

Annual Accounts

for the year ended

31 March 2016

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Performance Report

Ombudsman's Statement

History and Statutory Background

It is with great pleasure that I present the annual accounts for the year ended 31 March 2016, which was my first full year in office, and the tenth annual accounts of the Public Services Ombudsman for Wales (PSOW) since the office was established on 1 April 2006 following the implementation of the Public Services Ombudsman (Wales) Act 2005 (the Act). In accordance with paragraph 18 of Schedule 1 to the Act, I have personal responsibility for the overall organisation, management and staffing of the office and for its procedures in relation to financial and other matters.

The purpose of the PSOW is to independently and impartially investigate complaints made by members of the public about the way they have been treated by a public body. I expect public bodies to treat people fairly, considerately, and efficiently. If I uphold a complaint I will recommend appropriate redress. I also investigate complaints that local authority members have broken their authority's Code of Conduct.

The vision for the office is:

“To put things right for users of public services and to drive improvement in those services and in standards in public life using the learning from the complaints we consider.”

Our strategic aims are:

- To offer a service where excellent customer care is at the forefront of all we do, where we work to raise awareness of our service and do our best to make it accessible to all and easy to use.
- To deliver a high quality complaints handling service, which considers and determines complaints thoroughly but proportionately, and conveys decisions clearly.

- To use the knowledge gained from our investigations to contribute to improved public service delivery and to inform public policy.
- To continue to analyse and improve the efficiency and effectiveness of our governance, business processes and support functions, to further demonstrate transparency and ensure the best use of the public money entrusted to us.

As a result of the amendments to the Act arising from the Government of Wales Act 2006, the Ombudsman's salary and related employment costs are a direct charge on the Welsh Consolidated Fund. In addition, the costs of running the office have to be submitted to the Finance Committee of the National Assembly for Wales for consideration no later than 1 November each year. The Finance Committee must consider and lay before the National Assembly the Estimates, with any modifications, which, having consulted and taken into account any representations made by me, it considers appropriate. This process is similar to that which applies to the Auditor General for Wales and the Wales Audit Office and is designed to secure the independence of my role.

The Estimates submission for 2015-16 was considered by the Finance Committee on 6 November 2014 and laid before the National Assembly for Wales on 20 November 2014.

Main Activities

The principal activities of PSOW covered by these accounts were:

- (a) considering complaints from members of the public about local authorities (including town and community councils) in Wales;
- (b) considering complaints from members of the public about NHS bodies, family health service practitioners and independent providers of NHS Services in Wales;
- (c) considering complaints about the Welsh Government and Welsh Government Sponsored Bodies;
- (d) considering complaints against registered social landlords;
- (e) considering complaints about privately arranged or funded social care and palliative care services
- (e) considering complaints that members of local authorities (including town and community councils) had broken their authority's code of conduct; and
- (f) assisting members of the public who contact the office to direct their complaints to the appropriate public service provider where that body has not yet had an opportunity to put things right, or if they have complained to the appropriate body and remain dissatisfied, to an appropriate ombudsman or complaint handler where the matter complained about does not fall within the PSOW's jurisdiction.

Shared Services and Collaboration

My Finance, ICT and HR staff, who enable the delivery of our objectives already work collaboratively when appropriate, sharing professional knowledge through a network comprising Welsh Government Sponsored Bodies plus Commissioners and they will continue to do so.

I have been actively looking for opportunities to co-operate with other ombudsmen and commissioners in circumstances where this is appropriate. I have already reported on a publication I issued jointly with the Information Commissioner, and I am pleased that I can report on another two specific developments that have taken place over recent months:

- **Internal Audit Contract** – With the end of the PSOW's internal audit contract on the horizon, I was pleased that the Children's and Older People's Commissioners agreed that, with a view to achieving cost savings,

it would be beneficial to procure on the basis of a comprehensive internal audit tender process upon which each Commissioner's office could then draw upon individually. A successful tender process was completed to the satisfaction of both the Commissioners and me.

- **Future Generations Commissioner** – I also had very positive discussions with the new Future Generations Commissioner and was pleased to be able to agree to provide the Commissioner with a staff salaries service for her office.

My Office also seeks support from the Wales Audit Office, National Procurement Service and others. We will look to identify opportunities to work towards any pooled arrangement for sharing knowledge, skills and experience to achieve cost savings.

The Future

I have outlined above the key features of my role as Ombudsman. However, during the course of the year the Finance Committee of the National Assembly for Wales conducted an inquiry into the Ombudsman's powers. Following its report on the inquiry, a Draft PSOW Bill was issued.

I was extremely pleased to see that, included in the Draft PSOW Bill were the following proposals, enhancing the existing powers of the PSOW:

- the ability to accept complaints in a way determined by the Ombudsman, which dispenses with the requirement under the current Act that complaints must be made in writing (save for use of Ombudsman's discretion);
- own initiative powers;
- the ability to consider complaints about private hospitals in circumstances where a patient's pathway has involved treatment and/or care by both public and private health care providers; and
- a complaints standards authority role.

Having then conducted a public consultation on the Draft PSOW Bill, in the introduction to the resultant report, the Finance Committee Chair, Mrs Jocelyn Davies, AM, noted that rather than amending the Act, it was felt that the Ombudsman's role should be governed by Welsh legislation. The aim therefore

was to create one piece of bilingual legislation which would repeal the Act. The report contained a number of recommendations, the first of which was:

Recommendation 1 - The Committee recommends that a future Committee of the National Assembly for Wales should introduce the Draft Public Services Ombudsman (Wales) Bill, as soon as possible, in the Fifth Assembly.

(Source: National Assembly for Wales Finance Committee Consideration of the consultation on the Draft Public Services Ombudsman (Wales) Bill (March 2016))

I am delighted with the outcome of the Assembly Finance Committee's work. I have commented publicly in a number of places that I think it is vital that we ensure that the PSOW's legislative basis is sound and that we can claim to be genuinely fit for the future and that proposed legislation:

- addresses future challenges affecting service users in an ageing society where there are greater levels of physical and emotional vulnerability;
- makes a real contribution to public service improvement and reform whilst offering excellent value for money;
- ensures that citizens from more deprived backgrounds will find it easier to make a complaint;
- strengthens the citizen's voice and ensures that wherever possible processes will follow the citizen rather than the sector or the silo.

I very much hope that the Fifth Assembly takes forward the Committee's recommendation, together with the others in its report, without delay and that new Welsh legislation will soon result.

Both Finance Committee reports referred to above are available at: www.assembly.wales

Nick Bennett
Accounting Officer

13 July 2016

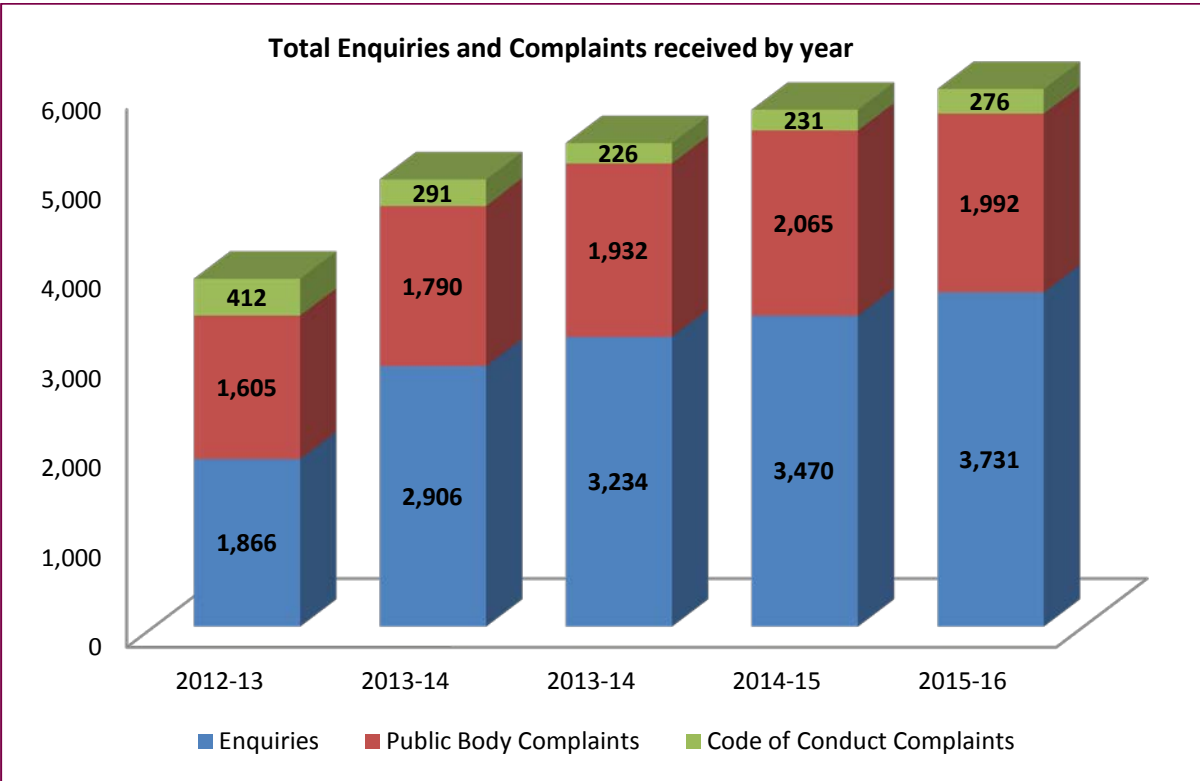
Performance Analysis

PSOW publishes an Annual Report separate to the Annual Accounts which contains more detailed performance information than that summarised on pages 6-8. The report can be found using the following link:

<http://www.ombudsman-wales.org.uk/en/publications/Annual-reports.aspx>

Overall Casework

The number of enquiries and complaints (public body complaints, and complaints about the conduct of members of local authorities) totalled 5,999 during 2015-16 which is a 4% increase on the position for 2014-15. As can be seen from the chart below, comparing the position with that of five years ago, there has been a 54% increase. However, there are signs that the increases that the Office has seen since the time it came into existence, are beginning to plateau.

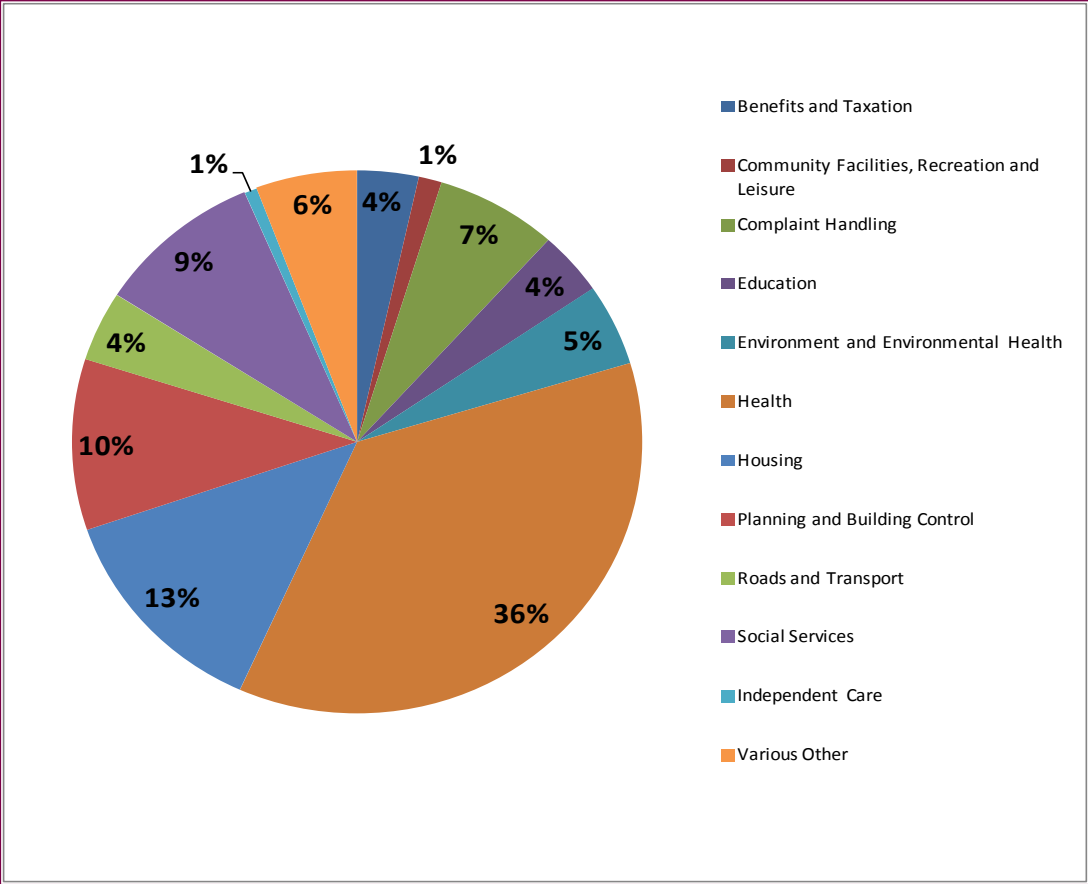


Complaints about public bodies by subject

Complaints to me can have many aspects to them, however, the chart below illustrates the main subject of the complaints I have received over the past year. Once again, health was the major part of the Office caseload, but this year accounted for 36% of cases compared with 34% in 2014-15. We have already seen that there has been an increase in complaints about NHS bodies, however, the percentage increase also arises from the fact that there have been fewer complaints about other public services. As has been the case in recent years, housing (13%) and planning (10%) are the service areas which account for the greatest number of complaints received after health complaints.

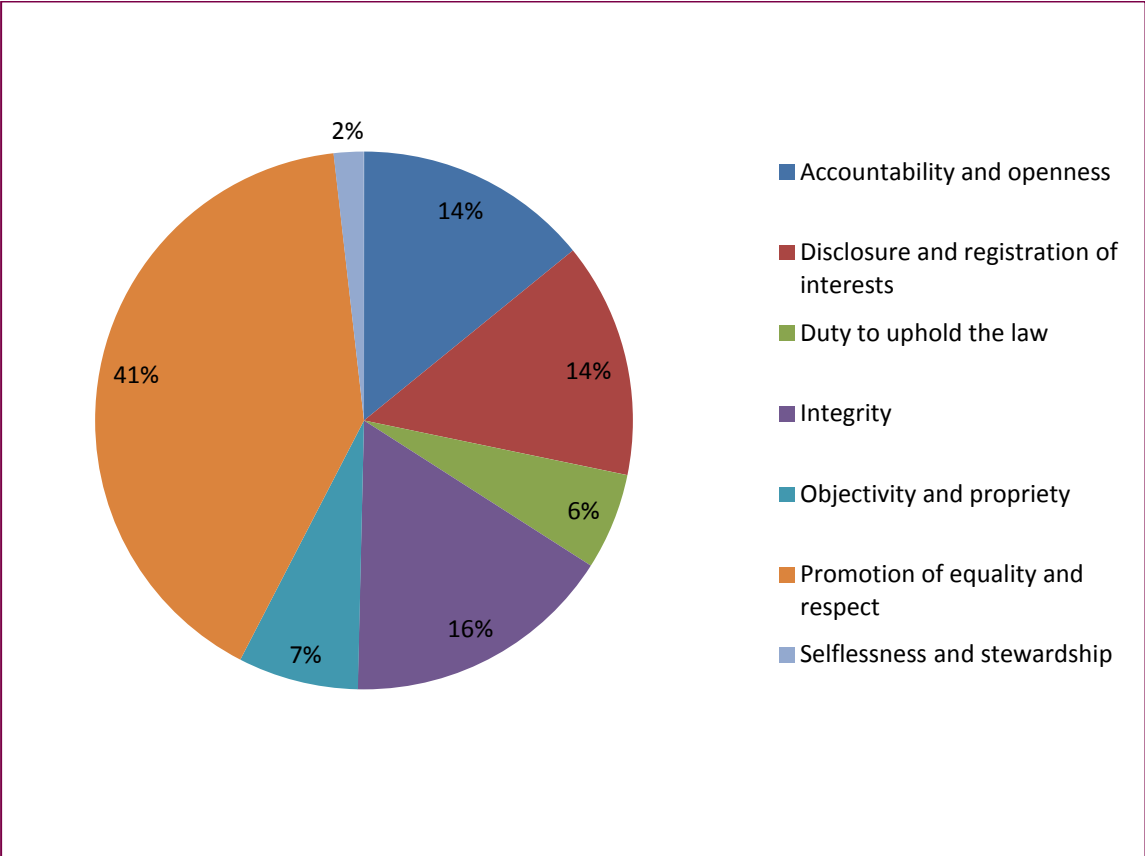
Last year I commented on the increase being seen in relation to complaints about social services. This year there has been no significant increase in this type of complaint compared with 2014-15.

Complaints by subject 2015-16



Nature of Code of Conduct complaints

By far the majority of complaints received during 2015-16 related to matters of 'equality and respect', accounting for 41% of the complaints made to me (this was 35% in 2014-15). The next largest area of complaints related to 'integrity' at 16%, and then 'disclosure and registration of interests' and 'accountability and openness' both of which accounted for 14% of the Code of Conduct caseload.



Key Financial Data

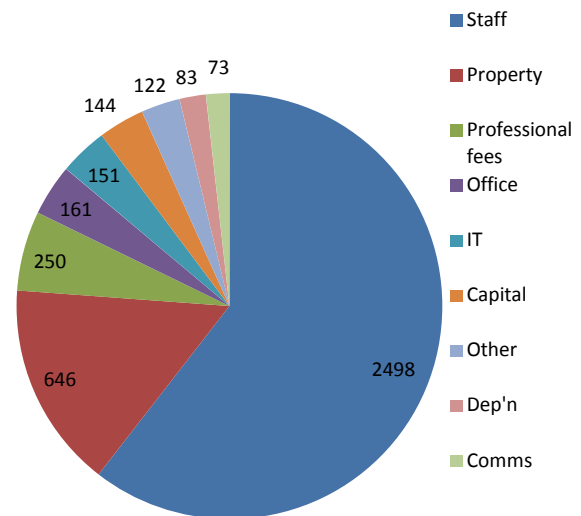
Resource Funding:	£4,340k	Total Assets:	£400k
Resource Expenditure:	£4,128k	Total Liabilities:	£964k
Cash to be Repaid:	£36k	Net Liabilities:	£564k

Resource Expenditure (pages 44-45)

PSOW's funding comes from the Welsh Consolidated Fund (WCF). Each year the estimated costs of running the Office have to be submitted to the Finance Committee of the National Assembly for Wales for consideration. When agreed, funds are drawn down monthly with any surpluses returned to the WCF during the following Financial Year.

Resource expenditure was £4,128k compared to funding of £4,340k. The underspend was mostly attributable to changes in provisions.

A cash under spend of £36k will be returned to the WCF in 2016-17.



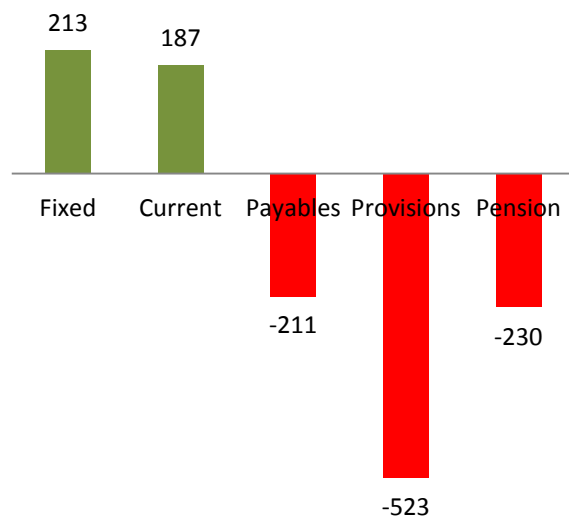
Assets and Liabilities (pages 47-50, plus Pensions Annex)

Non current assets consist of plant and equipment £146k and intangibles such as software £67k.

Current assets consist of receivables £151k and cash £36k.

Liabilities are accounted for by payables (£211k), provisions for pensions and dilapidations (£523k) and a pension fund deficit (£230k) that has reduced by over 50% from (£490k) in 2014-15.

There is a net liability of (£564k).



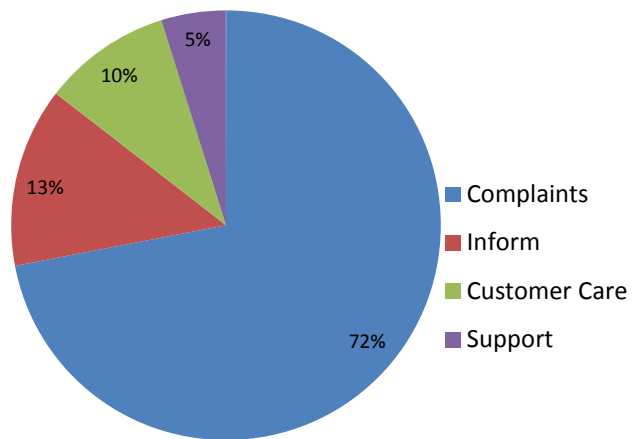
Expenditure by Aims and Objectives (page 46)

Aim 1: To offer a service where excellent **customer care** is at the forefront of all we do, where we work to raise awareness of our service and do our best to make it accessible to all and easy to use.

Aim 2: To deliver a high quality **complaints** handling service, which considers and determines complaints thoroughly but proportionately, and conveys decisions clearly.

Aim 3: To use the knowledge gained from our investigations to contribute to improved public service delivery and to **inform** public policy.

Aim 4: To continue to analyse and improve the efficiency and effectiveness of our governance, business processes and **support** functions, to further demonstrate transparency and ensure the best use of the public money entrusted to us.



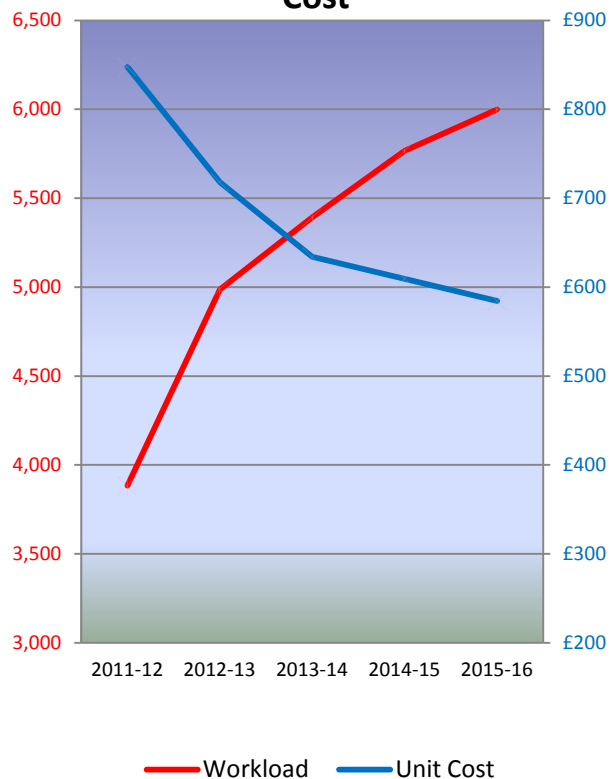
Trend (page 12)

Over the 5 year period 2011-12 to 2015-16 workload increased by over 50% whilst unit cost per case reduced by 30%.

Enquiries	+100%
Complaints:	
Code of Conduct	- 33%
Public Body	+24%

Over the same 5 year period revenue operating costs increased from £3.3m to £3.5m when adjusted for inflation.

Workload compared to Unit Cost



Accountability Report

Corporate Governance Report

Ombudsman's Report

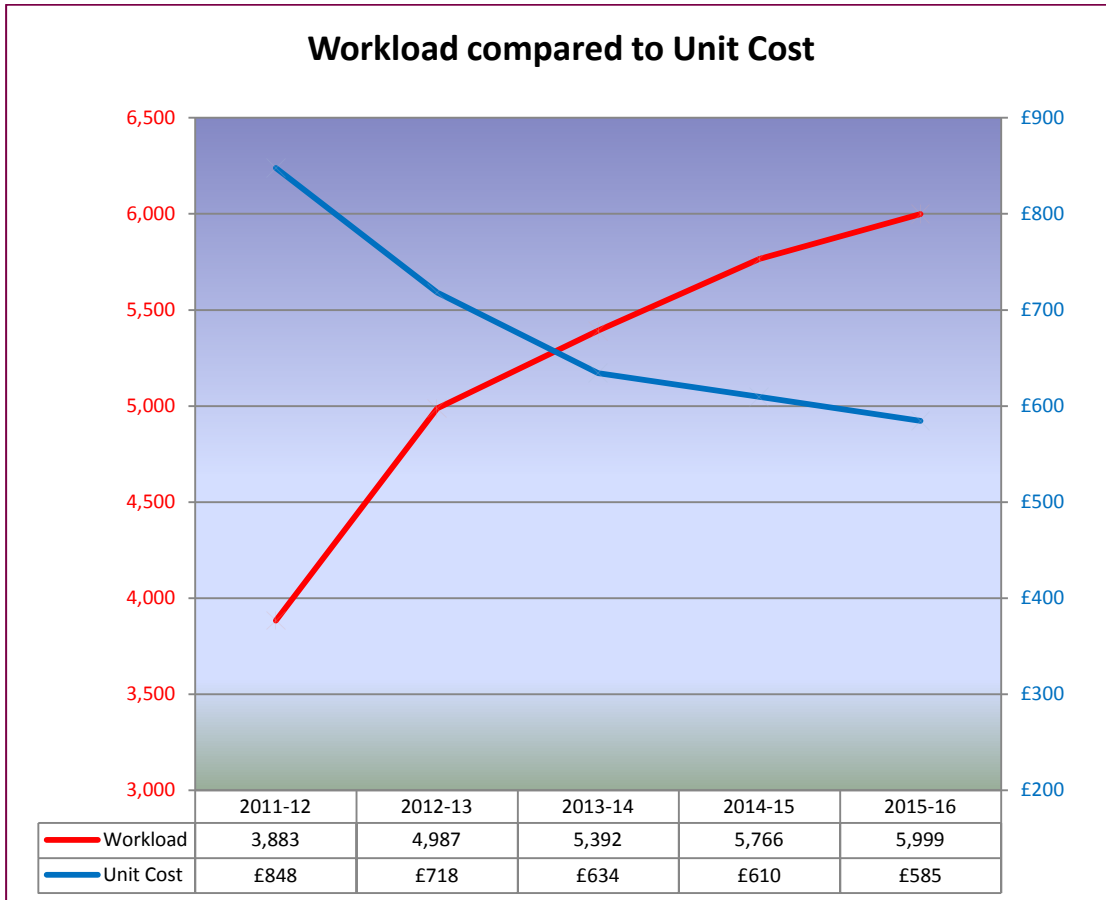
Background

Under the Government of Wales Act 2006 the office is financed through the Welsh Consolidated Fund (WCF). Any unspent cash balances have to be repaid into the WCF no later than four weeks after a certified copy of the accounts have been laid before the National Assembly for Wales. This creates a further control in that there is a need to effectively manage the budget on both a cash and a resource basis. The salary of the office holder of the Public Services Ombudsman for Wales, and the related costs, are a direct charge on the WCF and are administered through the National Assembly for Wales.

As at 31 March 2016, the Office comprised 56 staff based in Pencoed, Bridgend comprising the Ombudsman, Chief Operating Officer, Assistant Director/Legal Adviser as well as investigation and support staff.

The National Assembly for Wales provided resources of £4.3 million for the funding of the Office although £36k of this is due to be returned to the WCF being the unused cash balance at the year end. The sum of £36k is within the accepted year-end balance criteria of 3% funding. The Office has achieved a level of spending in line with changes in the overall level of the Welsh block which is especially noteworthy considering the upward demand for the services of the Office.

Great strides have been made over recent years in improving efficiency in the way we consider complaints. This has been essential in view of the ever-increasing caseload. The table below shows that over the past five years, the Office has seen an increase of over 50% in all contacts (that is, in enquiries, public body complaints and complaints about the conduct of members of local authorities) whilst unit costs have reduced by 30% when adjusted for CPI inflation. The past year has seen yet another increase in enquiries and complaints of 4%. Despite this, we have still managed to exceed the majority of our performance targets. We continued with our information technology upgrade programme with a view to getting new technology to take some of the strain of the administrative tasks associated with complaint handling.



The achievements of the past year are set out in greater detail in the statutory Annual Report 2015-16. Further information is available at:

<http://www.ombudsman-wales.org.uk/en/publications/Annual-reports.aspx>

Remuneration

Details of the pay and related costs of the Ombudsman and the Office are shown in the Remuneration Report on page 28.

Pension Liabilities

The pension obligations to present and past employees are discharged through:

- (a) the Principal Civil Service Pension Scheme (PCSPS);
- (b) the Local Government Pension Scheme administered through the Cardiff and Vale of Glamorgan Pension Scheme (the Fund); and
- (c) the pensions paid directly to former Commissioners or their dependants.

Further details are given in the Pensions Annex at Page 54.

Corporate Governance

The office holder of the Public Services Ombudsman for Wales is a Corporation Sole. In addition, upon taking up my role as Ombudsman, I was appointed by the Treasury as the Accounting Officer for the public funds with which the National Assembly entrusts me to undertake my functions. The Advisory Panel, established during 2011-12, has continued to meet on a regular basis over the past year. A review of its effectiveness conducted during 2014-15 concluded that the Panel added the additional scrutiny and support sought by the Ombudsman. Further details are set out in The Annual Governance Statement.

Register of Interests

A register of interests is maintained for the Ombudsman, directors and members of the Advisory Panel and Audit and Risk Assurance Committee.

Accounts Direction

Under the Accounts Direction issued by HM Treasury dated 21 December 2006, I was required to prepare accounts for the financial year ended 31 March 2016 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (the FReM) issued by HM Treasury which was in force for 2015-16.

The accounts have been prepared so as to:

- (a) give a true and fair view of the state of affairs at 31 March 2016 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended; and
- (b) provide disclosure of any material expenditure or income that has not been applied for the purposes intended by the National Assembly for Wales or material transactions that have not conformed to the authorities that govern them.

Auditors

The Auditor General for Wales is the External Auditor of the accounts of the PSOW as laid down in paragraph 7 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005. The cost of the audit for 2015-16 was £20k compared with £20k in 2014-15.

So far as I am aware I have taken all the steps necessary to make the auditors aware of any relevant audit information.

Nick Bennett
Accounting Officer

13 July 2016

Statement of Accounting Officer's Responsibilities

Under the Public Services Ombudsman (Wales) Act 2005 as Public Services Ombudsman for Wales, I am required to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Office during the year in the form of and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the PSOW and its net resource outturn, resources applied to objectives, changes in tax payer's equity and cash flows for the financial year.

In preparing the accounts, as the Accounting Officer I am required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

My relevant responsibilities as Accounting Officer include responsibility for the propriety and regularity of the public finances for the PSOW, keeping proper records and safeguarding the Office's assets as set out in the Accounting Officer's memorandum issued by HM Treasury that is published in "Managing Welsh Public Money", and are in accordance with the Public Services Ombudsman (Wales) Act 2005.

Annual Governance Statement 2015-16

Status of the Public Services Ombudsman for Wales

As laid down in Schedule 1 paragraph 2 of the Public Services Ombudsman (Wales) Act 2005 (the Act), the Ombudsman is a Corporation Sole holding office under Her Majesty and discharges his function on behalf of the Crown. Schedule 1 paragraph 18 states that the Ombudsman is the Accounting Officer for the Office of the Ombudsman.

Scope of Responsibility

In undertaking the role of Accounting Officer I ensure that the Office operates effectively and to a high standard of probity. In addition, I have responsibility for maintaining a sound system of internal control that supports the achievement of the PSOW's policies, aims and objectives whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in "Managing Welsh Public Money".

I am independent of the National Assembly for Wales but am accountable to its Public Accounts Committee for the use of resources made available to support my statutory functions. In determining the level of resources available to the Office the PSOW's budget proposals are considered by the Finance Committee of the National Assembly for Wales in accordance with the process laid down in the Act.

I am required to include this statement with my annual report and accounts to explain how the governance of my Office works and to ensure it meets the requirements of the Corporate Governance Code. To enable me to satisfy these requirements I have established appropriate structures, systems and procedures that are comprehensive and provide me with evidence that the governance arrangements are working as intended across the whole organisation and its activities. Such arrangements include my Governance Framework, a comprehensive internal control environment, effective internal and external audit scope and robust financial management, risk planning and monitoring procedures.

Strategic Planning and Performance Monitoring

The PSOW's planning cycle normally involves the development of a Strategic Plan every three years and a business plan annually. The Strategic Plan for 2015-16 is a one year plan that has been deliberately rolled on from the previous Three Year Strategic Plan as I believe that the Vision: **To put things right for users of public services and to drive improvement in those services and in standards in public life using the learning from the complaints we consider** remains as relevant and appropriate as ever, not least given the current public policy context.

Whilst individual teams within the Office are charged with implementing the actions identified, the Management Team and the Advisory Panel monitor progress made against targets and the outcomes achieved via quarterly reports. I was very pleased that all key activities for 2015-16 had been delivered by the end of the financial year.

System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of my policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Office of the PSOW for the year ended 31 March 2016 and up to the date of approval of these accounts, and accords with HM Treasury guidance. No significant areas of internal control weaknesses have been identified from audit work and steps to improve controls further are implemented promptly and monitored by the Audit and Risk Assurance Committee.

Corporate Governance arrangements

Governance arrangements include an Advisory Panel of external advisors supplemented by an Audit and Risk Assurance Committee which is a sub-committee of the Panel. The respective responsibilities are:

Advisory Panel

(a) Role of the Panel

The Advisory Panel is a non-statutory forum whose main role is to provide support and advice to the Ombudsman in providing leadership and good governance of the office of the PSOW. The Advisory Panel also brings an external perspective to assist in the development of policy and practice.

The Advisory Panel provides specific advice and support to the Ombudsman on:

- vision, values and purposes;
- strategic direction and planning;
- accountability to citizens for the public funds it receives; and
- internal control and risk management arrangements.

The Advisory Panel is an advisory only body to the Ombudsman, and does not make decisions in its own right.

The Panel also assists the Ombudsman in establishing:

- governance arrangements, including Terms of Reference of any sub-committees;
- the PSOW's strategic direction, aims and objectives and targets;
- key business policies;
- key employment strategies and policies;

and scrutinising and assuring:

- the Three Year Strategic Plan and the Annual Business Plan;
- high level budget allocation;
- the budget Estimates submission to the Finance Committee of the National Assembly for Wales;
- resource accounts (delegated to the Audit and Risk Assurance Committee); and
- capital investment/contracts (over £250k) (delegated to the Audit and Risk Assurance Committee).

It also monitors and reviews:

- risk and internal control (delegated to the Audit and Risk Assurance Committee);

- operational performance and delivery;
- financial performance;
- effectiveness of employment strategies and policies;
- diversity and equal opportunities, particularly in relation to the Equality Act 2010;
- external communications strategies and stakeholder relations; and
- health and safety and business continuity.

Four meetings were held in July, September and December 2015 and March 2016.

(b) Membership

Membership comprises:

- the Ombudsman
- up to six external members (who offer specific skills and experience sought by the Ombudsman and one of whom may be from another ombudsman office).

The Policy and Communications Manager acts as Secretary to the Panel; other Management Team members as decided by the Ombudsman may be in attendance at the Panel's meetings but are not formally members of the PSOW Advisory Panel.

Attendance during 2015-16 was as follows:

Membership:	
Nick Bennett – Ombudsman and Chair	4
Margaret Griffiths	4
Jonathan Morgan (from March 2016)	1
William Richardson	4
Sharon Warnes	2
Jan Williams	1
John Williams	4

Audit and Risk Assurance Committee

(a) Terms of Reference

The Advisory Panel is responsible for agreeing the Terms of Reference of the Audit and Risk Assurance Committee. The Audit and Risk Assurance Committee supports the Ombudsman by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

(b) Membership

The independence of the Committee continues to be enhanced. It is chaired by William Richardson who, as the former Deputy Chief Executive at the office of the Parliamentary and Health Service Ombudsman, brings considerable experience of operating governance, financial and administrative systems within the context of an ombudsman scheme. Jonathan Morgan, who served as an Assembly Member for 12 years, and is a former Chair of the National Assembly Public Accounts Committee, became the newest member of both the Advisory Panel and the Audit and Risk Assurance Committee in March 2016. The Ombudsman is no longer a Member of the Committee, although he does attend and contribute to the meetings.

(c) Training

Members of the Committee are invited to assess their training needs annually. During the past year, to supplement the previous year's induction programme for Advisory Panel and Audit and Risk Assurance Committee members, additional training in relation to the work of the Ombudsman's office has taken place. This has taken the form of a presentation/discussion at the end of each Advisory Panel meeting. In addition, a course specifically aimed at Audit and Risk Assurance Committee members was arranged through the Chartered Institute of Public Finance and Accountancy. During the year the Chair attended a Wales Government Sponsored Bodies Audit Chairs' meeting that he found useful for networking and sharing best practice.

(d) Meetings

The Committee sets for itself an annual work programme. There were four meetings of the Committee during the year. At each meeting the Committee received a number of standing agenda items. One of these covered Risk Management and included details of new risks and any changes to the existing Risk Register (e.g. movement in the level of risk). When the annual Internal Audit Plan is considered the full risk register is made available to the Committee to ensure that the plan being proposed reflects the priorities within the register. At other meetings, as a minimum, the Committee is presented with high and medium risks as a method of ensuring that they are kept aware of key risks. The key risks monitored during the year were the Office's reputation and in the current economic climate the appropriate level of resources to enable the Ombudsman to meet his statutory obligations. The overall level of risk facing the Office has remained relatively low and generally static. Attendance was as follows:

Membership:	
William Richardson (Chair)	4
Jonathan Morgan (from March 2016)	1
Sharon Warnes	2
John Williams	4

Other standing reports submitted to the Committee related to declarations of any fraud or losses, including any data losses, identified.

During the year the Committee also received reports on any appropriate matters that fell within its Terms of Reference. They included: the 9 and 12 month accounts, internal audit plans, updates on the business continuity plan; and relevant financial and corporate governance matters issued by HM Treasury.

At each meeting, the Committee received for information purposes a copy of the latest Budget Monitoring report considered by the Management Team. This is intended to provide the Committee with an assurance that there is a regular scrutiny of the financial position within the Office.

The Committee provided advice to the Ombudsman to ensure that the 2015-16 Annual Governance Statement included appropriate information and complied with best practice.

(e) Internal and External Audit

The Committee received regular reports from both the internal and external auditors. The work of Deloitte as Internal Auditors during the year was planned on the basis of their overall needs assessment and carried out through their third annual programme. Their reports highlighted the satisfactory internal control framework within the organisation and made recommendations for improvement where necessary. Their Finance Systems Internal Audit Annual Report for 2015-16 stated the following overall assessments:

Banking and Cash Management	SUBSTANTIAL assurance
Budgetary Control	SUBSTANTIAL assurance
Purchasing and Payments	MODERATE assurance

The rolling audit programme covering the other aspects of the Office's work and controls also noted the satisfactory internal control framework within the Office and made recommendations for improvement where necessary. The overall assessments were as follows:

Corporate Governance	MODERATE assurance
Risk Management	SUBSTANTIAL assurance
Information Security	MODERATE assurance
IT General Controls	MODERATE assurance
Complaints Handling	SUBSTANTIAL assurance

The internal auditors' Annual Report for 2015-16 stated: 'Based on the work we have undertaken during the year we are able to conclude that the Public Services Ombudsman for Wales (PSOW) has a basically sound system of internal control, which should provide **substantial assurance** regarding the achievement of PSOW's objectives". These findings provide assurance that the arrangements in place are reducing the Office's exposure to risk. The Committee noted the thoroughness of the audit work, practicality of recommendations and the open and positive response of management to the recommendations made.

The effectiveness of Internal Audit is also evaluated annually by the External Auditors. In their Management Letter they concluded that the Ombudsman has operated an effective system of control including Internal Audit arrangements that comply with the Government Internal Audit Standards.

The role of external audit, as required by the Act, has to be undertaken by the Wales Audit Office (WAO). The Committee considered the Annual Accounts that included the Governance Statement of the Office for 2014-15 together with the External Audit ISA260 Report. The audit conclusions for the 2014-15 financial year were reviewed at the September 2015 meeting of the Committee.

An unqualified opinion was given on the 2014-15 Accounts on 5 August 2015 with the two recommendations already implemented during the audit.

Both Internal and External Auditors have the right, if considered appropriate, to raise any matter through an open access policy to the Chair and through that right to bring any matter to the attention of the Committee. The Committee by reviewing the programmes of both the External and the Internal Auditors ensured that they were co-operating effectively with each other. The quality of the audit work and that of the Committee has been evaluated during the year through consideration of the audit reports and recommendations and dialogue at meetings between Committee Members and the Auditors.

To ensure that appropriate matters can be raised in confidence the Chair of the Committee holds an annual meeting with representatives of the External and Internal Auditors. Such a meeting was held on 17 March 2016.

(f) Monitoring processes

At each meeting during 2015-16 the Committee received a report on progress made on implementation of External and Internal Audit recommendations. The Committee members were satisfied that all the recommendations made had been implemented or will be implemented by the first quarter of 2016-17.

(g) Annual Review and Assessment

This annual review is undertaken to ensure that the work of the Audit and Risk Assurance Committee continues to comply with the Good Practice Principles set out in the HM Treasury Audit Committee Handbook. To assist the Committee in determining that it was complying with good practice each member was invited to complete the National Audit Office's "The Audit Committee self assessment checklist."

In preparing last year's report, comments were received by Committee members and were taken into account in preparing the Annual Report for 2015-16. Below are issues which were identified and the position at the end of 2015-16:

- introduce a formal annual performance assessment for Audit and Risk Committee members; [in place]
- review conditions of appointment of Members to ensure that they fully comply with best practice, particularly regarding termination; [this has been strengthened as regards conflicts of interest]
- in relation to training and development, review induction following recent appointments and enhance if necessary to give a better understanding of the business of the Office; [completed]
- responsibilities in relation to the PSOW's Whistle Blowing procedure, and the Staff Code of Conduct as far as it relates to financial and governance issues. [completed]

A similar review was undertaken by Committee members for the year 2015-16. In particular, the following were identified:

- Consideration to be given to appointing a fourth independent member to the Committee with a view to increasing the range of experience and skills within its membership. This would also increase the likelihood that the Committee will always be quorate. Jonathan Morgan was appointed in March 2016.
- Induction – there is a standard programme and associated pack for new Advisory Panel Members and includes Audit and Risk Assurance Committee where appropriate. Specific training for Panel Members joining the Committee as 'new' Members is also provided.

The Committee produced an Annual Report for 2015-16.

The report concluded that it had received comprehensive assurances and information that was reliable and sufficient to enable it to carry out its responsibilities. Those assurances demonstrated a satisfactory overall internal control environment, financial reporting, and the management of risk and of the quality of both the Internal and External Audit work undertaken.

The Committee was therefore able to provide assurances to effectively support me as the Public Services Ombudsman for Wales to comply with my, and my

predecessor's, Accounting Officer responsibilities in particular in providing evidence to assist in the preparation of this Annual Governance Statement.

Reporting of Personal Data Related Incidents

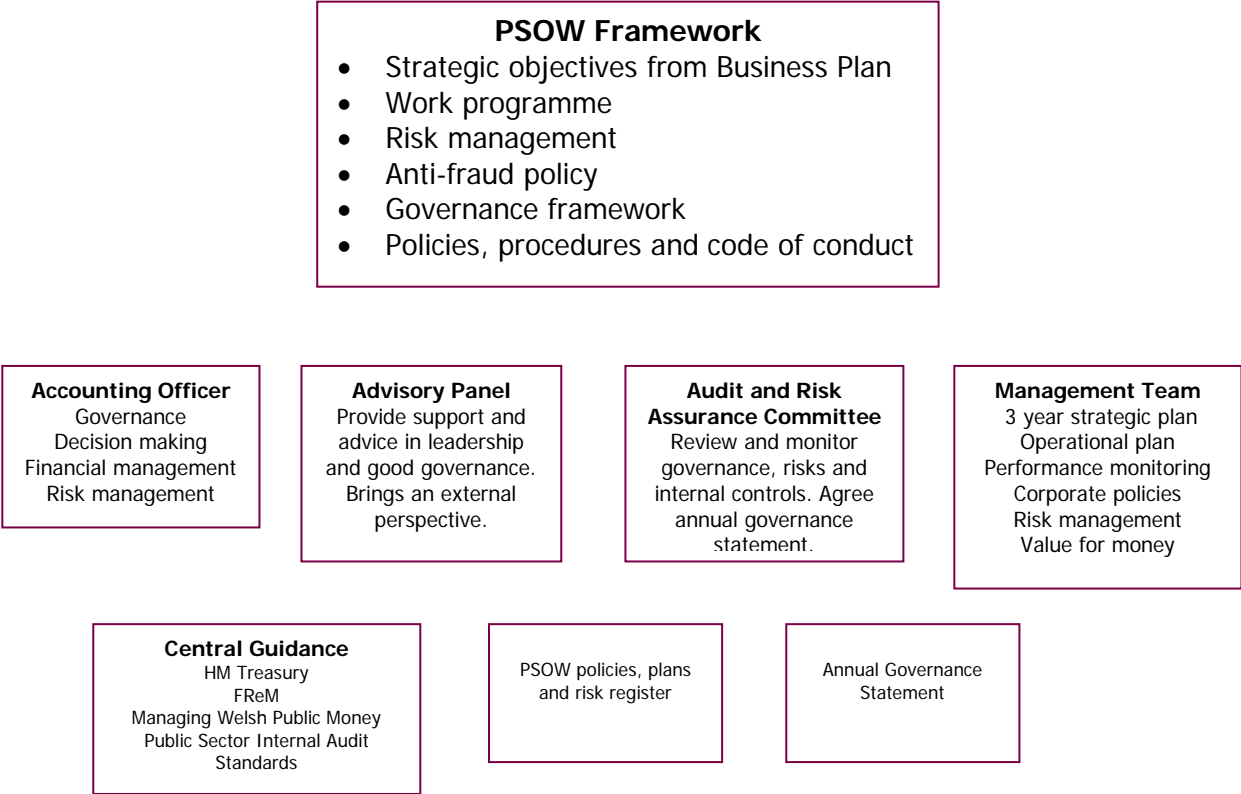
All incidents involving personal data are reported to the Audit and Risk Assurance Committee, regardless of whether or not PSOW is at fault. Where PSOW is at fault, guidance issued by the Information Commissioner's Office is considered to establish whether it is necessary to report the incident to that office. During 2015-16, there were two incidents that required reporting to the Information Commissioner's Office. In both instances, the Information Commissioner's Office has decided not to take further action.

The Risk and Control Framework

As required by "Managing Welsh Public Money" I am supported by a professionally qualified Financial Accountant who carries out the responsibilities of a finance director as set out in that document.

I am continuing to enhance the robust internal control arrangements to ensure that the Office has the capacity to identify, assess and manage risk effectively. In undertaking this responsibility during the year ended 31 March 2016 I have been supported by a Chief Operating Officer to whom some of the Ombudsman's responsibilities have been delegated. In addition the Management Team that I chair has responsibility for overseeing risk management. I am satisfied that the systems in place identify potential risks at an early stage and enable, through active management, the appropriate action to be taken to minimise any adverse impact on the office. As already stated the Audit and Risk Assurance Committee receive regular reports on the Risk Register of the Office.

Risk Assurance Framework Arrangements



Assurance Map Components



Budgeting Process

As Accounting Officer, I ensure that I have in place arrangements for tight control of the public money entrusted to me, as did my predecessor before me. In particular, the Management Team receives a monthly budget monitoring report setting out details of actual against budgeted expenditure. Any unexpected expenditure issues that may arise during the course of the year are considered and actions required to ensure that the office remains within its budgeted expenditure are agreed. No major issues arose in respect of the PSOW's budget for 2015-16. As far as the process of producing the PSOW's financial estimate for 2016-17 is concerned, a paper setting out initial budget criteria was considered by the Advisory Panel in July 2015. Following on from this a draft budget estimate paper was considered at the meeting in September 2015. That paper set out in full the financial resources that the PSOW had identified as being necessary to enable the PSOW to carry out his duties. The final Estimates paper was submitted to the Finance Committee of the National Assembly for Wales. The Finance Committee considered the paper in November 2015 and I was pleased to be able to attend the meeting in order to answer Assembly Members' specific questions on the submission. The National Assembly for Wales subsequently approved the financial estimate for 2016-17.

A Supplementary Budget was presented to The Finance Committee in December 2015 to account for additional resource funding in respect of future dilapidation costs and to vire revenue to capital in respect of the new office space fit out. No additional cash was required.

Conclusion

I am able to report that there were no significant weaknesses in the Office's system of internal controls in 2015-16 that would affect the achievement of the Office's policies, aims and objectives and that robust Corporate Governance is in operation with no breaches of the Corporate Governance Code.

Nick Bennett
Accounting Officer

13 July 2016

Remuneration Report

Public Services Ombudsman for Wales

The Government of Wales Act 2006 provides for my remuneration and associated national insurance and pension costs to be met from the Welsh Consolidated Fund, rather than being paid directly. These costs are included, for transparency, under Non Staff Administration Costs as Consolidated Fund Standing Services in Note 3 and the Summary of Resource Net Outturn (page 33).

Remuneration

The following sections provide details of the remuneration and pension interest of the most senior management of the Office: Nick Bennett - Ombudsman, Chris Vinestock - Chief Operating Officer and Director of Investigations and Katrin Shaw - Assistant Director of Investigations and Legal Adviser.

Single Total Figure of Remuneration										
Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in Kind (to nearest £100)		Pension benefits (to nearest £1,000)		Total (£'000)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Nick Bennett ¹	140-145	90-95	-	-	-	-	56,000	35,000	196-200	125-130
Chris Vinestock	85-90	85-90	-	-	-	-	48,000	32,000	130-135	115-120
Katrin Shaw ²	65-70	-	-	-	-	-	33,000	-	95-100	-

Salary

Salary includes gross salary, overtime and any other allowances to the extent that they are subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any expenditure paid by PSOW and treated by HM Revenue and Customs as a taxable emolument. There was no such expenditure.

¹ Commenced employment 01 August 2014

² Commenced Assistant Director role 01 April 2015

Bonuses

No bonus was paid during the year to me or to any staff within my office as no bonus scheme is in operation.

Pay multiples

The banded remuneration of the highest-paid director in the financial year 2015-16 was £140-£145,000 (2014-15, £140-£145,000). This was 3.5 times (2014-15, 3.5) the median remuneration of the workforce, which was £40,218 (2014-15, £40,218). In 2015-16, no employee received remuneration in excess of the highest-paid director (2014-15, none).

Remuneration ranged from £14,000 to £145,000 (2014-15, £14,000-£145,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pay awards

Staff pay is linked to the pay awards made to employees within Local Government in England and Wales. In line with that procedure a 2% pay increase was awarded to staff in 2014-15 that covered the 2 year period April 2014 to March 2016.

Pensions

Pension entitlements for the persons shown above are detailed below:

Name	Accrued pension at pension age as at 31/03/16 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/16 £000	CETV at 31/03/15 £000	Real Increase in CETV £000	Employer contribution to partnership pension accounts Nearest £100
Nick Bennett ³	20 - 25	17.5-20	222	22	26	-
Chris Vinestock ⁴	45 - 50	2.5-5	580	504	24	-
Katrin Shaw	20 - 25	0-2.5	304	265	15	-

³ The real increase in pension includes a transfer in brought by the member during the reporting year.

⁴ Transfer in received in 2015 after Resource Accounts prepared. The 2014-2015 figures have been recalculated.

Pension Liabilities

The pension obligations to present and past employees are discharged through:

- (a) the Principal Civil Service Pension Scheme (PCSPS);
- (b) the Local Government Pension Scheme administered through the Cardiff and Vale of Glamorgan Pension Scheme (the Fund); and
- (c) the pensions paid directly to former Commissioners or their dependants.

Fuller details are given in the Pensions Annex at Page 54.

Sickness

During the year, an average of 5.5 days per employee were lost through sickness compared with 7.0 days in 2014-15. This is the equivalent of 2.0% (2.8% in 2014-15) of total possible workdays.

Reporting of Civil Service and other compensation schemes – exit packages

No exit packages were paid in 2015-16 (2014-15 Nil).

PSOW publishes an Annual Report separate to the Annual Accounts which contains more detailed staff information and can be found using the following link:

<http://www.ombudsman-wales.org.uk/en/publications/Annual-reports.aspx>

Advisory Panel and Audit and Risk Assurance Committee

The following non pensionable payments, based on a daily rate, were made to members of the Advisory Panel and Audit and Risk Assurance Committee:

	2015-16	2014-15
	£	£
William Richardson	2,737	4,210
John Williams	1,400	2,177
Jan Williams	-	-
Margaret Griffiths	987	1,128
Sharon Warnes	1,244	-
Jonathan Morgan (from March 2016)	-	-

Nick Bennett
Accounting Officer

13 July 2016

**Public Services Ombudsman for Wales
Financial Statement 2015-16**

National Assembly for Wales Accountability and Audit Report

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FRM) requires the Ombudsman to prepare a statement and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resource.

Summary of Net Resource Outturn

For the year ended 31 March 2016

	Revised Estimate			Outturn			2014-15	
	Gross Expenditure	Income	Net Total	Gross Expenditure	Income	Net Total	Net total outturn compared to estimate	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000
Revenue	4,240	-	4,240	4,179	-	4,179	-	4,133
Less Ombudsman ⁵	-	-	-	(195)	-	(195)	-	(158)
Net revenue	4,240	-	4,240	3,984	-	3,984	256	3,975
Capital	100	-	100	144	-	144	(44)	17
Net Resource	4,340	-	4,340	4,128	-	4,128	212	3,992
Net Cash Requirement Note 2	4,254	-	4,254	4,218	-	4,218	36	4,159

⁵ Direct charge against the Welsh Consolidated Fund

Reconciliation of Net Resource to Net Cash Requirement

For the year ended 31 March 2016

	Note	2015-16 Revised estimate	2015-16 Net total Outturn	Net total outturn compared to revised estimate	2014-15 Outturn
		£000	£000	£000	£000
Net Revenue		4,240	3,984	256	3,975
Net Capital	5-6	100	144	(44)	17
Net Resource		4,340	4,128	212	3,992
Movement in provisions	10	(297)	11	(308)	94
Capital charges	5-6	(75)	(83)	8	(86)
Movements in working capital	7-9	20	(88)	108	(71)
Pension funding		266	250	16	230
Net cash requirement		4,254	4,218	36	4,159

Nick Bennett
Accounting Officer

13 July 2016

The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales

I certify that I have audited the financial statements of the Public Services Ombudsman for Wales for the year ended 31 March 2016 under paragraph 17 (2) of schedule 1 of the Public Services Ombudsman (Wales) Act (2005). These comprise the Summary or Net Resource Outturn, Statement of Comprehensive Net Expenditure, Statement of Financial Position, Consolidated Statement of Cash Flows, Statement of Changes in Taxpayers Equity and related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the financial statements, in accordance with the Public Services Ombudsman (Wales) Act 2005 and HM Treasury directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Public Services Ombudsman for Wales' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Public Services Ombudsman for Wales; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income have been applied to the purposes

intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition I read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of the Public Services Ombudsman for Wales' affairs as at 31 March 2016 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- have been properly prepared in accordance with HM Treasury directions issued under the Public Services Ombudsman (Wales) Act (2005).

Opinion on Regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Public Services Ombudsman (Wales) Act (2005); and
- the information in the Annual Accounts is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- the Annual Governance Statement does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales
21 July 2016

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Public Services Ombudsman for Wales
Financial Statement 2015-16

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2016

	Note	2015-16	2014-15
		£000	£000
Administration costs			
Staff costs	2	2,498	2,530
Other non staff administration costs	3	1,681	1,603
Gross Administration Costs		4,179	4,133
Operating Income		-	-
Net Administration Costs		4,179	4,133
Net Revenue Outturn		4,179	4,133

All activities commenced in the period are continuing.

The notes on pages 41 to 53 and the Pensions Annex on pages 54 to 64 form part of these statements

Statement of Financial Position

as at 31 March 2016

	Note	2015-16		2014-15	
		£000	£000	£000	£000
Non-current assets					
Property, Plant and Equipment	5	146		46	
Intangible assets	6	67		106	
Receivables falling due after more than one year	7	-		-	
Total non-current assets			213		152
Current Assets					
Trade and other receivables	7	151		170	
Cash and cash equivalents	8	36		3	
Total current assets			187		173
Total assets			400		325
Current liabilities					
Trade and other payables	9	(173)		(109)	
Provisions	10	(49)		(169)	
Total current liabilities			(222)		(278)
Non-current assets plus net current assets			178		47
Trade and other payables due after one year	9	(38)		-	
Provisions	10	(474)		(365)	
Non-current liabilities			(512)		(365)
Assets less liabilities before Pensions			(334)		(318)
Pension Fund (Deficit)/Surplus	Pensions Annex		(230)		(490)
Assets less liabilities			(564)		(808)
Taxpayers' Equity:					
General Fund			(564)		(808)

The notes on pages 41 to 53 and the Pensions Annex on pages 54 to 64 form part of these statements. The financial statements were approved by the Accounting Officer and authorised for issue on 13 July 2016 by:

Nick Bennett
Accounting Officer

13 July 2016

**Public Services Ombudsman for Wales
Financial Statement 2015-16**

Statement of Cash Flows

for the year ended 31 March 2016

	Note	2015-16	2014-15
		£000	£000
Net cash outflow from operating activities	11	(4,041)	(4,159)
Net cash flow from investing activities	12	(144)	(17)
Financing from National Assembly for Wales	13	4,254	4,162
Net increase (decrease) in cash equivalents before adjustments for payments to Welsh Consolidated Fund		69	(14)
Payments of amounts due to the Welsh Consolidated Fund	8-9	(36)	(3)
Net increase (decrease) in cash equivalents after adjustments for payments to Welsh Consolidated Fund		33	(17)
Cash and cash equivalents at the beginning of period		3	20
Cash and cash equivalents at the end of period		36	3

The notes on pages 41 to 53 and the Pensions Annex on pages 54 to 64 form part of these statements.

Public Services Ombudsman for Wales
Financial Statement 2015-16

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2016

	General Fund 2015-16	General Fund 2014-15
	£000	£000
Balance as at 1 April	(808)	(992)
Net operating costs	(4,179)	(4,133)
Funding by National Assembly for Wales	4,254	4,162
Due back to Welsh Consolidation Fund		
- Cash	(36)	(3)
- Non operating income	-	-
Welsh Consolidation Fund shared services	195	158
Actuarial (deficit) surplus	10	-
Total recognised income and expense for year	244	184
Balance as at 31 March	(564)	(808)

The notes on pages 41 to 53 and the Pensions Annex on pages 54 to 64 form part of these statements.

Public Services Ombudsman for Wales
Financial Statement 2015-16

Notes to the Financial Statements

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (the FReM) issued by HM Treasury which is in force for 2015-16. The accounting policies contained in the FReM, apply International Financial Reporting Standards (IFRS) as adopted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the PSOW for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the PSOW are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for any revaluation of fixed assets, where material to their value to the business, by reference to their current costs.

1.2 Property, Plant and Equipment

Expenditure on property, plant and equipment is capitalised where the purchases are expected to have a useful life extending over more than one year and the cost exceeds £1k. Assets costing less than £1k may be capitalised providing they are capital in nature and are part of a larger scheme that is in total more than £1k. Assets are shown at cost less an allowance for depreciation. On initial recognition fixed assets are measured at cost, including such costs as installation, which are directly attributable to bringing them into working condition for their intended use. In reviewing the costs of the fixed assets previously acquired and the prices paid for the new acquisitions during the year there is no material difference between the historic net book value of the assets and their replacement cost less depreciation.

1.3 Depreciation

Assets are depreciated at rates calculated to write them down to zero or if applicable, estimated residual value on a straight-line basis over their estimated useful life following an initial charge of a full year's depreciation

in the year of purchase. Assets in the course of construction are depreciated from the year in which the asset is brought into use. Except where otherwise noted asset lives are assumed to be the following:

Plant	10 years or the lease term if shorter
Furniture and other fittings	10 years or in the case of fittings the lease term
Computers and other equipment	3 to 10 years

1.4 **Intangible assets**

Purchased computer software licences and developed software are capitalised where expenditure of £1k or more is incurred and the useful life is more than one year. Intangible assets costing less than £1k may be capitalised providing they are capital in nature and are part of a larger scheme that is in total more than £1k. Intangible assets are reviewed annually for impairment and are stated at amortised historic cost. Software licences are amortised over the shorter of the term of the licence and the useful economic life of the computer equipment on which they are installed. This would usually be from 3 to 5 years. Developed software is amortised over the estimated useful life. In the year of acquisition a full year's amortisation charge is made with the balance amortised on a straight line basis over the balance of the estimated life.

1.5 **Value Added Tax**

PSOW is not registered for VAT. Expenditure is therefore disclosed gross of VAT.

1.6 **Pensions**

The pension obligations to present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the Local Government Pension Scheme administered through the Cardiff and Vale of Glamorgan Pension Scheme (the Fund) and by direct payment to previous Commissioners for Local Administration in Wales and any surviving beneficiaries. Full details are disclosed in the Pensions Annex at the end of the Financial Statements. The costs of providing these pensions are charged through the Statement of Comprehensive Net Expenditure with actuarial gains and losses relating to the Cardiff and Vale of Glamorgan Pension Scheme being recognised in the year in which they occur.

1.7 **Early departure costs**

Where the PSOW is required to meet the additional cost of benefits beyond the normal benefits payable by the appropriate pension scheme in respect of employees who retire early, these costs are charged to the Statement of Comprehensive Net Expenditure in full when the liability arises.

1.8 **Operating Leases**

Expenditure on leased property is expensed in the period to which it relates. Operating lease charges for equipment are spread equally over the life of the lease.

1.9 **Staff Costs**

In line with IAS 19, short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, as well as non-monetary benefits for current employees, are recognised when an employee has rendered services in exchange for those benefits.

1.10 **Provisions**

These are sums which are of uncertain timing or amount at the balance sheet date and represent the best estimate of the expenditure required to settle the obligations. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the recommended HM Treasury discount rate.

1.10 **Impact of Standards Not Yet Effective**

The impact of standards and interpretations which have been issued but are not effective and which have not been adopted early by the PSOW have been considered. With the exception of IFRS 16 Leases, it is anticipated that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of PSOW. The impact of IFRS 16, which has been issued by the IASB but not yet been adopted by the European Union and will apply from 2019-20, is not reasonably estimable at this stage.

2. Staff Costs and Numbers

The aggregate employment costs were as follows:

	2015-16	2014-15
	£000	£000
Permanent staff:		
Salaries	1,967	1,951
Social Security Costs	158	145
Pension costs	416	385
Pension fund movements	(56)	15
Total	2,485	2,496
Temporary staff		
Salaries	10	30
Social Security costs	1	1
Pension costs	2	3
Total	13	34
Total employment costs	2,498	2,530

The costs of temporary staff include agency staff together with any persons employed on a non permanent contract. The salary costs set out above do not show the employment and related costs of the Ombudsman. The reason for the difference is stated in the Remuneration Report (see page 28).

The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:

	2015-16	2014-15
	No.	No.
Ombudsman and Directors	3	2
Investigations	40	43
Corporate services	7	6
Communications and PA	4	2
Total	54	53

The above includes the Public Services Ombudsman for Wales. For comparison purposes the total costs of employment including the Ombudsman is:

	2015-16	2014-15
	£000	£000
Ombudsman	195	158
Office	2,498	2,530
Total	2,693	2,688

3. Non Staff Administration Costs

	2015-16		2014-15	
	£000		£000	
Rentals under operating leases	250		237	
External Audit fee	20		20	
Other services provided by WAO and Grant Thornton	-		-	
Professional Advisers	250		527	
Other property costs	396		116	
Computer services	151		141	
Office costs	161		142	
Travel and subsistence	34		27	
Training and Recruitment	68		46	
Communications	73		103	
Consolidated fund standing services (Salary and related costs of the Ombudsman met from the Welsh Consolidated Fund)	195		158	
Sub-total		1,598		1,517
Depreciation	33		37	
Amortisation charge	50		49	
Loss on disposal	-		-	
Sub-total		83		86
Total Other Administration Costs		1,681		1,603

4. Operating Costs by Aims and Objectives

The costs of providing a first class Ombudsman service to Wales are set out below. The allocation to each of the objectives has been as follows:

- (a) An estimate of the staff time spent on the objective.
- (b) Direct allocation of expenditure where applicable.
- (c) Apportionment of other costs pro rata to the estimate of staff time.

Costs include the pay of the Ombudsman.

	2015-16		2014-15	
	£000	%	£000	%
Aim 1: To offer a service where excellent customer care is at the forefront of all we do, where we work to raise awareness of our service and do our best to make it accessible to all and easy to use.	403	9.6	397	9.6
Aim 2: To deliver a high quality complaints handling service, which considers and determines complaints thoroughly but proportionately, and conveys decisions clearly.	3,008	72.0	3,124	75.6
Aim 3: To use the knowledge gained from our investigations to contribute to improved public service delivery and to inform public policy.	565	13.5	426	10.3
Aim 4: To continue to analyse and improve the efficiency and effectiveness of our governance, business processes and support functions, to further demonstrate transparency and ensure the best use of the public money entrusted to us.	203	4.9	186	4.5
Net operating costs	4,179	100.0	4,133	100.0

5. Property, Plant and Equipment

	Plant	Computers and other equipment	Furniture and other fittings	Total
2015-16	£000	£000	£000	£000
Cost or valuation at 1 April 2015	156	198	297	651
Additions	-	24	109	133
Disposals	-	-	-	-
At 31 March 2016	156	222	406	784
Depreciation At 1 April 2015	(156)	(164)	(285)	(605)
Charged in the year	-	(19)	(14)	(33)
Disposals	-	-	-	-
At 31 March 2016	(156)	(183)	(299)	(638)
Carrying amount as at 31 March 2016	-	39	107	146
Carrying amount as at 31 March 2015	-	34	12	46

	Plant	Computers and other equipment	Furniture and other fittings	Total
2014-15	£000	£000	£000	£000
Cost or valuation at 1 April 2014	156	198	297	651
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2015	156	198	297	651
Depreciation At 1 April 2014	(151)	(144)	(273)	(568)
Charged in the year	(5)	(20)	(12)	(37)
Disposals	-	-	-	-
At 31 March 2015	(156)	(164)	(285)	(605)
Carrying amount as at 31 March 2015	-	34	12	46
Carrying amount as at 31 March 2014	5	54	24	83

6. Intangible Assets

	Information Technology	Software Licences	Total
2015-16	£000	£000	£000
Cost or valuation at 1 April 2015	491	71	562
Additions	11	-	11
Disposals	-	-	-
At 31 March 2016	502	71	573
Amortisation as at 1 April 2015	(385)	(71)	(456)
Amortisation charged in the year	(50)	-	(50)
Disposals	-	-	-
At 31 March 2016	(435)	(71)	(506)
Carrying Value as at 31 March 2016	67	-	67
Carrying Value as at 31 March 2015	106	-	106

	Information Technology	Software Licences	Total
2014-15	£000	£000	£000
Cost or valuation at 1 April 2014	474	71	545
Additions	17	-	17
Disposals	-	-	-
At 31 March 2015	491	71	562
Amortisation as at 1 April 2014	(338)	(69)	(407)
Amortisation charged in the year	(47)	(2)	(49)
Disposals	-	-	-
At 31 March 2015	(385)	(71)	(456)
Carrying Value as at 31 March 2015	106	-	106
Carrying Value as at 31 March 2014	136	2	138

In the opinion of the Public Services Ombudsman for Wales there is no material difference between the net book value of assets at current values and at their historic cost.

7. Trade and other Receivables

	2015-16	2014-15
	£000	£000
Amounts falling due within one year:		
Prepayments	151	170
Trade debtors	-	-
Amounts falling due after more than one year		
Prepayments	-	-
Total	151	170

8. Cash and Cash Equivalents

Any bank balance held at the year end has to be returned to the Welsh Consolidated Fund. A figure of £36k (£3k in 2014-15) has been included within the accounts, being the net balance at the year end on all the bank accounts operated by the PSOW, irrespective of whether the individual account is in debit or credit. This balance will have to be repaid to the Welsh Consolidated Fund in 2016-17 under the Government of Wales Act 2006.

9. Trade Payables and other Current Liabilities

	2015-16	2014-15
	£000	£000
Amounts falling due in one year		
Untaken annual leave	51	69
Deferred rent reduction	5	-
Welsh Consolidated Fund – unspent balances	36	3
non operating income		
Trade payables	69	25
Accruals	12	12
	173	109
Amounts falling due in more than one year		
Deferred rent reduction	38	-
Total	211	109

10. Provisions for Liabilities and Charges

	2015-16				2014-15
	Pensions for Former Commissioners	Dilapidation Costs	Legal Costs	Total	Total
	£000	£000	£000	£000	£000
Balance at 1 April	427	7	100	534	628
Additional provision required	(71)	229	-	158	75
Discount rate movement	(1)	-	-	(1)	15
Provisions utilised in the year	(68)	-	(100)	(168)	(184)
Balance at 31 March	287	236	-	523	534

Analysis of expected timings of payment of provisions:

	2015-16	2014-15
	£000	£000
Payable within one year	49	169
Payable within 2 to 5 years	165	248
Payable in more than 5 years	309	117
Balance at 31 March	523	534

Pension provisions are calculated based on the National Life Tables for England and Wales issued by the Office of National Statistics. Later year pension increases are in line with GDP deflator information issued by HM Treasury. The discount factor has been amended to 1.37% for the financial year (1.3% in 2014-15) in line with the guidance issued by the Treasury. The significant reduction in provision resulted from the death of the last surviving former Commissioner – two surviving spouses of former Commissioners remain as a pension liability.

A full dilapidations assessment was completed in 2015-16 to assess the full liability when the lease on the building at Bocam Park ends in 2025.

The legal case was settled with no further provision required.

11. Reconciliation of Operating Cost to Operating Cash Flows

	Notes	2015-16 £000	2014-15 £000
Net operating cost		(4,179)	(4,133)
Adjust for non cash items	3	123	146
Decrease /(Increase) in trade and other receivables	7	19	85
Increase/ (Decrease) in trade and other payables	9	102	(31)
Payment to meet pension fund deficit		(290)	(290)
Movement in provisions	10	(11)	(94)
Welsh Consolidated Fund shared services	3	195	158
Net cash outflow from operating activities		(4,041)	(4,159)

12. Non Current Asset Expenditure and Financial Investment

	2015-16 £000	2014-15 £000
Purchases of property, plant and equipment	(133)	-
Proceeds of disposals of property, plant and equipment	-	-
Purchases of intangible assets	(11)	(17)
Net cash outflow from investing activities	(144)	(17)

13. Reconciliation of Net Cash Requirement to Increase/(Decrease) in Cash

	2015-16 £000	2014-15 £000
Net Cash Requirement:		
Operating activities	(4,041)	(4,159)
Capital Expenditure	(144)	(17)
	(4,185)	(4,176)
Financing from National Assembly for Wales	4,254	4,162
Repayment to Welsh Consolidated Fund	(36)	(3)
Increase / (Decrease) in cash and cash equivalents	33	(17)

14. Commitments under Operating Leases

	2015-16	2014-15
	£000	£000
Total future minimum operating lease payments on Building:		
Payable within one year	183	183
Within two and five years	732	732
More than five years	839	1,022
	1,754	1,937
Other:		
Payable within one year	24	17
Within two and five years	34	11
More than five years	-	-
	58	28
Total – all operating leases	1,812	1,965

Contracts were exchanged in May 2015 for a new reversionary lease on a full repairing and insuring basis for a term of 10 years from August 2015 at the existing building at Bocam Park. The new lease will be at the same cost as the old lease but will deliver more floor space at no additional cost. A new 4 year contract for photocopiers and scanners commenced in November 2015.

15. Contingent Liabilities

None.

16. Capital Commitments

There were no capital commitments at 31 March 2016 (2014-15 Nil).

17. Related Party Transactions

The PSOW is headed by the Public Services Ombudsman for Wales and was established under the Public Services Ombudsman (Wales) Act 2005. The Ombudsman is independent of Government and the funding arrangements of the office are set up to ensure that the independence of the Office is secured. The PSOW has had a number of material transactions with the National Assembly for Wales, the Office of the Parliamentary Ombudsman, HM Revenue and Customs (Tax and National Insurance payments) and the Cabinet Office (payments in respect of the Principle Civil Service Pension Scheme).

During the year, no directors, key members of staff or their related parties have undertaken any material transactions.

18. Events after the Reporting Period

The last surviving former Commissioner died on 27 May 2016 resulting in a significant change to the pension provision liability. The accounts have been adjusted to reflect this change.

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Public Services Ombudsman for Wales

Financial Statements 2015-16

Pensions Annex

Two pension schemes are operated on behalf of current staff – The Principal Civil Service Pension Scheme (PCSPS) and the Cardiff and Vale of Glamorgan Pension Fund (the Fund). There also remains an ongoing liability to meet the pensions of one former Ombudsman and one dependant relative.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the PCSPS. The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. The **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at:
www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Cardiff and Vale Pension Fund - Local Government Pension Scheme

The disclosures below relate to the funded liabilities of the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the Local Government Pension Scheme (the LGPS). The funded nature of the LGPS requires the PSOW and its employees who are members of the scheme to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The PSOW recognises gains and losses in full, immediately through the Statement of Comprehensive Net Expenditure. In accordance with International Financial Reporting Standards, disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

The PSOW estimates that £300k of contributions are expected to be paid to the Fund during the next financial year.

Disclosure under IAS19 (LGPS funded benefits)

Introduction

The disclosures below relate to the funded liabilities within the Fund which are part of the LGPS. The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits to be paid for the period covered by this disclosure are set out in the LGPS (Benefits, Membership and Contributions) Regulations 2007. The funded nature of the LGPS requires the Employer and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The contributions to be paid until the date of the next actuarial valuation of the Fund is available are set out in the Rates and Adjustment Certificate. The Fund Administering Authority, the City and County of Cardiff, is responsible for the governance of the Fund.

Results under IAS 19 (LGPS funded benefits)

Date of the last full actuarial valuation	31 March 2013
Expected employer contributions next year (£M)	0.30
Duration of liabilities	13.2 years

Key assumptions (% per annum)

	31 March 2016	31 March 2015	31 March 2014
	%	%	%
Discount rate	3.3	3.2	4.2
RPI Inflation	2.8	2.9	3.2
CPI Inflation	1.7	1.8	2.2
Pension increases	1.7	1.8	2.2
Pension accounts revaluation rate	1.7	1.8	n/a
Salary increases	2.7	2.8	3.2

Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below:

Assumed life expectancy at age 65	31 March 2016	31 March 2015
Males		
Member aged 65 at accounting date	23.8	23.8
Member aged 45 at accounting date	25.9	25.8
Females		
Member aged 65 at accounting date	26.8	26.7
Member aged 45 at accounting date	29.1	29.0

Asset allocation

	Value at 31 March 2016			Value at 31 March 2015
	Quoted %	Unquoted %	Total %	Total %
Equities	70.1	5.0	75.1	77.4
Property	7.3	0.0	7.3	5.9
Government bonds	8.1	0.0	8.1	6.8
Corporate bonds	7.2	0.0	7.2	7.9
Cash	2.3	0.0	2.3	1.7
Other	0.0	0.0	0.0	0.3
Total	95.0	5.0	100.0	100.0

Reconciliation of funded status to Balance Sheet

	Value at 31 March 2016 £M	Value at 31 March 2015 £M
Fair value of assets	6.12	6.16
Present value of funded defined benefit obligation	5.00	5.24
Funded status	1.12	0.92
Impact of minimum funding requirement/asset ceiling – IFRIC 14	(1.35)	(1.41)
Asset/ (Liability) recognized on the balance sheet	(0.23)	(0.49)

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active Members	22%
Deferred Pensioners	18%
Pensioners	60%

Amounts recognised in profit and loss and other comprehensive income

	Period ending 31 March 2016 £M	Period ending 31 March 2015 £M
Operating cost		
Current service cost	0.03	0.04
Past service cost (incl. curtailments)	0.00	0.00
Settlement cost	0.00	0.00
Financing Cost		
Interest on net defined benefit liability (asset)	0.01	0.02
Pension expense recognised in profit and loss	0.04	0.06
Re measurements in Other Comprehensive Income		
Return on plan assets (in excess of) below that recognised in net interest	0.29	(0.42)
Actuarial (gains)/losses due to change in financial assumptions	(0.12)	0.38
Actuarial (gains)/losses due to changes in demographic assumptions	0.00	0.00
Actuarial (gains)/losses due to liability experience	(0.07)	(0.03)
Adjustments in respect of paragraph 64	(0.11)	0.07
Total amount recognised in OCI	(0.01)	0.00
Total amount recognised in profit and loss OCI	0.03	0.06
Allowance for administration expenses included in current service cost (£M)	0.00	0.00

Changes to the present value of the defined benefit obligation during the accounting period

	Period ending 31 March 2016 £M	Period ending 31 March 2015 £M
Opening defined benefit obligation	5.24	4.82
Current service cost	0.03	0.04
Interest expense on defined benefit obligation	0.16	0.20
Contributions by participants	0.01	0.01
Actuarial (gains)/losses on liabilities – financial assumptions	(0.12)	0.38
Actuarial (gains)/losses on liabilities – demographic assumptions	0.00	0.00
Actuarial (gains)/losses on liabilities – experience	(0.07)	(0.03)
Net benefits paid out	(0.25)	(0.18)
Past service cost (incl. curtailments)	0.00	0.00
Net increase in liabilities from disposals / acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing defined benefit obligation	5.00	5.24

Changes to the fair value of assets during the accounting period

	Period ending 31 March 2016 £M	Period ending 31 March 2015 £M
Opening fair value of assets	6.16	5.39
Interest income on assets	0.20	0.23
Re measurement gains/(losses) on assets	(0.29)	0.42
Contributions by the employer	0.29	0.29
Contributions by participants	0.01	0.01
Net benefits paid out	(0.25)	(0.18)
Net increase in assets from the disposals/acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing fair value of assets	6.12	6.16

Actual return on assets

	Period ending 31 March 2016 £M	Period ending 31 March 2015 £M
Interest income on assets	0.20	0.23
Re measurement gain/ (losses) on assets	(0.29)	0.42
Actual return on assets	(0.09)	0.65

Funded Benefits

The following data was provided by the Fund Administering Authority and / or the Employer and has been used to produce the IAS 19 results in this report. Details of the split of assets between the various asset classes were also provided by the Fund Administering Authority and are shown in Section 1. We have also shown some of the intermediate calculations used in evaluating the figures in this report.

Active Members as at 31 March 2013

	Number	Total Pay £(M)
Total	3	0.13

Pensioner and deferred pensioner members as at 31 March 2013

Type	Number	Total Pension £(M)
Deferred members	7	0.04
Pensioners and dependants	6	0.16

Funded cash-flow data provided

	Months Provided	Amount Provided (£M)	Amount Used (£M)
Employer – Normal contributions	12	0.02	
Employer – Additional capital contributions	12	0.00	
Employer – Early retirement strain on fund payments	12	0.00	
Total contributions by the Employer			0.02
Employee – Normal contributions	12	0.01	
Employee – Added years contributions	12	0.00	
Total contributions by participants			0.01
Transfers in	12	0.00	
Other income	12	0.00	
Transfers out	12	0.00	
Retirement lump sums	12	0.03	
Other outgo	12	0.00	
Death in service lump sums *	12	0.00	
Benefits paid (i.e. pension paid)	12	0.21	
Net benefits paid out **			0.25

* We have calculated the expected death in service lump sums over the year to be (£M) 0.00

** The 'Net benefits paid out' figure includes an allowance for expenses of (£M) 0.00

Funded cash-flow data provided

Description	Date paid	Amount (£M)
Deficit payment	29 April 2015	0.27

Annualised pensionable payroll over the accounting period

Type	(£M) *
Period ending 31 March 2016	0.08
Period ending 31 March 2015	0.11

* The annualised pensionable payroll has been derived from the contributions paid over the relevant accounting period

The overall annualised Fund return over the accounting period has been calculated as -1.5%. This includes any adjustment to reflect the difference between Fund returns and estimated index returns used over the last accounting period, where appropriate.

Termination of the scheme

The pension information provided above complies with the requirements of IAS 19 adjusted for IFRIC 14. This shows a pension fund deficit of £230k at 31 March 2016. Procedures are in place with the Pension Fund to make phased payments in order to cover the financial liability that will arise when there are no longer any active members; currently estimated to be 2017-18. Financial provision to cover the liability is allowed for within the procedures set out in the Consolidated Budgeting Guidance issued by HM Treasury.

Pensions for former Ombudsmen

With the agreement of the Secretary of State for Wales in 1991 and subsequent confirmation by Statutory Instrument 1993 No. 1367, Local Government Commissioners became eligible to join the Local Government Pension Scheme. However, the pensions of the three previous Local Government Commissioners remained the responsibility of the Public Services Ombudsman for Wales and are met through the Statement of Comprehensive Net Expenditure. At 31 March 2016 one former Commissioner and one surviving spouse continued to receive a pension.

Pensions are increased annually in line with other pension schemes within the Public Sector. The basis of calculations of the Annual Pensions Increase has been changed from using the annual movement based on the Retail Price Index (RPI) to the Consumer Price Index (CPI). The amount of the uplift applied is set out in the Statutory Instrument Pensions Increase (Review) Order 2015 No 671. This year the increase was 1.2% with effect from 6 April 2015. In 2014-15 the uplift was 2.7%.

The total payments during 2015-16 were £68k (£84k in 2014-15). The liabilities arising out of the obligation to finance these pensions together with any dependant pensions has been calculated to be £287k (£427k in 2014-15). The calculation to determine the overall liability has been carried out internally using life expectancy tables for males and females in Wales obtained from the website of the Government Actuary's Department. A discount rate, from PES (2015) 08, of 1.37% (1.3% in 2014-15) has been applied in accordance with the Treasury guidance that all pension liabilities should be discounted. The liability has reduced due to the death of the dependant spouse of a former Commissioner in December 2015 and a former Commissioner on 27 May 2016.

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