I am responding to the Finance Committee’s general call for evidence on the Welfare Funds (Scotland) Bill’s Financial Memorandum.

As you will be aware, the Scottish Public Services Ombudsman is a SPCB supported body. The Act establishing the Ombudsman, the Scottish Public Services Act 2002, confers a number of governance duties on the SPCB including scrutinising and approving the Ombudsman’s annual budget. The SPCB therefore has a direct interest in any proposals which will have financial implications for the Ombudsman as the SPCB will have to fund the associated additional costs. The issue of whether the proposed changes should be implemented is a matter for the Parliament.

Turning to the questionnaire, the SPCB has restricted its comments to matters concerning the proposed new role for the Scottish Public Services Ombudsman and therefore provides comments on questions 1, 4-7 and 9 as follows:

**Consultation**
*Did you take part in any consultation exercise proceeding the Bill and, if so, did you comment on the financial assumptions made?*
1. Answer - No

**Costs**
*If the Bill has any financial implications for your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.*
4. Answer – As mentioned above, the SPCB funds the Ombudsman. We have not been involved in the preparation of the financial estimates set out in the Financial Memorandum (FM). The FM states that the Scottish Government will transfer funding to the SPCB for set-up costs in 2014-15 (£60k-£100k) and for running costs in 2015-16 (£400k). From there on in, we assume that the Ombudsman will bid for resources through the SPCB’s annual budget process and that the additional costs will be met from SPCB funds. We would wish the Finance Committee to be aware that these proposed changes could increase the SPCB’s overall budget bid for 2016/17.

**Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?**
5. Answer – We were not consulted on the financial implications but understand that the Government worked with the Ombudsman, who has relevant experience of estimating costs having taken on additional complaints type functions e.g Waterwatch and prison complaints. We do note, however, that the proposed new role is not a complaints handling function for which the Ombudsman already has appropriate processes and procedures in place but an entirely new role which the Ombudsman intends will sit apart from his other functions.
Given the uncertainty over the number of reviews likely to reach the Ombudsman we note that a planning assumption of 2,000 reviews per year has been used to provide figures for the cost of setting up and hosting reviews within the Ombudsman’s office which is based on the costs of delivery a similar scale review function by the Office of the Social Fund Commissioner for Northern Ireland.

Figures have been provided for a low and high number of reviews based on 400 and 2,000 respectively, but no estimate has been provided should the number of review cases exceed 2,000. In 2011 the number of second tier reviews undertaken by the Independent Review Service in Scotland was 6,258. We note the reasons given for using 400 and 2,000 for estimating costs, and that the Ombudsman has suggested that an initial review of numbers should be undertaken after six months. If the number of reviews is substantially higher than anticipated, it would have budgetary implications for the SPCB and we would expect an in-year budget revision from the Scottish Government.

**If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?**

6. Answer – Funding for start-up costs and the first year’s running costs will be transferred from the Scottish Government to the SPCB. Running costs from 2016-17 will then be met out of the SPCB’s overall budget which is scrutinised on an annual basis by the Finance Committee and forms part of the annual Budget Bill.

**Does the FM accurately reflect the margins of uncertainty associated with the Bill’s estimated costs and with the timescales over which they would be expected to arise?**

7. Answer – As mentioned above in answer to question 5, we consider it would have been helpful, for illustrative purposes, if costs had been provided for a low, medium and high number (e.g. 400, 2,000 and say 4,000) of second tier reviews given the IRS dealt with 6,258 cases, which is more than three times the Government’s highest estimate of 2,000 review cases.

**Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?**

9. Answer – Whilst the policy implications are a matter for the Parliament as a whole, we do note that under the Bill the Ombudsman will have discretion to set his own processes and procedures and that these will be administrative rather than statutory. Should these processes and procedures be subject to review in a Court of law, the costs of defending the action would have to be met from an additional call from SPCB funding.