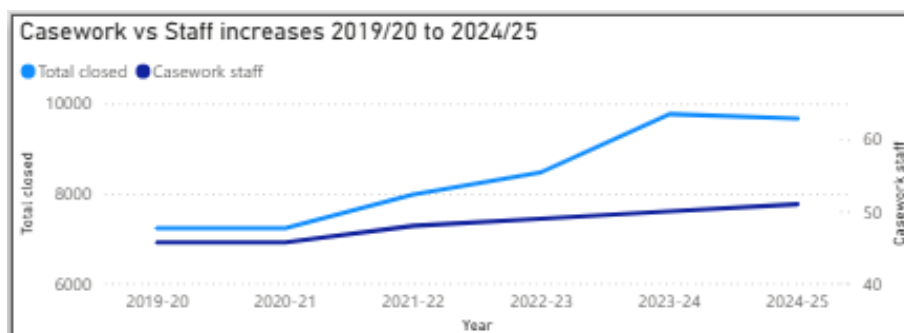
6. Efficiencies

Cost efficiencies

- 6.1 We have continued to deliver substantial cost efficiencies. We have looked to fund many price inflation pressures and staff increments over the past 2 years as a result of process improvements and other internal efficiency savings, such as:
- Reducing our office space by 45%, negotiating dilapidations costs and an early exit from our lease commitment, and entering a new lease, for the reduced area, in April 2024.
 - Staff efficiencies, through reorganisation and staff turnover
 - IT efficiencies, following investment and reduced use of third-party suppliers
 - Reducing the number of printers/copiers the office now owns
 - Moving our contract management system in-house, rather than using a paid, third-party, supplier.
- 6.2 Since our last Estimate submission, we have successfully generated £87k worth of efficiency savings, as a result of changing our approach to professional advice. We have also saved £42k through the re-tendering and change of supplier of our IT Support contract.
- 6.3 We are mindful of the pressures on Welsh public finances and therefore propose to apply the £87k cash-saving efficiency from our professional advice saving, to fund some of the investment in additional staffing resources, and the £42k IT saving to meet the increased costs relating the re-procurement of other key IT contracts. There is also a saving of £29k as pension payments to spouses of former Local Government Commissioners will be lower in 2026/27, which we will re-invest. This reduces our call on the Welsh Consolidated Fund, to fund pay and price increases.

Volume efficiencies

- 6.4 Over the last five years, the volume of new complaints reaching our office has increased by 43%, whereas our staff permanently employed in 'Complaints & Investigations' has only increased by 6%. There has not been a commensurate increase in staff numbers dealing with complaints and enquiries – in reality a 43% increase in staff would equate to an increase of 21 to date (and of 23 by 2025/26). This demonstrates our commitment to achieving greater efficiency and our track record of doing so. We have successfully worked to increase volume efficiency and manage this growing caseload by 'doing more with the same'.
- 6.5 Of course, what is important is not just the number of complaints and enquiries **received** but also the work completed and the number of complaints assessed, investigated and closed. The analysis below therefore considers the cases **closed** each year.



Graph 2: Closed casework vs. staff numbers

- 6.6 This diagram shows the number of cases we have **closed** each year and the number of casework staff between 2019/20 and 2024/25. This shows the continued and growing gap between casework staff and the volume of casework we are dealing with, and the efficiency (cost avoidance) savings we have made as a result.
- 6.7 This gap between increases in case closures and increases in staff numbers yields an estimated annual volume efficiency of around £900k. These efficiencies do not generate cash savings, but they reflect real efficiencies made.
- 6.8 Based on the modelling in our MTFP, our data suggests that this larger ‘step-change’ increase in staff numbers could be a one-off, and future increases in staff numbers may be lower than the increase that is being requested in 2026/27. The additional resources we would be seeking in 2026/27 would put us on a sustainable footing over the next few years, and would substantially reduce the risk of us needing further large staff budget increases over the medium term.

7. Investment in Strategic Priorities

- 7.1 We are in the process of developing our new Strategic Plan for 2026-2029. The pressures facing the Ombudsman, and indeed wider public services, are not likely to be resolved quickly – there will be continued cost and caseload pressures, as well as increased expectations. However, these pressures make the new Strategic Plan even more important.
- 7.2 We were grateful that, in last year's Estimate, the Committee supported additional funding to appoint a new Lead Data Officer, and our new Data Strategy will be crucial in our commitment to make better use of our data. This year's investment in additional staff will give us an opportunity to review and re-set our staffing needs in the areas of work which are most pressurised – at the assessment stage of the public service complaints process and for Code of Conduct investigations.
- 7.3 Additional funding will give us an opportunity to add greater staffing resource and resilience to the assessment stage of our public service complaints processes – to enable us to assist more service users through early resolution and to reduce the need for us to queue cases at this stage of our process.
- 7.4 As Code of Conduct investigations and the subsequent adjudication process are very different to public service complaints investigations, additional funding will give us an opportunity to review and reconfigure our team in a way in which supports the different stages of the Code investigation and adjudication process – detailed evidence gathering, often from numerous witnesses; interviewing councillors; the drafting of reports, clearly and concisely, to draw out undisputed and disputed facts and representing the Ombudsman during the adjudication process. It will also enable us to continue our trial of having a dedicated member of staff on Code assessment work, which has allowed other staff to focus on progressing aged investigation cases.
- 7.5 We remain committed to investment in our IT & Digital Strategy and will continue to achieve this, by using our property savings, which will allow us to make investment in significant change without an additional call on funding from the Welsh Consolidated Fund. We are making good progress on the development of a new portal, to securely and efficiently communicate information and exchange documents with external parties. Phase 1 involves using our new portal to communicate with Relevant Bodies for Public Service Complaints. The portal has been provided to us for testing by CAS (the supplier of our main casework management system) and is undergoing final changes and configuration prior to it being deployed to an initial group of relevant bodies in Q3 2025/26. Wider deployment to relevant bodies will follow. Future phases of our new portal will expand its deployment to include Independent Professional Advisors, complainants and Code of Conduct cases; and all portal work will be funded from our existing budgets.

8. 2026/27 Estimate

- 8.1 In preparing this Estimate, we have sought to address the Statement of Principles developed by the Senedd Finance Committee for the preparation of annual budget proposals. Appendix D shows these Principles and how they have been addressed in this Estimate submission.
- 8.2 We have also considered the letter from the Cabinet Secretary for Finance and Welsh Language, dated 11 July 2025, which set out various factors to inform future budget planning. Whilst the letter explains the Senedd are planning a business-as-usual budget for 2026-27 this autumn, we feel that we cannot continue to respond to continued increases in demand without additional resources, for the reasons explained earlier in this document.
- 8.3 Changes between the 2025/26 budget and 2026/27 Estimate are summarised below:

<i>All figures in £000</i>	Cash		Resource
2025/26 Budget		6,442	6,476
3% pay award costs for 2026/27 and staff increments		+157	+157
Investment in additional staffing resources	+237		
Efficiency savings from professional advice work	(87)		
Saving in pension payments	(29)		
Net increase in additional staffing resources		+121	+121
Inflationary cost pressures for 2026/27		+39	+39
Increased costs from website re-procurement	+32		
Increased costs from Adobe licence re-procurement	+10		
Efficiency savings from previous contract re-procurements	(42)		
Net increase in IT procurement costs		-	-
Investment in Artificial Intelligence		+28	+28
IFRS 16 adjustments		-	(1)
2026/27 budget		6,787	6,820

Table 2: Changes between the 2025/26 budget and the 2026/27 Estimate

- 8.4 The Estimate for 2025/26 is shown in more detail in Appendix B and is prepared on an IFRS 16 basis. The presentation of Appendix B has been amended to align with our Annual Accounts, in line with the recommendation made by the Committee last year. Unit costs are included in Appendix C.
- 8.5 Further detail, together with a brief narrative for each area of expenditure group, is attached. The table shows the current year's budget, budget pressures, efficiencies and the proposed Estimate for 2026/27.
- 8.6 Our cost pressures mainly arise from increased staff costs: £157k is required to meet the additional anticipated cost of the April 2026 pay award and contractual staff increments; and £237k is needed for investment in additional staff resources to assist the office in light of the significant casework pressures we are currently dealing with, so that we can positively intervene in more cases. Over the last five years, the

volume of new complaints reaching our office has increased by 43%, whereas our staff permanently employed in 'Complaints & Investigations' has only increased by 6%.

- 8.7 To offset against a part of this investment in additional staff, we have made a cash-releasing efficiency saving of £87k relating to our costs of professional advice, which has been achieved through efficiencies in our process and improvements that have arisen as a result of previous investment into our Case Management System. There is also a saving of £29k as pension payments to spouses of former Local Government Commissioners will be lower in 2026/27.
- 8.8 There are also inflationary pressures of £39k on our non-staff expenditure and £28k is required to invest in the use of Artificial Intelligence (AI) in our casework, as recommended by the Committee, through the use of MS Co-Pilot. All costs of significant IT re-procurement in-year (£42k) will be met through efficiency savings. We are not seeking additional funding for investment in improved digital and IT services, other than a small inflationary uplift.

9. Consequences of Estimate not being approved

- 9.1 The Estimate seeks to balance the financial pressures and need for investment, on the one hand, with an understanding of the challenging state of public finances in Wales. In the main, the increases sought are the result of externally generated pay and price pressures, which would be a 'business as usual' and stand still budget increase. This makes up 3.0% of our overall cash increase. The remaining 2.4% requested covers growth and investment in additional staffing and AI.

Consequences of £196k (+3.0%) pay award and inflationary costs not being approved

- 9.2 If the Estimate does not cover the costs of the pay award and inflation, this will result in reductions in staff numbers. If these cannot be achieved through natural turnover of staff, redundancies would be necessary.
- 9.3 If the costs of pay awards and inflation are not included in the approved budget, redundancies would be required, amounting to the loss of 3 full time posts. This would be hugely concerning at a time when demands for our services are the highest they have ever been, the pressures on our staff are the greatest they have ever been, and when the role of the Ombudsman is as important as ever in securing accountability and justice from Welsh public services. Such redundancies would also require the submission of a Supplementary Budget to meet one-off redundancy costs.
- 9.4 Furthermore, increasing the pressures on staff would have an adverse impact on staff wellbeing. Increased complaints have put more pressure on our staff and, if the Estimate is not approved, there is a risk that the incidence of absence due to stress will increase.

- 9.5 Any reduction in staff numbers would also have an adverse impact on service levels, resulting in less time to engage with individual complainants, longer response times, less detailed consideration of some complaints and we would need to raise the bar further, regarding which cases merit further consideration, when we have already had to reduce the proportion of cases we positively intervene in, in order to manage demand. A reduced level of service would be a cause of real public concern, and likely reduce confidence in our office's ability to deliver fair and timely outcomes for individuals involved in cases. We would also have to scale back the use of our proactive powers and our outreach work to attract complaints from groups who have been under-represented in our complaints.

Consequences of £116k self-funded investment in staff not being approved

- 9.6 Going forward we want to continue to deliver our current service levels and take a balanced approach to our casework, across all public services. We have already raised the bar on public service complaints to only consider serious complaints, or those which suggest there may be systemic maladministration or service failures. The findings and recommendations we make on our detailed investigation reports, (the most serious of which are public reports), demonstrates that we are targeting our limited investigation resources effectively, to improve public services.
- 9.7 If the investment is not approved and the number of cases continue to rise, we will not be able to maintain the proportion of cases in which we intervene positively, to provide fair and just remedies for individuals who have been treated unfairly by public bodies. We would also likely have to reduce the use of our proactive powers to manage the casework demands. We would not be able to continue with our trial of having a dedicated member of staff on Code assessment work, and it will take us longer to improve timescales on Code investigations

Consequences of remaining £121k (+1.9%) investment in staff not being approved

- 9.8 If we are only able to invest our efficiency savings in additional staffing resources, this would have a limited impact in helping to address our current and future workload pressures. Without the marginal increase in resources we will not be able to meet the projected increase in the demand for our services, as set out above, without reducing the quality of service provided to the public. We would be able to continue with our trial of having a dedicated member of staff on Code assessment work and would be able to make a small investment in, potentially, another part-time member of staff. However, this would not allow for any meaningful change in capacity.
- 9.9 Our plans to review and re-set our staffing needs in the areas of work which are most pressurised would have to be delayed. We would miss out on the opportunity to add greater staff resource and resilience to the Assessment stages of our public service complaints processes which means we would not be able to assist more service users through early resolution. It is likely that queues at this stage of our process would grow. The opportunity to review and reconfigure our approach to Code work, to reflect the various stages of the Code investigation and adjudication process, will also be lost.

- 9.10 As explained above, we would also have to reduce our service levels to citizens in Wales with the proportion of cases we are able to positively intervene in reducing further. An increasing proportion of our resources would need to be devoted to issuing reasoned decisions on cases which do not meet our threshold for intervention which would result in us positively assisting fewer service users at a time when there is significant pressure on public services and our office is often the only available remedy of last resort.

Consequences of £28k (+0.5%) investment in AI not being approved

- 9.11 The use of AI is growing and we hope that over the next few years we can deploy it wisely to enhance service quality and further increase process efficiencies. To achieve the most benefit from AI, we are seeking a small investment for licenses for staff, which, if not approved, will put our trial of MS Co-Pilot on hold. Without these AI capabilities, we risk becoming less responsive and more resource-intensive, especially as the demand on our service grows. Our use of AI is initially being targeted at improvements in staff personal productivity, and this opportunity would be missed, if the investment was not approved.

Appendix A – Budget Ambit - Public Services Ombudsman for Wales

This Estimate submission has been completed consistent with Standing Orders 18A and 20.23 of the Welsh Parliament, dated January 2025.

Ambit	Resources (£000)	Accruing Resources (£000)
Public Services Ombudsman for Wales	6,820	4

<u>Services and Purposes</u>	
Resources other than accruing resources for use by the Public Services Ombudsman for Wales on resource and capital costs associated with the administration of the Ombudsman's office; payments to the British and Irish Ombudsman Association; payments to the International Ombudsman Institute and associated non fiscal items.	<p>£000</p> <p>6,820</p>

<u>Category of accruing resource</u>	<u>Services and purposes for which income may be retained</u>
Income from commercial sales and other services provided to the public or others.	For use on related services and the administration of the Ombudsman service.
Overall amount of Income (£000)	4

Resource to cash reconciliation for 2025/26 (£000)

Net Resource Requirement	6,815 *
Net Capital Requirement	5 *
Adjustments:	
Capital Charges	(159)
Impairments	-
Movements in Provisions	-
Profit/Loss on sale of assets	-
Movements in stocks	-
Movements in debtors/creditors	20
Use of Provisions	-
Other	106
Net Cash Requirement for issue from the Welsh Consolidated Fund	6,787

* £6,815k + £5k capital = £6,820k Total Resource Expenditure in Appendix B.

Appendix B – Estimate 2026/27

	2025/26	2026/27			
All figures in £000s	Budget 2025/26 1 st Supp	Pressures / Inflation 2026/27	Investment in Strategic Priorities	Efficiencies	Estimate
Staff salaries and related costs (note 1)	5,194	+157	+237	(52)	5,536
Premises and facilities (note 2)	162	+1			163
Legal and professional fees (note 3)	242			(87)	155
External Audit fee (note 3)	25				25
Computer Services (note 4)	351	+69	+28	(42)	406
Investment in service improvement and IT & Digital Strategy (note 5)	105	+4			109
Office costs (note 6)	105	+4			109
Travel and subsistence (note 7)	15	+1			16
Training and recruitment (note 8)	28	+1			29
Communications (note 9)	70	+1			71
Total Revenue Expenditure	6,297	+238	+265	(181)	6,619
Total Income (note 10)	(27)	+23			(4)
Net Revenue Expenditure	6,270	+261	+265	(181)	6,615
Capital Expenditure – DEL (note 11)	5				5
Total Resources Required	6,275	+261	+265	(181)	6,620
Depreciation and amortisation	70				70
Depreciation – leased assets	87	+2			89
Interest charge – leased assets	44			(3)	41
Capital AME – dilapidations	-				-
Total Resource Expenditure	6,476	+263	+265	(184)	6,820
Depreciation and amortisation	(70)				(70)
Depreciation – leased assets (note 12)	(87)			(2)	(89)
Interest charge – leased assets (note 12)	(44)	+3			(41)
Capital AME – dilapidations	-				
Change in working capital	147				147
Other non-cash movements	20				20
Cash Requirement from WCF	6,442	+266	+265	(186)	6,787

Notes

1. Salaries and Related Costs

Under our employment contracts, staff salaries are increased annually, in accordance with Local Government NJC pay negotiations. For 2026/27, the table shows pressures of £157k (cost of staff increments and estimated 3% pay award from April 2026).

Higher pay awards would be contained within existing resources, where possible, but would be likely to require the submission of a Supplementary Budget. The Committee has previously indicated its preference for this method of Estimate construction, rather than the inclusion of a contingency to cover any potentially higher pay settlement.

There is also investment of £237k in additional staff resources. This will be used to re-set our staffing needs in the areas of work which are most pressurised. There are offsetting efficiency savings - £23k relates to the end of a staff secondment to the Ombudsman Association, and is offset by the change in income (see note 10) and £29k relates to expenditure that is no longer needed following the death of one of the spouses of former Local Government Commissioners, to whom PSOW has responsibility for pension payments.

2. Premises

This major item of expenditure is the lease and running costs of our premises at Bocam Park. This budget was significantly reduced in our last Estimate submission, where our new lease negotiation resulted in a cash efficiency saving of £105k. For 2026/27, these costs are subject to inflationary cost pressures of £1k.

3. Legal and professional fees (including external audit fee)

We have identified a cash efficiency saving of £87k, resulting from our use of professional advice. This will be used to offset some of the additional investment in staff requested above.

4. Computer Services

We have a number of contractually committed IT contract price increases. In 2024/25, we allowed for a 2% inflationary increase, but actual increases for the year were higher. This, alongside an inflationary uplift for 2025/26 and 2026/27, creates a cost pressure of £27k.

The additional costs following re-tendering for our website and Adobe contracts (+£42k) will be met through the efficiency savings we have made in previous IT contract renewals, such as our IT Support re-procurement in 2024/25.

As per previous recommendations from the Finance Committee, we are also making developments in the use of AI in our casework. A small amount of additional resource (+£28k) is sought to assist with purchasing licences, to allow us to start this work.

5. Investment in service improvement and IT & Digital Strategy

In 2024/25, we invested the balance of savings from our property rationalisation project in service improvement and implementation of our IT & Digital Strategy. This investment will support staff in their roles, help develop our systems to support the ongoing efficiencies required in the budget and deliver improvements in our service and in communication with service users. This year seeks a small inflationary uplift only (+£4k).

6. Office Costs

These costs are subject to inflationary cost pressures of £4k.

7. Travel and Subsistence

These costs are subject to inflationary cost pressures of £1k.

8. Training and Recruitment

These costs are subject to inflationary cost pressures of £1k.

9. Communications

Communications costs are subject to inflationary cost pressures of £1k. We will continue to use low and in-house options for communications and providing information about our services.

10. Income

The Estimate includes ongoing income for the provision of payroll services to the Future Generations Commissioner. The staff secondment to the Ombudsman Association ended in August 2025, so has been removed from the Estimate (+£23k).

11. Capital

The small annual capital allowance of £5k is maintained.

12. IFRS 16

This is the accounting adjustment needed to offset the depreciation and interest charge created by IFRS 16 and provide the appropriate cash requirement from the Welsh Consolidated Fund. There is a very small adjustment in the 2026/27 Estimate (-£1k), to account for minor IFRS 16 changes.

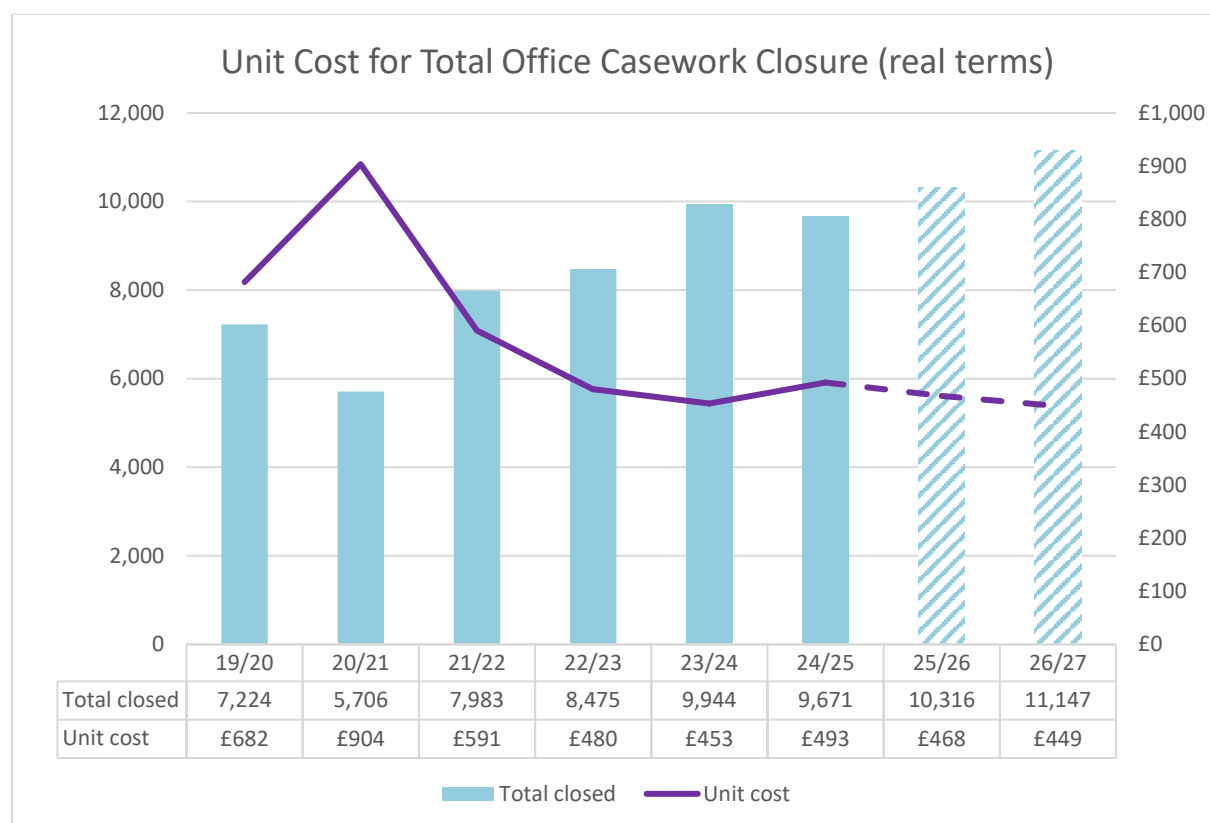
Appendix C – Unit costs

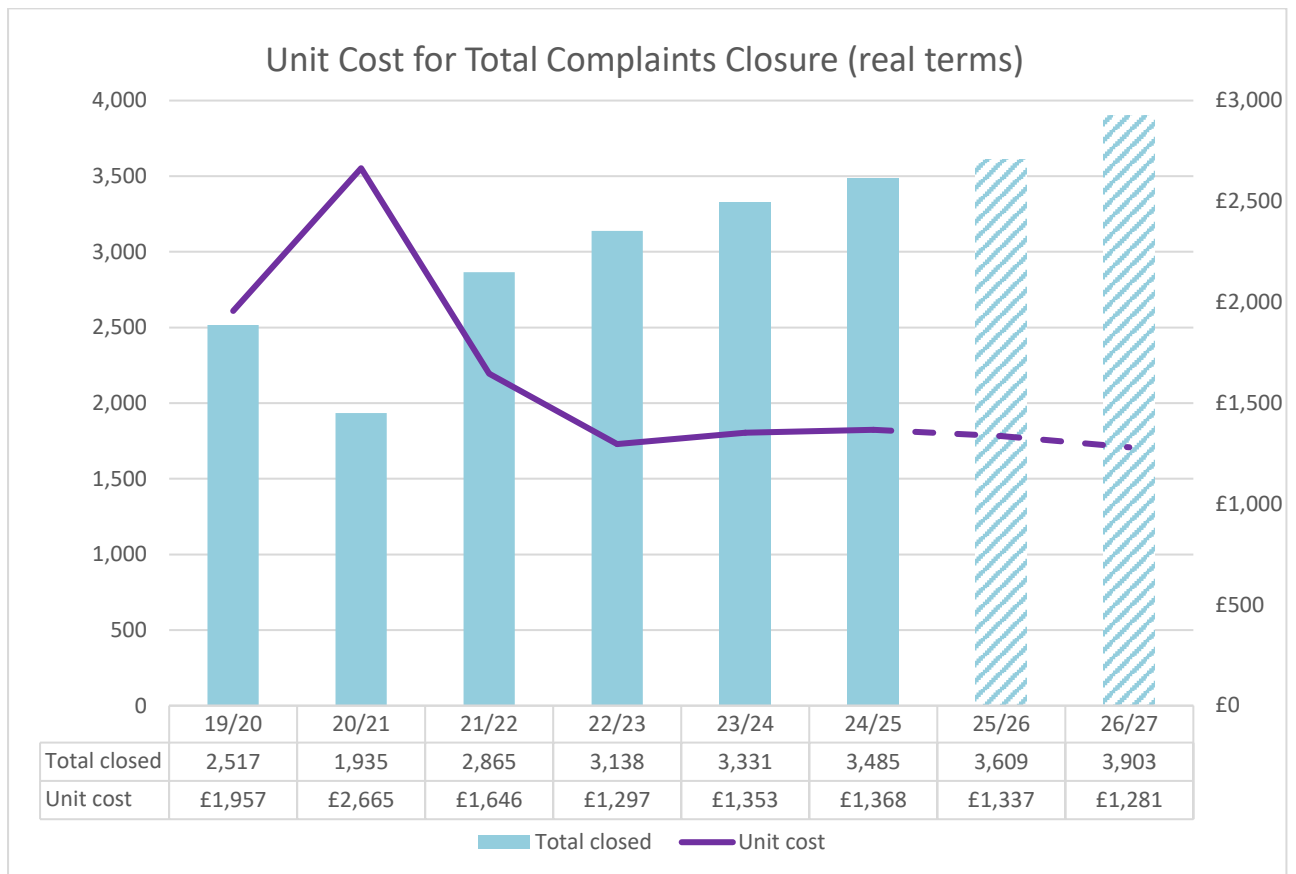
We continue to present unit costs calculated for our main activity – receiving, considering, investigating and responding to enquiries and complaints. This is our activity under Strategic Aim 1, and we use the audited figures for Operating Costs by Strategic Aim, presented within the accounts. Based on our 2024/25 Accounts, Strategic Aim 1 accounts for around 73% of our expenditure, and the main costs here are direct staff costs, costs of our case management system, costs of professional advice and an allocation of overheads, such as premises and office costs.

The graphs below show, firstly, unit cost for the full enquiry **and** complaints work **completed** (closed) in the year and secondly for complaints cases only, **completed** (closed) in the year. Projections for the current year and next year are included, for completeness. As indicated above, if cases increase at the rate anticipated, we will continue to seek efficiencies but, in the light of ongoing resource constraint, do not anticipate being able to increase the number of cases **closed** in line with the increase in cases **received**.

Real terms

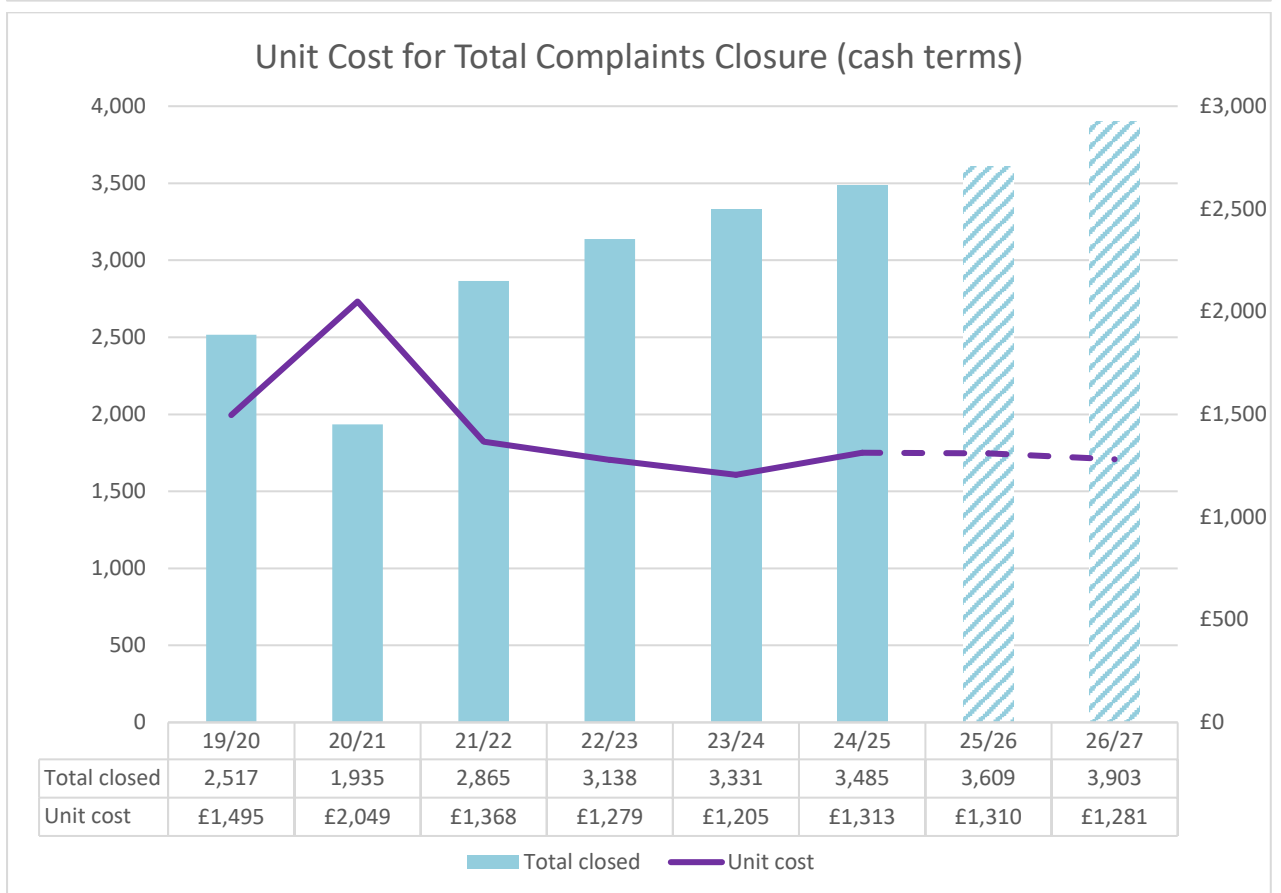
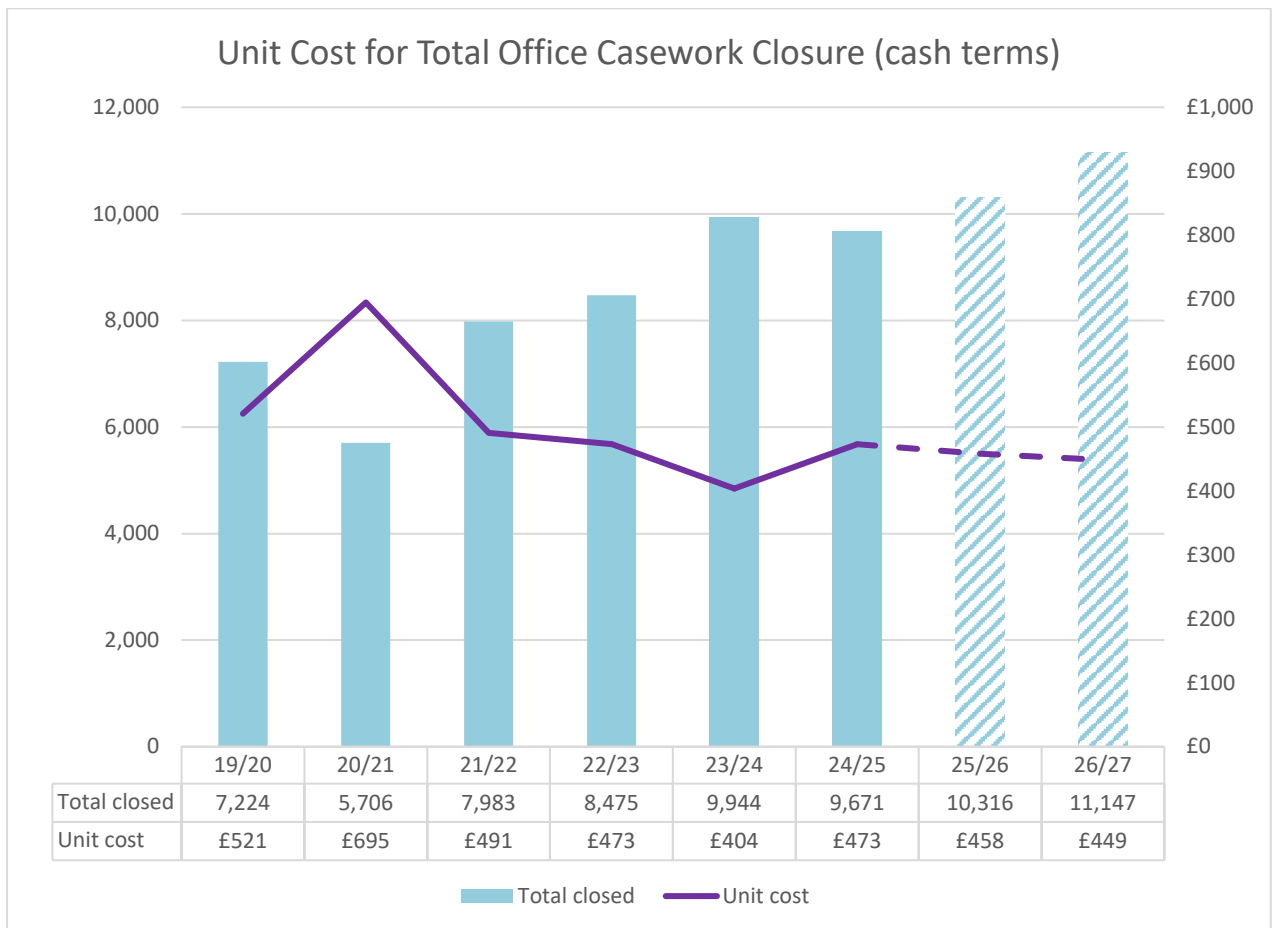
All cost figures here have been adjusted to 2026 prices to allow meaningful comparison. We have used the actual rates of CPI inflation for 2019/20 to 2024/25. For 2024/25 we have used CPI inflation as of July 2025, and for 2026/27 we have assumed inflation will be 2%.





Cash terms

The Finance Committee has previously requested unit cost figures expressed in cash terms. These are presented here for completeness. All cost figures here are the actual costs, as reported in the Annual Accounts, not adjusted for inflation.



Appendix D – Principles that Directly Funded Bodies should consider when preparing their annual budget proposals

The Finance Committee of the Senedd has developed a Statement of Principles that Directly Funded Bodies should consider when preparing their budget proposals. This Appendix sets out the key principles and shows how they are addressed in the Estimate submission:

Principle	Comment
<ul style="list-style-type: none"> The Finance Committee believes budget estimates should be transparent, prudent and reflect the financial constraints in the public sector. 	<ul style="list-style-type: none"> The Estimate is set out in a transparent way and seeks to be prudent in recognising significant pressures facing the office (sections 4 and 5) and our ambitions (section 7). These ambitions include continued productivity and cost efficiencies (section 6) and better access to our services for all.
<ul style="list-style-type: none"> Budget requests should be set in the context of the long-term financial funding situation in Wales and funding pressures in the wider public sector. 	<ul style="list-style-type: none"> The Estimate reflects the financial constraints in the public sector, and includes investment in improvement (section 7), resources to meet unavoidable pressures (sections 4 and 5) and significant cost-saving efficiencies and volume efficiencies (section 6).
<ul style="list-style-type: none"> Requests should show how annual and multi-annual objectives will be prioritised, monitored and achieved. 	<ul style="list-style-type: none"> The Estimate is intended to support the multi-year aims which will be set out in our new Strategic Plan 2026-2029. This sets out our proposed priorities. We will report annually, in our Annual Report & Accounts, on progress in line with our revised Strategic Plan.
<ul style="list-style-type: none"> Bodies should not assume an increase in funding, regardless of the block grant change as any increase to their funding reduces resources available to other devolved public bodies. 	<ul style="list-style-type: none"> No assumptions have been made about block grant changes. The Estimate reflects workload pressures (section 4), unavoidable cost pressures (section 5), productivity and cost efficiencies (section 6) and investment priorities (section 7).
<ul style="list-style-type: none"> Bodies should continually seek to improve processes and accrue efficiencies. 	<ul style="list-style-type: none"> The Estimate shows (section 6) efficiencies made by completing more work since 2019/20, within the resources we have. The Estimate also shows specific efficiencies to be achieved in 2026/27.
<ul style="list-style-type: none"> Where any increases in funding are requested, these should be backed by evidence both of the need, benefit and attempts that have been made to reduce such costs. Also, the consequences of not obtaining the requested increase in resource should be made clear and quantified. 	<ul style="list-style-type: none"> The Estimate and the Strategic Plan set out the drivers that influence budget needs, together with the investment sought. Section 9 shows the consequences of the Estimate not being supported.