

# The Ombudsman's Annual Report and Accounts 2016-17





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# Performance report

## Foreword from the Ombudsman and Chair

This year (2017) marks our 50th anniversary. It is therefore an appropriate time to recall with thanks all those former Ombudsmen who have contributed to the expansion and development of an accessible ombudsman service.



It is also a good moment to celebrate the contribution of everyone who currently works for PHSO, particularly in terms of generating redress for citizens and improving public services.

In my short time as Ombudsman, I have been struck by our staff's commitment to PHSO's values and delivering an evidence-based, impartial service. This is an undoubted strength and an encouraging sign for the future. I have also been grateful for the warmth of my welcome, from staff and from the organisations we work with. They have all been generous with their time, unfailingly helpful, and clear in their assessment of our organisation.

The events described in the Annual Report pre-dated my arrival as Ombudsman on 6 April 2017. They highlight an organisation in transition

- serious and determined to retain its independence and impartiality while developing a more effective, accountable and service-led culture. The creation of our Service Charter is central to this and an important landmark in the past year. It shows clearly how we must work and how we will measure our performance to make sure we meet the needs of people who come to us.

In the coming year we will increase our efforts to investigate complaints with greater speed and focus. We will continue to review and consider our relationship with people who use our service, organisations we investigate and other stakeholders to promote mutual understanding, respect and trust.

We will work closely with our sister ombudsman organisations, particularly the Local Government and Social Care Ombudsman, to learn from their experiences and work together where this is sensible, cost effective and beneficial to all concerned. There is much to be done to make the organisation more efficient and more effective as we continue the journey to modernise the service.

**Rob Behrens CBE**  
**Accounting Officer**  
**Ombudsman and Chair**  
**Parliamentary and Health**  
**Service Ombudsman**  
**July 2017**

## Foreword from the Chief Executive

When I joined PHSO half-way through the business year, I found an organisation facing considerable challenges. But despite these challenges, there was unfaltering passion from colleagues at all levels to provide justice for people.

Thanks to their hard work, we have made good progress this year in a number of areas. We have investigated more complaints than last year, reduced waiting times at each step of our process and continued to reduce the backlogs of unallocated and longstanding complaints.

Changes to the senior staff structure, along with a new Service Model and Service Charter had all been launched before my arrival, each of which were having a significant impact on the business operation. While there was undeniable ambition to provide the best possible service for people, we know from people who use our service that we have fallen short of this at times.

As the full year performance data shows, we have made significant improvements this year. But we know that we have much more to do and are ambitious in our desire to do this.

We are continuing to modernise our service and how we work to make sure our efforts are focused on the things that people have told us matter most to them. Going forward we will invest in training and developing our workforce to make sure they have the right skills and knowledge to consistently provide the quality of service that people should rightly expect. Our new Service Charter is central to all of this. It enables us, for the first time, to measure people's feedback about our service against our own assurance processes, to identify where we need to get better.

In line with other public sector organisations, we will have to do all of this with a much reduced budget. Over the next three years, we are committed to making 24% savings. We will make significant non-pay savings to reach this target but inevitably, we will become a smaller, leaner organisation as a result.



As we take PHSO through major restructuring and reform, harnessing the enthusiasm and talent of colleagues across the organisation will be more important than ever. To do this we will make sure that colleagues throughout the business are fully informed and closely involved in the transformation of our service. Despite some difficult circumstances, this has been a year when much has been achieved and I want to thank colleagues for their hard work in delivering this. This is the beginning of our journey to become the world-class public sector organisation we aspire to be, but I am confident that with the passion that exists throughout the organisation and a renewed focus on the quality of our service, we will succeed in this ambition.

**Amanda Campbell CBE**  
**Chief Executive**  
**Parliamentary and Health**  
**Service Ombudsman**  
**July 2017**

# Our vision and strategy

## Our vision

Our vision is for everyone to be confident that complaining about public services is straightforward, fair and makes a difference.

## Our role

We make final decisions on complaints that have not been resolved by the NHS in England and UK government departments, and some other UK public organisations. We do this independently and impartially.

We were set up by Parliament to provide an independent complaint handling service.

We are not part of government, the NHS in England or a regulator. We are neither a consumer champion nor an advocacy service.

## Our service is free for everyone

We look into complaints where an individual believes there has been injustice or hardship because an organisation has not acted properly or fairly, or has provided a poor service and not put things right.

We normally expect people to complain to the organisation first so it has a chance to put things right. If an individual believes there is still a dispute about the complaint after an organisation has responded, they can ask us to look into the complaint.

We share findings from our casework with Parliament to help

it hold organisations that provide public services to account, and we share these findings more widely to help others drive improvements in public services.

We are accountable to Parliament and our work is scrutinised by the Public Administration and Constitutional Affairs Committee.

## More impact for more people: our five-year strategy

In 2013 we identified five strategic aims. We will:

- make it easier for people to find and use our services,
- help more people by resolving and investigating more complaints, and providing an excellent customer service for everyone who contacts us,
- make public services better by working with others to share what we learn from complaints,
- work with others to make it easier to complain about public services and to help public services resolve complaints better,
- make sure our organisation works well to help us achieve our aims.

We are delivering this in three linked stages:

- 2013-15 – meeting demand for our service by making more final decisions on unresolved complaints,

- 2015-17 – transforming and modernising our service,
- 2017-18 – preparing for the future.

## Five years at a glance, 2013-14 to 2017-18

We have made substantial progress against our five-year strategic plan but the scale and ambition of the transformation phase (years three and four) have meant that much of that work will continue in year five. This annual report concerns year four of the strategy and included the launch of our Service Charter, which allows us, for the first time, to assess people's experience of our service against our own casework assurance process to identify areas in need of improvement.

We have not made as much progress as we had originally planned in improving our use of technology and transforming how we provide our service. And while draft legislation for the creation of a new Public Service Ombudsman was published, it was not introduced to Parliament, limiting the progress that we have made in this area.

In 2017-18 we will develop a new corporate strategy that will build on progress made so far and set out what we want to achieve in the future. In the meantime, you can read more about our progress in 2016-17 and examples of what we have achieved in this annual report.



## Five years at a glance, 2013-14 to 2017-18

### Years 1-2 Building

Years 1 and 2 were about building the foundations for change:

- ▶ Investigated ten times more complaints and met demand.
- ▶ Established new governance arrangements and appointed a new senior team.
- ▶ Built closer relationships with Parliament to help them to hold public services to account.
- ▶ Built stronger relationships with other organisations nationally and locally.
- ▶ Established the case for change to streamline public ombudsman services.

### Years 3-4 Transforming

Years 3 and 4 are about transforming what we do and how we do it:

- ▶ Transforming how we provide our service to be more efficient and demonstrate value for money.
- ▶ Embedding new casework methodologies and quality frameworks and maintaining the volume of delivery.
- ▶ Making our service easier to find and use.
- ▶ Making more use of technology to deliver our services.
- ▶ Improving how we use insight from individual cases and systemic investigations to bring about change.
- ▶ Working more closely with the Local Government and Social Care Ombudsman and other public ombudsman services, and towards streamlined public ombudsman services depending on the legislative timetable.

### Year 5 Realising

Years 5 and beyond are about a transformed public ombudsman service:

- ▶ Continuing the transformation of our service provision.
- ▶ Recognising the pressures on the legislative timetable, considering how to further develop joint working with the Local Government and Social Care Ombudsman.
- ▶ Improving understanding of the role of ombudsman services.
- ▶ Putting in place mechanisms for the seamless referral of complainants across public services.
- ▶ Making full use of digital technology to deliver our services.
- ▶ Developing a system-wide approach to insight into improvements to complaint handling and big and repeated mistakes in public services.

# The complaints we see

In 2016-17 we continued to transform our service to make sure we meet demand today and in the future, while also demonstrating value for money.

In this year, we investigated more complaints than the previous year while at the same time bringing down waiting times at each step of our process and continuing to address the backlog of longstanding complaints.

We achieved this while going through a period of significant change, including an organisational restructure and the introduction of a new casework management system.

## Our complaint handling in detail

As the last port of call in the complaint process, we are the final opportunity for people to get a decision on their complaint. We have a three-step process for dealing with complaints about the NHS in England, UK government departments and other UK public organisations. This is detailed in the guidance to our new Service Charter on our website at: [www.ombudsman.org.uk](http://www.ombudsman.org.uk).

Not all the complaints that come to us go through our whole process. Where we can, we will seek to resolve complaints earlier in the process and provide complainants with answers sooner, without the need for an investigation.

When we resolve a complaint in this way, we categorise the outcome as a 'resolution'.

In 2016-17, we completed 4,239 investigations and 112 resolutions about 5,179 organisations. This included some that had been brought forward from the previous year. We upheld 36% of the complaints we investigated. This means that we found the organisation complained about had made mistakes or provided a poor service, and that this had a negative effect on the person complaining that had not been put right.

We assessed almost exactly the same number of complaints (step two) during 2016-17, (8,119) as the year before and put a similar number through to step three in our process, which sees the start of an investigation (3,767).

Stronger, more robust processes make our assessment of complaints more thorough, helping us get answers for people earlier on.

We have embedded new ways of working and the means to manage performance better. Being clear and certain about our processes makes us more efficient so that we can help more people, more easily.

During the year, we successfully brought down the number of complaints that were waiting for the next step in our process to start, either for assessment (step two) or investigation (step three). At the end of this year, it was down to 518 compared to 1,223 complaints the year before, a significant improvement.

## Step one: initial checks

We look at whether we can investigate the complaint and whether it is ready to come to us. We usually expect people to complain to the organisation they are unhappy with first. This is so the organisation has the chance to look into the concerns and, where needed, put things right. If the complaint has not yet completed the organisation's complaints process, we let people know what remaining stages there are and what they can do next.

Some people might have got stuck in 'the system'. They may be unsure if they have received a final response to their complaint, so we can help get an update. If we see that there is more that the organisation can do, we will ask it to do it.

If our checks show that we cannot help, we explain why and let people know who else might be able to help with the complaint.

The significant work we do at this step can sometimes start things moving again and help people get an answer to their complaint, without the need for us to carry out an investigation.

New detailed guidance about what we do and what people can expect at each step in our complaints process can be found on our website: [www.ombudsman.org.uk](http://www.ombudsman.org.uk).

In 2016-17, our information line received 123,084 phone calls, emails, online enquiries and letters. This is down slightly from last year when enquiries peaked at 133,909. We accepted 26% of these (31,444) as new complaints for us to look into under step one of our process and progressed these in the following ways:

**23,192**

We gave information on making a complaint to the NHS in England, or government departments, or other public organisations, or signposted to another organisation that would help.

**11**

We helped people get their complaints resolved often by stepping in and speaking to the organisation they had complained about.

**7,907**

We referred these complaints for more in-depth consideration (an assessment – step two in our process).

**139**

We closed these complaints because they were not pursued by the people who brought them to us.

**195**

Work was still ongoing on these complaints at the end of the business year.

The chart below shows that the number of new complaints we have handled has increased by 8% compared to the previous year, and by 31% since 2011-12.

We have continued to work hard to help people better understand our role through the media, through our stakeholder newsletter, through our new and improved website and by working more closely with advocacy organisations. This has helped to reduce the number of complaints that are about organisations that we cannot investigate (out of jurisdiction), year-on-year.

### Step two: assessment

At the second step in our process, we look at what happened in more depth. This is where we decide whether we should investigate the complaint. We make sure we understand in detail what has happened so far and what the person is looking for as an outcome. We look for signs that mistakes have potentially been made that have had a negative effect and we look at what has already been done to put this right.

Our Service Model gives us clear criteria to allow us to make the right decision as early as possible in the process. It means that we are able to provide answers to more people without them having to wait until the conclusion of a formal investigation.

### In 2016-17..

We assessed 8,119 complaints, of these 1152 had been carried over from the previous year for assessment in 2016-17.

6,663

of these complaints were about NHS organisations in England. 1,451 were about UK government departments and some other UK public organisations. The remaining five complaints were about organisations or issues we could not investigate.

3,767

We passed these complaints to our investigations team – step three in our process. This accounted for 46% of all the complaints we dealt with at this step.

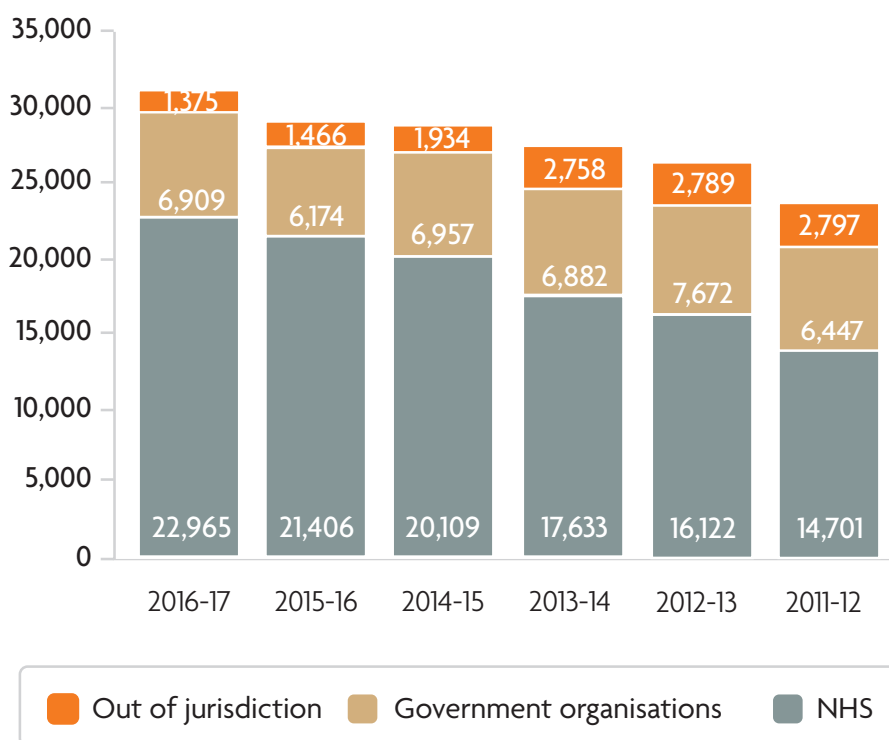
101

We were able to resolve these complaints without the need for an investigation, by working with the organisation complained about.

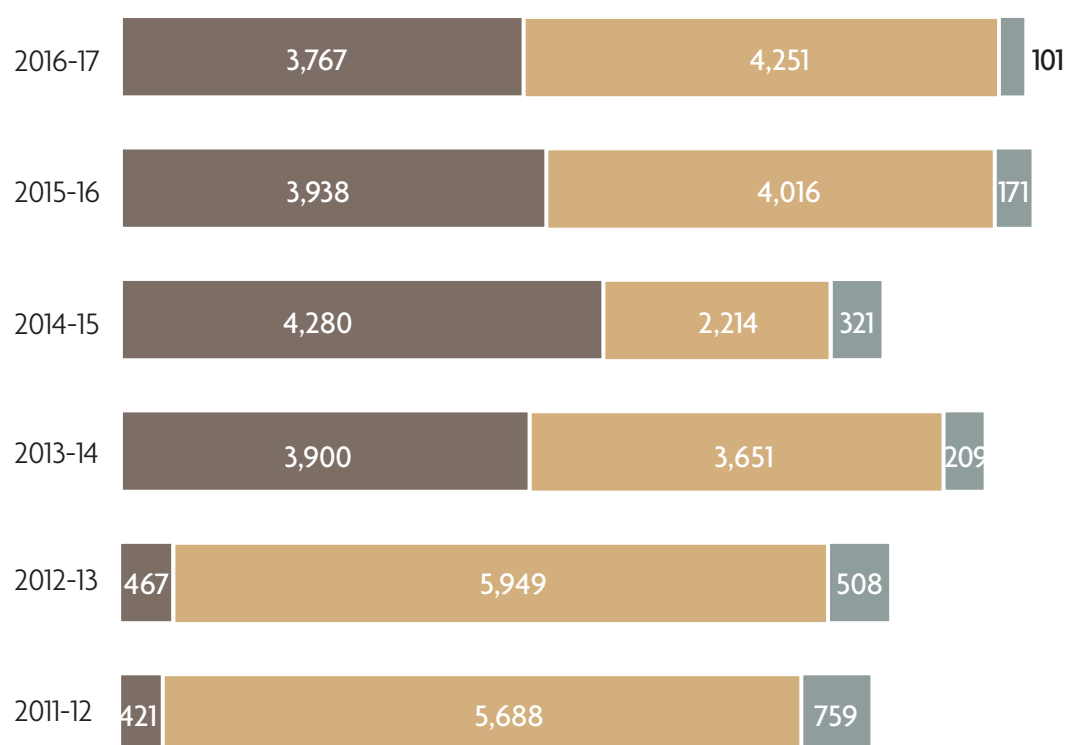
4,251

We closed the remainder at this step for a variety of reasons, as indicated overleaf.

### New complaints we have handled, year on year



## Decisions made at assessment (step two), year on year



■ Taken forward for investigation

■ Closed at this step

■ Resolution

There are a number of reasons for us to close complaints at this point.

We can usually only investigate if the complainant has been affected personally by what happened, although there are exceptions. There is normally a limit on the time between when the complainant first became aware of the problem and bringing it to us. We will also determine whether legal action is an option, taking into account its potential cost, or whether another organisation is better placed to deal with the complaint.

In some instances we find there is more the organisation complained about can do to respond to the complaint. With our intervention many organisations will often give greater attention to answering complaints, often to the satisfaction of the people who bring them.

Sometimes we can see that there have been failings in the service provided, but in our view the organisation has already put matters right and responded appropriately to the issues. In these circumstances, we cannot reasonably achieve anything more and would not investigate.

We will clearly explain to the complainant why, and what information we used to reach the decision.

We also seek, where we can, to resolve complaints and provide complainants with answers sooner without the need for an investigation.

Occasionally, the complainant decides not to pursue the matter.

### Step three: investigation

At the start of our investigation, we discuss the scope of what we are going to look at with the person who made the complaint. We gather relevant information from them and from the organisation complained about. For health complaints we may need to get expert advice from doctors and other professionals, but we make sure that they are not connected to the organisation we are looking into or have any other conflict of interest.

We compare what happened with what should have happened, and we look at how that has affected the person concerned. If we find that the organisation did not act correctly and it has not already put things right, we normally make recommendations. For example, we might say the organisation should apologise or reimburse someone for costs that they have wrongly incurred. We can also ask organisations to take steps to prevent the same mistakes happening again, such as changing procedures or training staff. If we do not uphold the complaint, we explain why; it might be that we found the organisation acted correctly in the circumstances.

### In 2016-17...

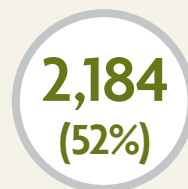
We completed 4,239 investigations into 5,057 organisations, compared to 3,861 investigations into 4,472 organisations in the previous year. These figures do not include complaints that we resolved earlier in the process. We have continued to work hard this year to make even clearer the criteria that enable us to make the right decision as early as possible in the process. Often the work we do in steps one and two means we can get answers for people without the need for an investigation.

Some 12% of investigations were about UK government departments and some other UK public organisations and 88% were about the NHS in England. This is an increase in the proportion of complaints we have received about the NHS compared to previous years.

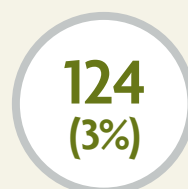
Of the total complaints we investigated:



We upheld the complaint, either in relation to all of the issues or some of them.



We did not uphold the complaint.

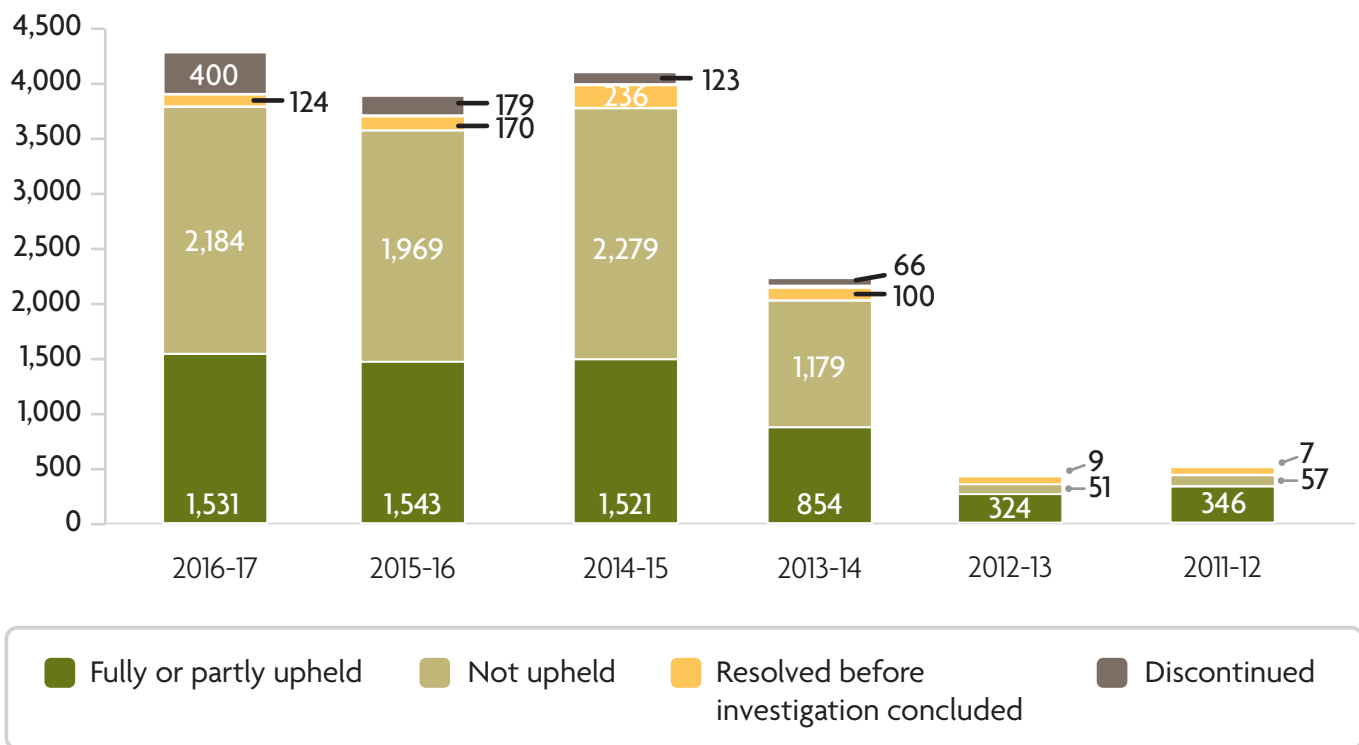


We resolved the complaint before the investigation was concluded.



We ended the investigation for a variety of reasons, for example, because the complainant asked us to.

### Decisions made at investigation (step three), year on year



Last year, for complaints we upheld, we made the following recommendations to organisations to put things right:

- 1270 apologies,
- 801 payments to make up for financial loss or recognise the impact of what went wrong: £605,760 from NHS organisations, £188,300 from UK government departments and other UK public organisations,
- 879 service improvements, such as changing procedures or training staff,

- 346 other actions to put things right; for example, asking a government department to review a decision, or asking a GP practice to correct errors in medical records.

In 99% of complaints the organisation agreed to act on our recommendations.

## Our casework in 2016-17 by organisation type

In this year, we introduced a new casework management system to help us move away from paper based working. This system has some differences in reporting from the previous one.

Sometimes a complaint involves more than one organisation. Previously, at step one and step two in our process, we reported a complaint against every organisation involved.

Our new casework management system records the number of complaints we receive but it does not record every

organisation involved in a complaint at these steps in our process. This means the data about the number of organisations we have looked into at steps one and two in our process is not comparable with previous years.

### Cases, assessments and investigations

Organisation type	Complaints handled	Complaints assessed	Complaints resolved without the need for full investigation	Complaints accepted for investigation	Completed investigations
NHS in England	22,965	6,663	105	3,297 into 3,858 organisations	3,715 into 4,401 organisations
Government department/ public organisation	6,909	1,451	7	470 into 616 organisations	524 into 656 organisations
Not an organisation we can investigate	1,375	5	N/A	N/A	N/A
<b>Total</b>	<b>31,249</b>	<b>8,119</b>	<b>112</b>	<b>3,767</b>	<b>4,239</b>



# Our service

Throughout 2016-17 we have been transforming our service and how we work to make sure we are doing the things that people have told us matter most to them. We want everyone to feel that complaining about public services is straightforward, fair, and can make a difference.

## Service Charter

We launched our Service Charter in July 2016, explaining the quality of service that people can expect when they ask us to look into a complaint. It was drawn up following a public consultation and extensive engagement with past and current complainants, NHS and public sector organisations, advocacy groups and staff.

We published the Service Charter alongside more detailed guidance about what we do and what people can expect at each step in our complaints process. This guidance can be found on our website: [www.ombudsman.org](http://www.ombudsman.org).

Together they explain the different things we have to consider when we look into a complaint, how we make our decisions, what to expect if we decide to investigate a complaint and why we might decide not to.

The Service Charter makes commitments about the service we provide at different steps of our process. We use these commitments to measure how well we are delivering our service and understand where we need to improve.

## Measuring performance against our Service Charter

Our Service Charter reporting is currently made up of two distinct sources of information: casework process assurance and complainant feedback.

Line managers, along with a dedicated team of assurance officers, routinely sample cases to review whether there is evidence that the caseworker followed the correct casework process. A higher assurance score indicates that caseworkers are acting consistently in line with our Service Model.

An independent, external research company then carries out telephone interviews to get feedback from complainants at various stages in our process as part of our rolling customer satisfaction survey. The complainant feedback scores give us insight into the complainant's own view of their experience of our service.

We use what this tells us to inform our programme of continuous improvement, including changing how we do things or arranging training, coaching and development.

In 2016-17 our customer satisfaction survey captured feedback from 24% (1034 total) of people whose complaints we investigated and 3% (818 total) of people whose complaints we closed at an earlier stage in our process. Some 81% of people whose complaints we investigated and then upheld in full, told us they were satisfied with our service, compared to 92% in 2015-16.

Of the complaints we investigated and partly upheld, 73% of people said they were satisfied with our service, compared to 69% in 2015-16. Satisfaction increased among people whose complaints we did not uphold: 51% told us they were satisfied, compared to 41% in 2015-16.

As with other ombudsman services there can be times when people are disappointed with our decision not to uphold their complaint, or when we are unable to accept it for investigation.

We recognise that how we deliver our service is just as important to overall satisfaction and we have identified a range of activities to improve what we do, in line with our Service Charter. We will track the effectiveness of these improvements against future Service Charter measurements to make sure we provide the best possible service to people who need our help.

We started measuring our performance against our Service Charter commitments in Quarter 3 (October to December 2016) in this year and publish the results on our website every quarter: [www.ombudsman.org.uk](http://www.ombudsman.org.uk). The combined scores for Quarter 3 and Quarter 4 are below.

Gathering more data over time will help us understand how we perform against our commitments so that we can start measuring improvements.

### Giving you the information you need

Commitment	October 2016 to March 2017	
	Casework Process Assurance	Customer Feedback
1. We will explain our role and what we can and cannot do.	97%	79%
2. We will explain how we handle complaints and what information we need from you.	94%	81%
3. We will direct you to someone who can help with your complaint if we are unable to, where possible.	92%	68%
4. We will keep you regularly updated on our progress with your complaint.	82%	74%
<b>Overall section score</b>	<b>91%</b>	<b>76%</b>

## Following an open and fair process

Commitment	October 2016 to March 2017	
	Casework Process Assurance	Customer Feedback
5. We will listen to you to make sure we understand your complaint.	98%	68%
6. We will explain the specific concerns we will be looking into.	93%	81%
7. We will explain how we will do our work.	91%	73%
8. We will gather all the information we need, including from you and the organisation you have complained about, before we make our decision.	96%	43%
9. We will share facts with you, and discuss with you what we are seeing.	81%	65%
10. We will evaluate the information we've gathered and make an impartial decision on your complaint.	99%	-
11. We will explain our decision and recommendations, and how we reached them.	99%	59%
<b>Overall section score</b>	<b>94%</b>	<b>65%</b>

Early indications show that we could do more to explain the information we are gathering during our investigations and discuss what this information is telling us.

## Giving you a good service

Commitment	October 2016 to March 2017	
	Casework Process Assurance	Customer Feedback
12. We will treat you with courtesy and respect.	-	89%
13. We will give you a final decision on your complaint as soon as we can	86%	55%
14. We will make sure our service is easily accessible to you and give you support and help if you need it.	100%	61%
<b>Overall section score</b>	<b>93%</b>	<b>69%</b>

These results show that people feel we have taken too long to resolve cases, although this is improving. In 2016-17, investigations took an average of 234 days from receipt to completion, compared to an average of 255 days in 2015-16. The results also suggest we could do more to point complainants to advocacy services for support with their complaint. This is being addressed.

### Complaints about our service

Our customer care team is now well established to deal with complaints about people's experience of our service. The information this team records about the complaints we get helps us to identify where we need to improve our service and where there may be lessons for

individual staff, teams or the organisation as a whole.

The team is the first point of contact for anyone with concerns about our service that they have not been able to sort out with the team directly responsible for it. We take complaints about people's experience of our service extremely seriously and are committed to learning from them to improve our service for others.

In the business year 2016-17, we handled 676 formal complaints about our service, compared to 593 in the previous year. We upheld 394 of the formal service complaints we looked at and took action to put things right. This could include an apology or an explanation, or if someone complains about having waited too long, prioritising action.

### Complaints about how we reach decisions

We investigate complaints fairly and without taking sides. Our decisions are final, but in the following clearly defined circumstances, we will look again at our decision:

- if our decision was based on inaccuracies that could change our decision,
- if we overlooked or misunderstood parts of the complaint or did not take account of relevant information, which could change our decision, or
- if there is new and relevant information that was not previously available and which might change our decision.

## Decisions made and decisions reviewed

	2016-17		2015-16		2014-15	
	Initial checks and assessment	Investigation	Initial checks and assessment	Investigation	Initial checks and assessment	Investigation
Decisions made	31,461	4,239	29,455	3,861	27,778	4,159
Decisions reviewed	21	60	56	162	203	189
Reviews upheld	4	11	9	5	46	32
% of reviews upheld against decisions made at this step	0.01%	0.3%	0.03%	0.13%	0.2%	0.8%

If, having looked again at someone's complaint we think we may have made an error, we will take action to put that right.

In 2016-17, we reviewed 81 decisions and upheld 15 of them. In 2015-16 we reviewed 218 decisions and upheld 14. The significant decline in the number of complaints needing a review is likely a result of our more consistent criteria and ways of working at every step of our process.

### Judicial review

If a person or organisation feels that we have not followed lawful procedures in reaching a decision about their complaint, then they can apply to the High Court for that decision to be reviewed by the courts. If their application is granted permission to proceed, then there is a full court hearing.

There were eight applications for judicial review of our decisions in 2016-17, compared to five the year before. We receive letters about potential claims for judicial review and may offer a meeting to explain any legal points to try to resolve the issue. Over the course of the year we received 22 of these pre-action protocol letters.

Of the eight applications for judicial review in 2016-17, five claims were discontinued or refused permission to go forward to a full hearing.

One was settled by a consent order and one hearing in March found in our favour. One was granted permission in March and will go to a full hearing in July 2017. In addition, the result of a hearing in October 2015 has been appealed and that appeal is due to be heard in November 2017.

### County Court claims

One county court claim alleging breach of Equality Act was issued, and proceedings remain ongoing.

### Data Protection and Freedom of Information

We received 691 Freedom of Information and Data Protection requests compared to 649 in 2015-16 and 718 in 2014-15. We responded to 96% of these requests within the statutory deadlines.

## Demographic profile of people who used our service\*

	People who used our service 2016-17	UK population benchmark 2016-17 <sup>1</sup>
Male	49%	49%
Female	51%	51%
18-34	10%	29%
35-54	42%	34%
55-74	42%	27%
75+	7%	10%
Disabled	38%	20%
Not disabled	62%	80%
Black, Asian and minority ethnic	18%	20%
White British	82%	80%

\* demographic profile is based on our complainant feedback, but they may be complaining on someone else's behalf. This can underestimate the data in some categories, particularly older people.

### Who uses our service

Understanding the diversity of the people who use our service can help us identify barriers to complaining and steps we can take to support people. Information from our rolling customer satisfaction survey tells us that last year there was an increase in the proportion of men who used our service, from 44% to 49%.

There was also a small increase in the proportion of people over the age of 75 who used our service, from 5% to 7%. Young people continue to be underrepresented among our complainants. This may be because they are less likely to use the services we investigate on a regular basis, compared to other groups of people.

<sup>1</sup> UK population benchmarks have been compiled using the most up to date population information available.

## The time it takes us

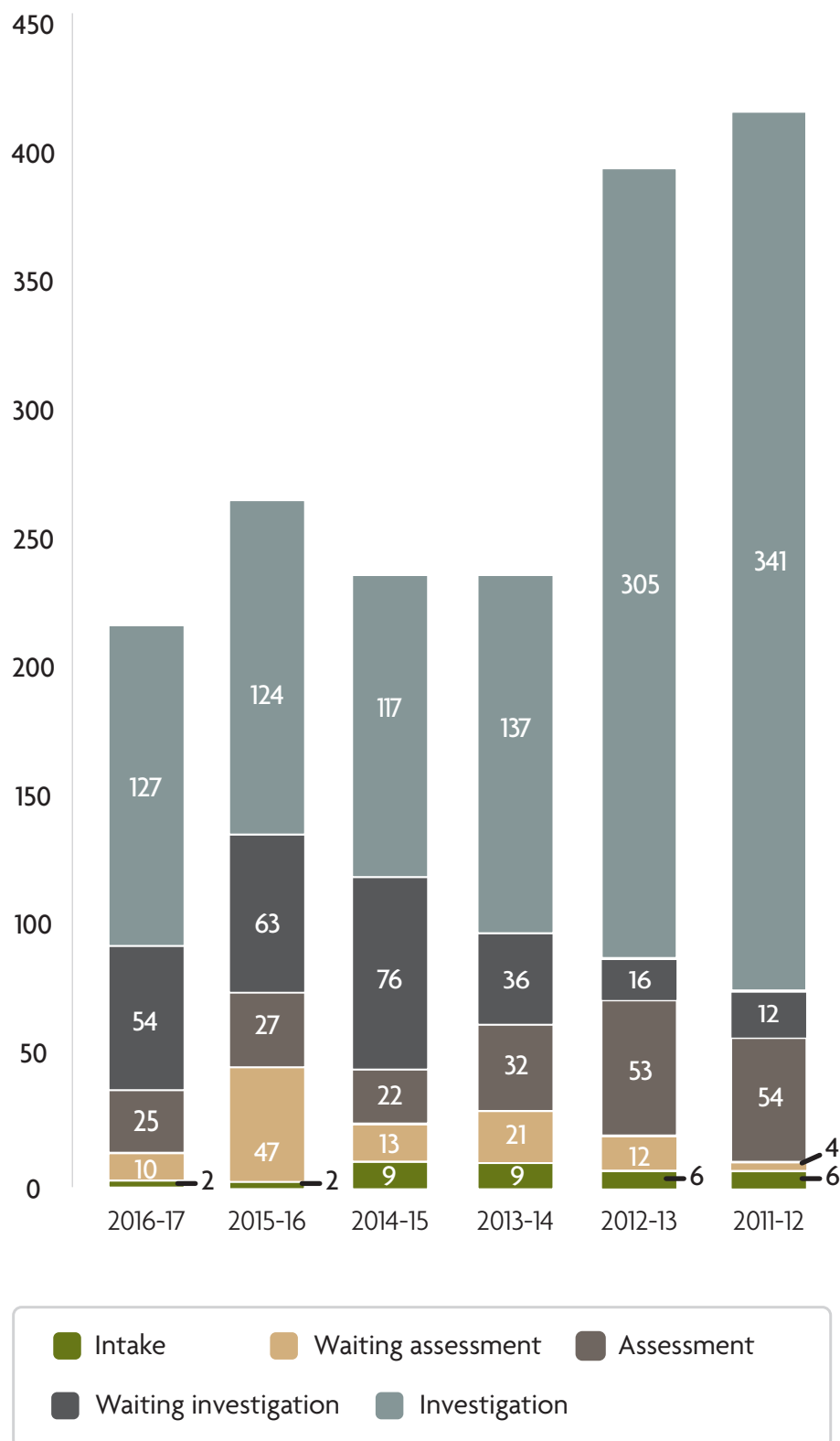
During the year, we addressed some significant challenges that were causing a backlog of complaints that had not been assigned to an assessor or investigator. Our performance averages for the year include the impact of this. There has also been a small increase in the figures for the average time taken to complete an investigation in this year. This slight increase in the average has been influenced by the completion of a large number of longstanding complaints.

The chart opposite shows that we have significantly reduced the average length of time people have to wait before their complaint is assessed (step two in our process) compared to last year, from 47 days down to 10. The average time people have to wait before our investigation is underway has reduced by a further nine days, bringing it down to 54 days on average over the year.

With our new ways of working and by continuing to measure our performance against our Service Charter commitments we expect to improve timeliness further.

We aim to respond to people within five working days of receiving a complaint (step one). For complaints in assessment (step two of our process), we aim to respond within 20 working days of receiving it. Every investigation is different and we aim to tell people of the likely length of time that their individual complaint will take.

Durations per stage (days)



We continue to monitor and reduce the number of cases taking over 12 months to complete and we report to Parliament on these. Numbers continue to reduce, from 136 on 1 April 2016 to 104 cases by 1 April 2017; a 24% reduction.

During 2016-17, 526 investigations, 12% of the total, took us more than a year to complete, compared to 10% of the total number of investigations last year. Of these, 450 were about the NHS in England and 76 were about UK government departments or other UK public organisations.

Some of the complaints that come to us can be very complex and it can take time to gather and consider all the information we need for our investigation. If an ongoing investigation takes us more than a year, we write to the complainant to explain why. We continue to improve our processes to resolve cases as quickly as possible and to prevent people from waiting longer than necessary for a final decision on their complaint.

## Investing in technology to improve our service

As part of our work to modernise our service we have invested in technology to further improve the quality of our service. In the year, we rolled out a new casework management system to help us move away from paper based working.

The system enables us to store, analyse and annotate evidence and documents that we gather during the different stages of our process more easily and in a digital format, reducing the need to store these in hard copy, and thus improving efficiencies.

The new system will also help us better monitor the progress of complaints, manage workloads, and record telephone conversations. We will use our improved casework management system to harness insight and feedback from our casework to prompt improvements in public services and to help Parliament hold public service leaders to account. We have experienced some challenges in implementing the new system and we continue to work on making it as easy as possible for staff to use.

We also invested in a new website to make it easier for people to find and use our service, consulting people who use our service, members of the public, advocacy organisations and organisations we investigate. We listened to what people expected from us and tested our thinking as we went along, which helped us to design a website that works better for people. It now explains the sometimes complex complaints process more clearly and helps people understand what to expect. We have also introduced a new complaint checker that helps people bring their complaint to the right organisation at the right time.

We have also created a new area on the website to give advocates and representatives the information they need to support people who want to bring a complaint to us. Another area helps MPs give their constituents initial guidance on their complaints.

There is also a range of information for organisations we investigate to help them carry out good local investigations and handle complaints effectively. Feedback on the pilot and live sites has been overwhelmingly positive. A survey showed that 90% of people liked the look of the site and thought it easy to use.

A number of other technology improvements have taken longer to implement than originally planned, including a new HR system and changes to our online complaints form. A focus next year will be to improve the delivery of technology and other key projects.



# Working with others

We share the unique insight from our casework with Parliament to help hold the NHS in England, UK government departments and other UK public organisations to account for the services they provide. We also share this learning more widely; with the organisations we investigate, with regulators and policy makers to help them to improve complaint handling and public services for everyone.

Our role is to shine a light on the changes that are needed, but it is for others to take these forward. The insight from our work over the last year and before has helped to bring about real and lasting change. This year alone, it has led to Government action on sepsis, changes in midwifery regulation and NHS clinical investigations.

## Sharing insight from our everyday work

We continued to publish anonymised summaries of a selection of our investigations on our website in the first half of the business year. These provide a snapshot of the complaints we deal with every day and help organisations that provide public services learn from mistakes. We decided to pause on publishing the summaries of investigations in October 2016 to give us some time to look at the process of how they are developed and produced.

We recognise that many people and organisations valued the insight these summaries provided and we are exploring ways of bringing them back in a more cost-effective and efficient way in the future. In the meantime, we continue to share the insight from our casework in other ways to help bring about improvements in public services, such as our *Driven to Despair* report about the Driver and Vehicle Licensing Agency's (DVLA) failures in assessing whether people with certain medical conditions are safe to drive.

## Learning from Mistakes

In July 2016, we published our *Learning from Mistakes* report to uncover why the NHS failed to determine that a little boy's death was avoidable. Sam Morrish, a three-year-old boy, died from sepsis on 23 December 2010. Our 2014 investigation found that if Sam had received appropriate care and treatment, he would have survived.

Previous NHS investigations failed to uncover that his death was avoidable. So the family asked us to undertake a second investigation to find out why the NHS was unable to give them the answers they deserved after the tragic death of their son.

Our second investigation found that the local NHS investigation processes were not fit for purpose; they were not sufficiently independent, inquisitive, open or transparent, properly focused on learning, or able to span organisational and hierarchical barriers, and they excluded the family and junior staff from the process.

We made recommendations to bring about much-needed improvements in how the NHS investigates complaints about potential avoidable harm or death. Our report highlighted two key areas for focus.

Firstly, the NHS needs to build a culture that gives staff and organisations the confidence to find out if and why something went wrong and to learn from it.

Secondly, complaints about avoidable harm and death need to be investigated thoroughly, transparently and fairly by the NHS, to make service improvements possible. Sadly the experience of Sam's family is not unique. Time and time again we find that the NHS investigations are not consistent, reliable, or good enough.

The report resulted in an inquiry by the Public Administration and Constitutional Affairs Committee to explore the issues we raised.

## Driver and Vehicle Licensing Agency

Our October 2016 report *Driven to Despair* highlighted failings in the way the Driver and Vehicle Licensing Agency (DVLA) makes decisions about whether people with certain medical conditions are safe to drive.

The report included eight separate but similar complaints where people with complex medical conditions were unfairly prevented from driving, sometimes for several years, as a result of flawed decisions, significant delays, poor communication and complaint handling.

DVLA accepted our findings and recommendations for all eight cases and in six of them granted the licence applied for, thereby overturning its own original decision.

The Department for Transport accepted the need to take steps to put right some of the problems we identified in our report. It did not, however, accept our recommendations to proactively offer the opportunity for others who might have been similarly affected to seek justice, or to review its decision-making processes for assessing fitness to drive.

Our outstanding concerns are two-fold. First, that there will be others who have experienced the same injustice and hardship for whom things have not yet been put right. Secondly, that DVLA's decision-making processes are not transparent enough and do not always take account of all relevant factors, meaning that the same failures could be repeated and could continue to impact many more people in the future.

The report resulted in an inquiry by the Public Administration and Constitutional Affairs Committee to explore the issues we raised and we hope that our recommendations will bring about real and lasting change in the future.

## National Institute for Health and Care Excellence's guidance on sepsis

Our 2013 report *Time to Act* highlighted that faster diagnosis and treatment of sepsis could save thousands of lives. Our report's recommendations have led to actions in this business year that will help improve outcomes for people with sepsis.

Sepsis occurs when infection overcomes the body's defence mechanisms and progresses rapidly to life-threatening illness. It is a time-critical condition that claims 37,000 lives annually in the UK and many more are affected in the longer term.

Following our recommendations and a one-off hearing on our report by Parliament's Public Administration and Constitutional Affairs Committee, in July 2016, the National Institute for Health and Care Excellence (NICE) published a guideline to help NHS staff recognise and treat this life-threatening condition more quickly.

Public Health England and the UK Sepsis Trust have also launched a national sepsis awareness campaign to help parents and carers of young children recognise the symptoms, following our recommendation to address the lack of awareness.

NICE also issued a new draft Quality Standard in March 2017, setting out priorities for treating cases of sepsis.

All these concrete actions stem from the individuals who took that first step in bringing their complaint to us. By building our relationship with Parliament, and the Public Administration and Constitutional Affairs Committee, we have shown, once again, that public services can improve because people complain.

## Midwifery legislation

In our report, *Midwifery supervision and regulation: recommendations for change*, published in 2013-14, we revealed that the safety of mothers and babies could be put at risk because supervisors of midwives had two potentially conflicting roles. On the one hand they investigated incidents their peers were involved in, and on the other they were responsible for the development and support of these same people.

We found that this could put at risk the ability to identify and learn from mistakes. We recommended that supervision and regulation should be separated as it is in other regulated professions, and that the Nursing and Midwifery Council (the regulator responsible for nurses and midwives) should be in direct control of regulating midwives.

We are delighted that our recommendations have become reality when new legislation separating supervision and regulation came into effect on 31 March 2017. This will help make sure that lessons are learnt when mistakes are made and improve the safety of mothers and babies across the country.

This change in law came about as a direct result of the brave families who came to us seeking justice after suffering harrowing ordeals. We owe them all a debt of gratitude.

## Working for a better complaints system

### Acute hospital trusts

We continued to publish statistical reports into complaints about acute hospital trusts. In 2016-17, these showed that clinical care and treatment, poor communication and diagnosis remain the top three reasons to complain about acute hospital trusts.

We encouraged chief executives and trust board members to use this data to examine how their organisation is performing relative to others and to identify areas for improvement.

## UK government departments, their agencies and other UK public organisations

On 21 December 2016, we published a report looking back over the 2015-16 year of complaints about UK government departments and some other UK public organisations.

Just over 18% (676) of all our investigations that year were about UK government departments and some other UK public organisations, compared to 82% (3,185) about the NHS in England.

The report provides detailed information about the 'big four' departments: the Home Office, Department for Work and Pensions (DWP), Her Majesty's Revenue & Customs (HMRC) and the Ministry of Justice (MoJ), which made up more than three quarters of the investigations about government departments and agencies in 2015-16.

The top reasons for complaints across all departments and their agencies were about incorrect decisions and poor communication.

Both the DWP and HMRC stand out as organisations with effective second tier complaint systems in place, which means that complaints are more likely to be resolved before they reach the Ombudsman service.

## Preparing for the future

We want everyone using public services to be confident that when they need to complain it will be straightforward and fair, and will make a difference.

There is consensus that the current public service complaint system is too complex and fragmented. Creating a single, accessible and modern Public Service Ombudsman (PSO) would make it easier for people to have their complaints about public services resolved. We therefore strongly welcome the draft Public Service Ombudsman Bill that has been published by the Cabinet Office to deliver this.

As the draft Bill was being prepared, we set out with the Local Government and Social Care Ombudsman (LGSCO) the key design principles that the new PSO should be built around, which were that it should be:

- independent, impartial and authoritative,
- easily accessible,
- comprehensive and coherent,
- accountable, and
- better value for money.

In our view, the draft Bill delivers on these core principles, and successfully lays the necessary ground work for an effective new organisation to be put in place. We believe that it is ready for introduction as soon as Parliamentary time allows.

But we are also aware that as the UK prepares to leave the European Union the legislative demands on Parliament will be significant, and that we may not see a Bill introduced into Parliament in the near future. We therefore continue to work closely with the LGSCO on a shared policy agenda. Some of the complaints people bring to us are about issues we can look into but also come under the LGSCO's powers. We investigated 352 organisations jointly with the LGSCO in 2016-17: most related to hospital discharge, adult mental health care or care of older people in nursing homes.

We hope that this partnership will help to pave the way to a new Public Service Ombudsman that consolidates our existing powers, roles and responsibilities, while having the flexibility to meet changing expectations and demands in the future.

# Our people, our organisation

We are committed to delivering value for money for the public purse and reducing our spending by 24% over the next three years. This has been a challenging year for staff in our organisation as we have begun to make these reductions and we recognise that how we have managed change in the past has not been good enough.

To continue to meet the needs of people who come to us, we need to improve the way we work and invest in our people so they have the skills and knowledge to continue to deliver a high quality service.

## Reshaping our organisation

We are four years into our strategy to become a modern ombudsman service that is fit for the future. 2016-17 was about continuing to transform what we do, modernising how we do it and becoming more cost efficient. By 2019-20, we need to make 24% savings on our overall budget.

We are making as many savings as possible in the non-pay areas of our budget, but inevitably there will also be a reduction in the overall number of posts across the organisation. We will be phasing staff reductions over the next few years.

We completed the first phase of our restructuring in October 2016, to put in place a senior structure with the leadership skills and expertise to reshape our organisation. In anticipation of the following stage of the organisational redesign, we

completed a voluntary exit scheme to all staff in Autumn 2016 before the changes in the Civil Service Pension Scheme.

In the second phase, which launched on 13 March 2017, we consulted with all staff on proposals for an organisational redesign. We proposed a new operating model, changes to the structure of the wider organisation and new accommodation with most of the operational business located in Manchester.

We used the collective consultation as an opportunity to listen to feedback, comments and views from staff on the proposals, making sure everyone had a chance to have their say.

The restructure began later than anticipated, which led to an extended period of uncertainty for staff. While we remain on track to meet the 24% savings required by 2019-20, we do not underestimate the impact this delay has had on staff. However,

in the long term our new structure and operating model will make us a more efficient, resilient and agile organisation.

## Valuing our workforce

The organisation has been through considerable change in 2016-17 with the launch of the Service Charter, embedding new ways of working, and the start of our programme to reshape our organisation. It has been a time of uncertainty, yet staff have remained committed to providing a quality service to people who need our help.

An example of this commitment from staff was shown in October 2016, when our Customer Care Team won the Frontline Team of the Year award at the North West Contact Centre Awards.

We recognise that we can only achieve success if we have the commitment and buy-in of our most important resource; the people who work for us.

We know how important it is to attract, retain, develop and reward our workforce in order to provide a consistent, quality service.

Our most recent staff survey from December 2016 revealed that 85% of staff care about the future of PHSO. They take great professional pride in their work and feel personally invested in maintaining a high quality service. But we recognise there is still a long way to go. While we have seen a small improvement in overall staff engagement from 50% in 2015-16 to 52% in 2016-17, the results of the staff survey show low scores in a number of areas. In other areas scores have improved but often from low baselines.

Nevertheless, we are pleased that we have started to see the impact of some of the things we are doing differently: 19% more staff than in last year's survey said that our organisation-wide communications were good and 42% more staff thought that different parts of the organisation worked well together. These improvements reflect work we have done to improve how we communicate and work collaboratively across the organisation.

We know our staff want to be involved and consulted in decisions that affect their work and we need to get better at harnessing their contribution. We are working with staff across the organisation to make sure the changes we make have a positive impact and make a difference. An immediate priority for us has been to improve the visibility of

senior managers and to engage in real dialogue with staff at all levels about the changes we are making.

To drive continuous improvement, we measure effectiveness of any staff engagement activities by monitoring online engagement and feedback, levels of participation in meetings and events, and regular pulse surveys. Next year we will continue to focus on involving our staff in designing the future and supporting them to deliver.

## Staff event and launch of staff awards

We held an all-staff event in February 2017 that was attended by staff across both sites in London and Manchester, the Executive Team, Board members, and the newly appointed Ombudsman, Rob Behrens.

We felt it was important to bring the organisation together during this critical time in our transformation, to pause and reflect on our achievements, recognise the hard work and commitment of colleagues and teams and consider how we will jointly tackle the challenges ahead. The all-staff event also saw the launch of our new PHSO Staff Awards to recognise the passion, commitment and achievement of our people. We received an impressive 160 nominations from staff across five categories. The nominations were whittled down to a shortlist in each category by a team of colleagues from across the business at all levels and from

different teams. The winners were announced during the staff event and presented with awards from the Executive Team and members of the Board.

Despite the uncertainty our staff were facing at the time of the staff event, we are pleased that the majority thought it was worthwhile. A resounding 96% particularly enjoyed meeting the new Ombudsman and hearing about his vision for the future.

## Rewarding and developing our staff

Our performance management system allows us to link performance and pay more consistently. It gives staff and managers the opportunity to collectively assess their performance throughout the year and address identified development needs. We worked with staff to review how it had gone at mid-year and to make immediate changes for the year-end process.

We continued to offer a range of high quality developmental activities in this year, with staff taking part in 2.4 days each on average of formal training in 2016-17, down from 3.5 days in 2015-16. In addition to formal training, we hosted our new all-staff event this year and offered a wide range of digital learning opportunities, as well as 'team talks' on different topics, that were well received. The Chartered Institute of Personnel and Development's annual survey says the average of formal training is around three days, but we are more ambitious than this.

Learning and development will be a key focus next year as we implement the organisation redesign and equip our staff with the right skills and knowledge to deliver a high quality service. Our people do an incredibly difficult job, often engaging with bereaved people, many of whom have suffered harrowing ordeals. We recognise that offering relevant training and development opportunities is vital in supporting and caring for our staff. We will therefore introduce a selection of developmental training and masterclasses, including understanding the psychological effects of casework, and workshops in resilience to provide this additional support.

We will also launch a new digital learning management system which will hold individual training plans for staff members, alongside a collection of new e-Learning modules, to enable staff to access relevant learning opportunities at any time.

We are working towards putting in place training for caseworkers over summer 2017 which will be renewed periodically. We are also considering more substantial opportunities for development at a later date, which could lead to an externally recognised qualification.

In addition, we will offer new foundation and developmental training opportunities for all line managers to better support them to manage performance and bring out the best in people.

## Personal and professional development

As part of the performance management system introduced last year, every member of staff has the opportunity to prepare a personal development plan. With their manager they discuss areas for improvement and what training might be available to help.

In this year, staff have attended a range of in-house training, external events and conferences relevant to their professional fields. Through our annual professional qualifications and further education sponsorship scheme, we offered funding to ten members of staff to complete professional qualifications relevant to their role and career.

Staff also attended a range of induction courses, such as data protection and health and safety. In addition, all staff members have had access to online learning resources from 'how-to' guides and videos, to podcasts, self-assessment questionnaires and articles to support their professional and personal development.

## Caseworker development

A key element of development for our operations staff remains the on-the-job training and feedback provided by line managers. This has been supplemented by training on topics such as dealing with

difficult situations, bereavement, mental health awareness, and a range of briefings about areas of the NHS provided by our clinical advisers.

## Supporting staff in their health and wellbeing

We are committed to supporting the health and well-being of our staff. We provide flexible working to enable staff to manage their work-life balance. The Occupational Health Scheme offers guidance for staff on health-related matters. We also provide staff with subsidised gym membership and a Cycle to Work scheme to assist with the promotion of health and well-being.

We recognise the uncertainty the reshaping programme has brought to many of our staff. During collective consultations, senior managers and the Executive Team made themselves available regularly to answer questions from staff and to offer support. We also set up a mechanism where staff could freely ask any questions about the proposals, with answers being published weekly on our intranet.

In addition, we provided access to confidential support from the independent Employee Assistance Programme, which offers advice and counselling 24 hours a day, seven days a week.

# Sustainability report

Our sustainability aim is to reduce the impact of our business on the environment. We aim to reduce our carbon dioxide (CO<sub>2</sub>) emissions particularly in the areas of energy use, resource and estate management, and staff travel.

In 2016-17, our environmental initiatives included:

- reducing the space we occupy by 7,701 square feet resulting in a reduction of energy consumption,
- reducing energy by encouraging staff to switch off electrical equipment when not in use,
- reducing staff travel by better management procedures and more use of video-conferencing.

We also continued to:

- recycle plastics, cans, paper, cardboard, toner, and all electrical appliances at both our sites,
- recycle batteries and printer toner cartridges,
- use environmentally friendly cleaning products,
- donate, wherever possible, our old furniture and equipment to charities for reuse instead of disposal,

- use water-saving measures including the use of zip taps that dispense instant hot and cold drinking water, and water-saving systems in toilet facilities.

During 2016-17 we leased accommodation within multi- occupancy buildings at The Exchange and 76 King Street in Manchester and at Millbank Tower in London. We rely on our landlords to provide data to monitor performance.

We report on usage, consumption and costs where possible. We also incur energy charges for shared areas in jointly-occupied buildings but these charges are an apportioned element of the service charges, and specific usage data is not available.

Our King Street office is supplied via landlord service charge which includes utility costs - for this reason, emissions cannot be accurately measured for this accommodation.

Costs are shown where directly attributable to us. No analysis of renewable or non-renewable energy usage is available from the energy provider for communal areas in the accommodation.

We use an external provider for rail and air tickets and for car hire for business travel. These arrangements provide standard management information on the emissions impact of each journey booked.

We do not have information about the emissions impact of business travel using buses, taxis or private vehicles, although taxis are only used in limited circumstances.



## Managing carbon dioxide emissions

Indirect emissions fell between 2015-16 and 2016-17 due to a space reduction of 7,701 square feet.

### Greenhouse gas emissions

Non-financial information: Emissions (CO <sub>2</sub> /tonnes)	2016-17	2015-16	2014-15
Scope 1: Direct emissions	N/A	N/A	N/A
Scope 2: Indirect emissions	N/A	N/A	347
Scope 3: Business travel emissions	38	41	31
<b>Total emissions</b>	<b>38</b>	<b>41</b>	<b>378</b>
Normalised comparison per FTE	0.09	0.09	0.84

Non-financial information: Energy (Kwh)	2016-17	2015-16	2014-15
Scope 1: Direct emissions	N/A	N/A	N/A
Scope 2: Indirect emissions	490,995	668,676	708,129
Scope 3: Business travel emissions	N/A	N/A	N/A
<b>Total energy</b>	<b>490,995</b>	<b>668,676</b>	<b>708,129</b>
Normalised comparison per FTE	1,139	1,513	1,624

Financial information (£'000)	2016-17	2015-16	2014-15
Scope 1: Direct emissions	-	N/A	N/A
Scope 2: Indirect emissions	77	83	74
Scope 3: Business travel emissions	212	253	318
<b>Total cost</b>	<b>289</b>	<b>336</b>	<b>392</b>
Normalised comparison per FTE	0.67	0.76	0.88

Scope 1 – Direct greenhouse gas emissions from sources owned or controlled by the organisation. We lease our accommodation (including air conditioning) and do not own any fleet vehicles.

Scope 2 – Energy indirect emissions arise from electricity that we consume which is supplied by another party. We report on usage, consumption and costs where we are invoiced directly by the energy supplier. We also incur energy charges for shared areas in jointly-occupied buildings but these charges are an apportioned element of the service charges, and specific usage data is not available

We rely on our suppliers to provide information about our indirect CO<sub>2</sub> emissions (non-financial). Since 2015-16, they have not been able to provide this information.

Scope 3 – Official business travel directly paid for by the organisation.

## Waste minimisation and management

Non-financial information (tonnes)	2016-17	2015-16	2014-15
Waste recycled/reused	61.86	59.60	46.30

Waste recycled/reused includes all recycled waste at The Exchange, Manchester and paper shredding waste at all sites.

Since April 2015 all waste in London Millbank Tower, with the exception of paper shredding waste, forms part of the accommodation service charge. A robust estimate is not possible.

In Manchester the costs and volume of non-recycled waste form part of the accommodation service charge.

### Water consumption

Our water usage is apportioned and recharged as part of our accommodation service charge.

### Sustainable procurement

We continue to work with existing suppliers to reduce the emissions of the goods and services they provide, utilising technological advances where possible. Where appropriate, sustainability clauses are incorporated into all new and existing contracts to help ensure suppliers are meeting the Government Buying Standards and supporting our efficiency work.

Sustainability is also a consideration when developing evaluation criteria during tender assessment where appropriate. All our contracts contain clauses relating to our environmental requirements and many of our contracts are procured using framework agreements, enabling us to benefit from efficiencies and sustainability initiatives available to larger public sector organisations.

**Rob Behrens, CBE**  
**Accounting Officer**  
**Ombudsman and Chair**  
**10 July 2017**

# Accountability report

## Our Board

### Chair and Ombudsman



**Dame Julie Mellor, DBE**, was appointed Parliamentary and Health Service Ombudsman on 3 January 2012. She was chair of the Equal Opportunities Commission from 1999 to 2005. Her career spans the public and private sectors including being a partner at PricewaterhouseCoopers and Director of Human Resources at British Gas. She is a former board member of the Commission for Racial Equality and the National Consumer Council and is currently on the board at Nesta, the national innovation organisation, and chair of The Young Foundation.

In 2006, she was made a Dame Commander of the Order of the British Empire for her services to equal opportunities and since September 2016 has been a board member of Clore Social Leadership.

**Dame Julie Mellor was succeeded by Rob Behrens, CBE, on 6 April 2017.**



**Rob Behrens, CBE**, joined the organisation on 6 April 2017. Rob has considerable experience as a public service ombudsman, bringing redress to service users. His previous roles include Complaints Commissioner at the Bar Standards Board and Independent Adjudicator for Higher Education (Office of the Independent Adjudicator) in England and Wales.

Rob transformed the Office of the Independent Adjudicator into a modern ombudsman service by focusing on

promoting good practice and providing a more efficient and effective service to complainants.

Following this he became Visiting Professor at University College London, Chair of the European Network of Ombudsmen in Higher Education and a Trustee of UCAS, the universities admissions service. Rob was made a CBE for 'services to higher education' in the New Year's Honours List, December 2015.

## Non-executive members

Throughout 2016-17, our non-executive Board members have brought an invaluable external perspective to the organisation. They come from diverse professional backgrounds and bring a wide range of experiences.



**Peter Freedman** has over 30 years' experience working in the consumer goods, retail and healthcare industries.

During 2015-16 he established and chaired our Board-level Quality Committee. Peter is currently the Managing Director of the Consumer Goods Forum, an organisation of the world's leading retailers and consumer goods manufacturers, which implements programmes for positive change in areas including environmental and social sustainability, product safety, and health and wellness.

He is also a non-executive director of a health food business and a trustee of a food waste charity. Previously he has served as a non-executive director of the Whittington Health NHS Trust, and was a director of McKinsey & Company where he led its European consumer goods practice.

Peter's term as non-executive Board member and chair of the Quality Committee ended in summer 2016.

**Elisabeth Davies** joined the organisation as a non-executive Board member and Chair of the Quality Committee on 16 May 2016. Her career, combining professional and voluntary commitments, has centred on consumer engagement and a deep-seated belief in developing services that are truly consumer-focused.

She has worked across the charitable and public sectors with a particular focus on the needs of health and social care users. She is the former Deputy Chief Executive of Arthritis Care and Chair of the Patient and Carer Network at the Royal College of Physicians.

Within the NHS, Elisabeth has combined executive and non-executive roles. She was Head of Policy, Planning and Partnerships at the National Patient Safety Agency. Non-executive roles include former Deputy Chair of Wandsworth Primary Care Trust and South West London Community NHS Trust.

Elisabeth is also the former Chair of the Legal Services Consumer Panel. She has worked across the advice giving sector. She was previously Director of Policy and Development at the Refugee Council and is a former Trustee of the Immigration Advisory Service. She is currently a Trustee of the Personal Support Unit which supports people going through the court process without legal representation.



**Michael King**, Local Government and Social Care Ombudsman and Chair of the Commission, joined the Board as non-executive director in January 2017.

At the LGO, Michael has been responsible for introducing the Ombudsman's public advice service and its ground breaking jurisdiction for private sector adult care complaints. He was previously the Chief Trading Standards Officer for

Northumberland County Council, having spent fifteen years in consumer and public protection roles in the North East of England. He has, in addition, served as a voluntary trustee for Alnwick Citizen's Advice Bureau, as an external examiner in forensic investigation and consumer law for Teesside University, and as an independent council member of a private sector ombudsman scheme.



**Alan Graham, MBE**, joined the Board's non-executive members in 2015-16, bringing over 40 years' experience working in the financial sector on three continents. Alan retired as a main board director of Rothschilds Bank in 2004 and now holds a variety of non-executive and trustee roles in the public, private and voluntary sectors, contributing his expertise in audit policy and practice, accounting and financial regulation, corporate governance, risk and assurance management, and strategic planning.

Alan is currently a director of Charity Bank and chairman of its Audit, Risk and Compliance Committee (in respect of which he is approved by the Financial Conduct Authority and Prudential Regulation Authority), a non-executive board member and chairman of the Audit Committee of the Insolvency Service, and a member of the Football Association's National Anti-Discrimination Chairman's Panel.

Alan was awarded an MBE in 2011 in recognition of his services to the voluntary sector. He chairs PHSO's Audit Committee.

**Dr Jane Martin** was the Local Government Ombudsman until January 2017 and chair of the Commission for Local Administration in England. She has extensive knowledge and experience of delivering public services. Jane has worked with local authorities across England, for the Improvement and Development Agency for Local Government and was the first executive director of the Centre for Public Scrutiny.

She conducted research into public management and governance in the fields of education, health and local government at the University of Birmingham and the Warwick Business School. Before joining LGO, she was Deputy Chief Executive at the Local Better Regulation Office and a non-executive director of Coventry Primary Care Trust. Jane's term as non-executive director ended in January 2017.



**Ruth Sawtell** has considerable experience as a board member in organisations that handle complaints, in both the health and consumer sectors. She is currently a board member at Phone-paid Services Authority, the regulator of payments by phone, where she was previously an independent member of the appeals panel.

She is also a board member of the Independent Press Standards Organisation. Ruth recently

completed a six-year tenure as a council member at the Advertising Standards Authority, where she was deputy chair. Previously, she acted as an adjudication panel member, a lay council member and chair of the Audit Committee at the Nursing and Midwifery Council. Before this, Ruth was a non-executive director at Hertfordshire Partnership University NHS Foundation Trust, where she also adjudicated on patient detentions under the Mental Health Act.



**Sir Jon Shortridge, KCB**, is an experienced public servant and was Permanent Secretary in Wales between 1999 and 2008.

From 2010 to 2016 he was chair of Volunteering Matters, formerly Community Service Volunteers and the largest

volunteering charity in the UK, and from 2012 to 2015 chair and chancellor of Glyndwr University. He is an advisory member of the Commission for Local Government in England and is chair of its Audit Committee.

**Dr Julia Tabreham** has worked in the third sector for 23 years after an early career in banking. In 1992, she established the Carers Federation, which delivers a range of advice and support services to carers and organisations in the healthcare sector. These have included the Independent Complaints Advocacy Service, patient and public involvement forums and most recently

HealthWatch Pathfinders and HealthWatch Local.

She also serves on the National Institute for Health and Care Excellence (NICE) Guideline Development Group for mental health in the criminal justice system, and has been a non-executive director in the NHS for 16 years.



**Helen Walley** trained as a nurse and has had a long career in the NHS in both primary care and hospitals. She was Chief Executive at the Mayday Hospital (now the Croydon University Hospital) for three years, and before that she

ran Wandsworth Primary Care Trust. She was Chief Executive Officer of Wandsworth Primary Care Trust and its predecessor organisation South West London Community Trust.

## Executive members

Our senior management team are executive members of the Board.



**Amanda Campbell, CBE,** Chief Executive, joined the organisation on 1 October 2016 from the Home Office, where she held various senior leadership positions including Director General of Immigration Enforcement, Chief Operating Officer of Border Force, and Director of Leadership and Learning.

She was also previously a non-executive director for Central & North West London NHS Foundation Trust, where she was a member of the Performance and Quality Committee and Chair of the Informatics Committee. Amanda is currently a non-executive director of ABTA, the UK association of travel agents and tour operators.

Amanda was awarded a CBE in the New Year 2014 Honours list for Public Service.

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**Gill Kilpatrick,** Executive Director of Finance and Corporate Services, joined the organisation and its Board on 1 May 2015.

A qualified accountant with 25 years' experience of financial management, she has worked in a number of financial roles across

local government, including four years as County Treasurer for Lancashire County Council and Lancashire County Pension Fund.



**Rebecca Marsh,** who joined as interim Executive Director of Operations and Investigations in April 2015, was made permanent in her role on 16 November 2015 and formally joined the Board.

Rebecca was an Independent Police Complaints Commissioner for ten years and as such has a wealth of complaints handling experience. She also previously held a number of non-executive roles.

**Alex Robertson**, Executive Director of External Affairs and Insight, joined the organisation from the Electoral Commission on 5 July 2016 shortly after the EU referendum which he was responsible for delivering as the organisation's Programme Director.

He held a similar role for the Scottish referendum (September 2014) and in his permanent role as Communications Director oversaw multi-million pound campaigns to promote voter registration.

Before joining the Electoral Commission Alex held senior policy and communication positions at the Catholic Agency for Overseas Development (CAFOD) and Transport for London.

He is a governor and Chair of the Resources Committee at his local school in Harpenden.



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**Alan Doran** joined the organisation as Interim Chief Executive from May 2016 to September 2016. He was responsible for all our services on a day-to-day basis, as well as the delivery of the strategic objectives and business plan.

**Shareena Merzi**, Director of Communications, was temporarily appointed to Executive Director of External Affairs and Strategy on 15 January 2016, before permanent successor Alex Robertson joined the organisation in July 2016.



# Statement of Accounting Officer's Responsibilities

Under the Parliamentary Commissioner Act 1967 and the Health Service Commissioners Act 1993 the expenses of the Parliamentary and Health Service Ombudsman are paid out of money provided by Parliament and sanctioned by HM Treasury. HM Treasury require the preparation for each financial year of a statement of accounts detailing the use of resources during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Parliamentary and Health Service Ombudsman and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts the Accounting Officer complies with the requirements of the Government Financial Reporting Manual, in particular to:

- Observe the Financial Reporting Manual 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 accounts; and
- Prepare the accounts on a going concern basis.

The Parliamentary and Health Service Ombudsman is the Accounting Officer.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Parliamentary and Health Service Ombudsman's assets, are set out in *Managing Public Money* by HM Treasury.

The Accounting Officer can confirm that as far as he is aware, there is no relevant audit information of which the Parliamentary and Health Service Ombudsman's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Parliamentary and Health Service Ombudsman's auditors are aware of that information.

The Accounting Officer can confirm that the annual report and accounts as a whole are fair, balanced and understandable and the Accounting Officer takes personal responsibility for the annual report and accounts and the judgments required for determining that they are fair, balanced and understandable.

**Rob Behrens, CBE**  
**Accounting Officer**  
**Ombudsman and Chair**  
**10 July 2017**

# Governance Statement

## Statutory position

*The Parliamentary Commissioner Act 1967* and the *Health Service Commissioners Act 1993*, respectively, define two statutory roles of Parliamentary Commissioner for Administration (the Parliamentary Ombudsman) and Health Service Commissioner for England (the Health Service Ombudsman). These two roles are vested in one individual in my post as the Parliamentary and Health Service Ombudsman (PHSO).

## The Ombudsman

As Parliamentary and Health Service Ombudsman, in statute and by warrant of Her Majesty, I am responsible for the sound governance and effective internal control of the Ombudsman service. A unitary Board is in place to strengthen governance. As Chair I can call upon a range of expertise, from both external, independent, non-executives with appropriate skills and from a team of qualified and experienced executive officers.

I took up office as Parliamentary and Health Service Ombudsman on 6 April 2017. Dame Julie Mellor was Ombudsman for the accounting year to 5 April 2017, and, together with the Board and the Audit and Risk Assurance Committee, assured me that the content of this governance statement is an accurate reflection of the period prior to my tenure as Ombudsman.

Prior to taking up office, I met with Dame Julie Mellor on a number of occasions, met a number of stakeholders and attended the Board meeting in March 2017. When I took up office, I met with the Chair of the Audit and Risk Assurance Committee in order to assure myself about the rigour of risk management and internal control.

As Ombudsman, I am accountable to Parliament through the Public Administration and Constitutional Affairs Committee.

I have statutory responsibility for individual cases, but have given authority for case activity to officers in a written delegation scheme. I act personally in complex cases and where we identify serious or repeated mistakes that may have system-wide relevance. To ensure that this extensive casework is managed within a defined system of appropriate oversight, I have a detailed scheme of delegated authority, and have appointed two Deputy Ombudsmen: the Chief Executive and the Executive Director of Operations and Investigations. The Board scrutinises overall performance of casework but not individual cases.

I am accountable to Parliament as Accounting Officer for the stewardship of our resources. I discharge this through assurance from the Chief Executive (the Accountable Officer) and Executive Team, and through assurance and challenge by the Board and its Audit and Risk Assurance Committee.

In law, the Parliamentary and Health Service Ombudsman is a corporation sole and has a personal jurisdiction. This is not consistent with modern requirements of good governance. The previous Ombudsman therefore established a unitary Board to improve governance, which I chair. My executive responsibilities as corporation sole are thus exercised personally as an individual, but also aided by means of defined and corporate arrangements that allow for proper scrutiny.

As Chair of the Board, I promote collective decision-making. I reserve the right, given my statutory role, to depart from the Board's decisions but only as a last resort and with a commitment to put my reasons in writing. This right was not exercised during 2016-17.

## Governance structure

### The Board

The Board makes collective decisions on the strategic direction and performance of the PHSO service. It carries no responsibility for individual cases. While that responsibility remains with me personally, as Ombudsman, it is undertaken via the Casework Delegation Scheme as set out above.

As Chair, I will be reviewing the skills and experience of the Board to ensure its members have an appropriate and diverse mix of skills, experience and qualities to perform their duties effectively.

A Board effectiveness review was undertaken in year, and no skills gaps were identified at that time. The Board wishes to improve further; certain aspects of how it works and these are set out later in the statement. The Board comprised 11 members (seven non-executive and four executive officers) at the end of 2016-17. It is supported by three committees: Audit and Risk Assurance; Remuneration and Nominations, and Quality; each of which is chaired by a non-executive member.

### The Audit and Risk Assurance Committee

The Committee's role is to support the Board, specifically the Ombudsman and the Chief Executive, respectively as Accounting Officer and Accountable Officer, in monitoring the adequacy of the Office's corporate governance and control systems, ensuring compliance with accounting policies and standards, and ensuring systems are in place to achieve value for money.

The Committee comprises three non-executive Board members and a non-executive independent member who is a qualified accountant, and meets at least quarterly.

### Quality Committee

The purpose of the Quality Committee is to provide assurance to the PHSO Board on the arrangements for assessment of quality covering casework decisions, process and the experience of people using our service. The Quality Committee plays an important role in providing assurance of implementation of the Service Charter and PHSO's response to the customer feedback that it generates. The Service Charter explains what can be expected from PHSO when we are asked to look into a complaint. The Quality Committee comprises four non-executive directors and meets four times a year.

### Remuneration and Nominations Committee

The Remuneration and Nominations Committee agrees pay and performance review arrangements for Executive Directors and agrees their annual individual pay awards. The Committee comprises four non-executive directors and meets twice a year. The Committee also supports the Ombudsman and Chief Executive with recruitment of senior executives and reviews recruitment strategies.

## Executive Team

As Ombudsman, I have delegated to the Chief Executive responsibility for putting into effect the policy and strategy of the Board, including day-to-day operational management of the organisation and the proper use of public resources.

Advised by HM Treasury, we established contractual responsibility for the Chief Executive to be the Accountable Officer with executive responsibility for effective financial control arrangements. This enables me, as Accounting Officer, to have a separate, accountable person charged with stewardship and probity for our use of public money. The Chief Executive carries principal responsibility for the use of resources against our strategic and annual plans.

The Chief Executive carries out her work with the support of an Executive Team whose performance is overseen by the Board. The Chief Executive is also delegated Deputy Ombudsman by me and has responsibility to ensure final decisions on cases are made within the delegation scheme I have specified.

Chaired by the Chief Executive, the Executive Team meets regularly to oversee operational performance and consider issues affecting the delivery of our work. They monitor outcomes against objectives and agree in-year allocation and utilisation of resources.

A key priority for the executives during 2016-17 was to bring about service change while maintaining and improving our performance in investigations so that the time complainants spent waiting for their case to be investigated did not increase. Improved operational controls helped deliver this.

## Dates of appointments and attendance at Board and Committee meetings

Table of attendance of executives and non-executives at meetings where they are members of the Board or of the Committee

Permanent Board members	Date of appointment	End of appointment	Attendance at Board meetings (seven meetings in 2016-17)	Audit and Risk Assurance Committee (six meetings in year)	Remuneration and Nominations Committee (two meetings in year)	Quality Committee (four meetings in year)
Julie Mellor (Chair)	3 January 2012	05 April 2017	7	N/A	N/A	N/A
<b>Non-executive members</b>						
Elisabeth Davies	16 May 2016	14 May 2018	5/5	2/2	N/A	4 (Chair)
Peter Freedman	1 September 2012	2 June 2016	2/2	N/A	N/A	1/1
Alan Graham, MBE	7 March 2016	28 February 2018	6	6 (Chair)	N/A	N/A
Mick King	11 January 2017	N/A	1/1	N/A	N/A	N/A
Dr Jane Martin	1 February 2014	10 January 2017	4/4	N/A	2	3/3
Ruth Sawtell	20 April 2015	19 April 2020	7	5	2	N/A
Sir Jon Shortridge, KCB	1 May 2012	30 September 2018	6	N/A	2	N/A
Julia Tabreham	20 April 2015	19 April 2020	7	N/A	N/A	4
Helen Walley	1 September 2012	31 August 2017	7	3/3	2 (Chair)	4

Permanent Board members	Date of appointment	End of appointment	Attendance at Board meetings (seven meetings in 2016-17)	Audit and Risk Assurance Committee (six meetings in year)	Remuneration and Nominations Committee (two meetings in year)	Quality Committee (four meetings in year)
<b>Independent Audit Committee member</b>						
Alison White	28 April 2015	31 March 2018	N/A	6	N/A	N/A
<b>Executive members</b>						
Alan Doran (Interim Chief Executive)	11 May 2016	30 <sup>2</sup> September 2016	2/2	N/A	N/A	N/A
Amanda Campbell (Chief Executive)	1 October 2016	N/A	3/3	N/A	N/A	N/A
Gill Kilpatrick (Executive Director of Finance and Corporate Services)	1 May 2015	N/A	7	N/A	N/A	N/A
Rebecca Marsh (Executive Director of Operations and Investigations)	13 April 2015	N/A	7	N/A	N/A	N/A
Alex Robertson (Executive Director of External Affairs and Insight)	5 July 2016	N/A	5/5	N/A	N/A	N/A

Shareena Merzi was Executive Director of External Affairs and Strategy 15 January 2016 to 4 July 2016.

<sup>2</sup> Until 11 May 2016, Dame Julie Mellor acted as Chief Executive.

## The effectiveness of the Board and its Committees

The Board reviews how it operates on an annual basis to ensure it is effective in its role and to identify how it can develop.

The Board agreed that it had three key areas of strength. These were:

- clarity on roles and responsibilities and unity of purpose;
- a proper direction of the Board's efforts and time to staff engagement and quality; and
- robust challenge of matters presented to the Board, and with good levels of scrutiny applied to data and performance information.

The Board also recognised three areas for improvement in the way the Board operates, building on continuing progress in year. These included:

- more balanced and informed board agendas;
- better quality information to aid discussion;
- more direct engagement with staff.

A plan has been devised to address each of these issues and many aspects are already underway.

## Governance, control and risk

A number of governance issues arose during the course of the year. The Board recognises that a continued focus for the organisation needs to be on improving governance.

### Sir Alex Allan review

A number of governance issues were identified in the report by Sir Alex Allan in September 2016 into the appointment and employment of the previous Managing Director, which were detailed in last year's governance statement issued in November 2016. The Ombudsman, Dame Julie Mellor, had already announced her decision to resign on 4 July 2016. The Board accepted the findings of the Allan report and are implementing all of the recommendations.

### Provision of clinical advice to other Ombudsman services

We had cause to review our provision of clinical advice to other Ombudsman services in 2016-17, producing a final report for the Board on 31 January 2017. The review found that we did not act quickly enough or adequately when the legality of its provision was questioned in March 2015. We have now taken action to prevent this happening in future, including clarifying responsibility for ensuring legal advice is acted on. In relation to the provision of clinical advice itself, we decided, after discussion with fellow Ombudsmen, to switch to a co-operative arrangement,

which ensures a safe position for the organisation and maintains services. The new arrangements were in place by the end of March 2017 and other Ombudsman services have been directly contracting clinical advice for themselves from this point.

### Raising of purchase orders

An in year audit identified that not all invoices received for payment had been the subject of purchase orders. A temporary arrangement to mitigate the risk was immediately put in place, with a thorough review underway to determine whether further controls might be necessary to prevent a recurrence of the problem. In addition, training of appropriate staff in finance matters will be undertaken in 2017-18, which will include reminding staff of the need to ensure that all financial activity is conducted within the rules laid down by the Finance Code.

### Control of Journals

An in year audit identified that not all journals had been certified as approved, and controls within the finance system governing the ability to raise and approve journals required strengthening. This is a control designed to prevent fraudulent activity. A temporary, manual, arrangement has been put in place to strengthen this control and the technical system changes required will be in place by the end of August 2017.

## Supervisory arrangements

We recruited a number of 'Project Officers' on fixed term contracts in Autumn 2015 to assist with reducing the time taken before cases were allocated to investigators. It took longer than originally anticipated to clear the backlog of cases and the fixed term contracts were extended several times. We recognised that we needed to strengthen our documentation of the supervisory arrangements for these staff, along with proper audit mechanisms to confirm these were being applied in practice. For the period this applied to, we agreed to pay a rate of pay aligned to probationary investigators.

## Internal audit

The Audit and Risk Assurance Committee approves an internal audit plan based on the risk environment. In 2016-17 we focussed internal audit on areas of high risk while we carried out work to improve our governance, risk management and assurance frameworks. These will be subject to an internal audit review in the next year.

During 2016-17, six internal audit reviews were considered by the Audit and Risk Assurance Committee. There was additionally an advisory audit on review processes and complaints about us.

One audit covering Payroll and Expenses generated a split opinion by the auditors, with the payroll element receiving a better grading than the expenses audit. The reviews undertaken and their outcomes are set out below:

### Significant assurance with minor improvement opportunities

- Casework Process and Quality Assurance
- Appraisal and Performance Management System
- Payroll
- Financial and Accounting Systems: Phase 1 - Treasury Estimates
- Financial and Accounting Systems: Phase 2 – Core Financial Systems
- IPOS change: Phase 2

### Partial assurance with improvements required

- Expenses

All internal audit recommendations receive a detailed management response and action plan. All internal audit recommendations, except one, have been fully accepted, and a review of the expenses policy is being undertaken in response to the report with a partial assurance rating. Internal audit recommendations are regularly reviewed by the Executive and the Audit and Risk Assurance Committee to ensure timely implementation.

A great deal of work has been done to revise and combine various governance policies into a single governance framework. However, the Committee acknowledged that, whilst revised governance, risk and control arrangements are now in place, there is a need for these to remain under review to ensure they are adequately implemented and maintained.

## Risk management and control

We continually assess the risks that we face. We have a system of internal controls to mitigate those risks. The system is in accordance with HM Treasury guidance and professional best practice and is designed to strike a proportionate balance between control, cost and risk-taking. Our tolerance for individual risks is informed by their potential impact.



We have considered our strategic aims and objectives and our risk appetite for each area. We identified a number of areas for strategic and operational review, with each owned by a member of the Executive Team. The Executive Team receives monthly updates on these areas and the mitigations in place. The level of strategic risk and the adequacy of mitigation are considered quarterly by the Board. The Audit and Risk Assurance Committee monitors and reports to the Board on the effectiveness of the risk management framework.

This year the Executive Team have focussed on the key risks which they judged most likely to occur and which could either prevent or hamper the achievement of our strategic aims. This enabled the Executive Team and the Board to have a clear line of sight from the strategic aims, to performance and to risk management. The key risk areas that were a concern this year were being able to respond to levels of demand for our services, financial controls and staff morale.

The Board sets the risk appetite and tolerances were agreed as part of the business planning process for 2017-18 that provide an objective basis on which to monitor organisational risk during the year. The strategic risks identified include PHSO experiencing exceptional levels of unanticipated demand, a loss of public confidence in the service we provide, Ombudsman reform being introduced without sufficient time or resources, failure to effectively implement our transformation programme, and a reduction in our budget to an unsustainable level. In each case detailed mitigation plans and owners have been identified. All risks, including those managed at Directorate level, are regularly monitored through a cross-organisational Risk Forum and strategic risks and their mitigations are considered by the PHSO Board. Risk management processes will be developed further during 2017-18.

As Ombudsman, have responsibility for reviewing the effectiveness of the system of Internal Control. My review is informed by the work of the internal auditors (KPMG), our Audit and Risk Assurance Committee, the Accountable Officer and the Executive Team within PHSO who have responsibility for the development and maintenance of the internal control framework and through information provided by the external auditors (NAO) in their management letter and other reports.

## Financial control

2016-17 has been a period of consolidation of the improvements made to our financial management, accounting and controls following the qualification of the accounts in 2014-15.

The actions identified in the financial improvement plan have been completed, a new Finance Code and Finance Manual are in place and all processes are fully documented. The Finance Code will be reviewed in 2017-18 and annually thereafter.

Further work is required to fully embed the Finance Code across the organisation and particular challenges were recognised in respect of delays to the raising of purchase orders, which will be addressed through training and centralisation of elements of the process.

The finance team have been working closely with colleagues at HM Treasury to further improve reporting of income and expenditure and to ensure that the submissions of Parliamentary estimates are accurate and comprehensive.

Internal audit reports demonstrate the effectiveness of the improved financial controls and significant progress has been made in the completion of recommendations from previous audits.

## Information and data control and fraud control

Our aim is to achieve compliance with the Government's Information Assurance Maturity Model (IAMM) and ISO27001. We are undertaking preparatory work to ensure we are compliant with the General Data Protection Regulation once it is invoked in May 2018.

We have continued to report on information security incidents using a 'Red, Amber, Green' rating system to accurately reflect the level of risk.

In order to assure the continued integrity of our information sharing with bodies in our jurisdiction, we have worked with an independent assessor to achieve re-certification under the Cyber Essentials Scheme. The scheme was developed by government and industry to set out the basic controls required to mitigate the risk from common internet-based threats.

We seek to be fully compliant with the *Data Protection Act 1998*. To make sure that we are, we insist on annual mandatory data protection training for all staff and contractors. Information Assurance is a key competency and therefore a responsibility of all staff members. Line managers are involved with incident handling to ensure performance in this area is reviewed and clear performance management measures are put in place for any repeated incidents. During 2017-18 we are intending to measure our compliance with records management best practice and data protection legislation with a consensual audit undertaken by the Information Commissioner's Office.

We handle over 75,000 documents each year, many of which contain personal and sensitive data. Maintaining the security of this information is essential to our work, and the management of information is a risk that is monitored by the Audit and Risk Assurance Committee.

## Performance reporting to the Board

In the light of an internal audit review, we tackled some weaknesses in our reporting of corporate performance internally. Performance was being reported without an agreed understanding of the information needed to allow effective consideration at Board level. In addition, performance data presented to the Board often provided only a snapshot of our performance

without the right context or comparable data over a longer period of time. We have since improved the way we report on performance to include this information and have ensured that the Board receive data that allows them to properly examine and challenge operational performance.

## Personal data-related incidents

During 2016-17, our Executive Director of Operations and Investigations continued the duties of Senior Information Risk Owner (SIRO), responsible for making sure that information risks are managed and that we use information for the public good. Our commitments are set out in our Information Promise and our Privacy Policy, available on our website.

All data security incidents are reported to our Information and Records Management Team who manage them in accordance with the Information Commissioner's Office (ICO) guidelines. All incidents are recorded and shared quarterly with the Information Asset Owner Network, SIRO, the Executive Team and the Audit and Risk Assurance Committee.

In line with established criteria based on the ICO guidelines, five incidents were reported to the ICO. Three of these involved the loss of casefiles while in the hands of external couriers. The ICO took no further action in any of these cases. One incident involved the accidental disclosure of confidential data during the response to an FOI request.

Ref.	Date of Incident	Nature of Incident	No. of Data Subjects Affected	ICO Notification Steps and Outcome
1.	01/06/2016	Personal data was disclosed to an unauthorised third party.	1	<p>We formally apologised to the person whose data went missing and confirmed the data had been destroyed by the third party.</p> <p>We self-reported to the ICO.</p> <p>No ICO enforcement action was taken.</p>
2.	20/07/2016	A casefile was sent by an external courier to an external clinician but was not received.	1	<p>A search was undertaken by the courier but the casefile was not found.</p> <p>We formally apologised to the complainant.</p> <p>We self-reported to the ICO.</p> <p>No ICO enforcement action was taken.</p>
3.	05/09/2016	A casefile was delivered to a hospital by an external courier but the hospital had no record of it.	1	<p>The hospital had signed for the casefile and searched for it but could not find it.</p> <p>We formally apologised to the complainant.</p> <p>We self-reported to the ICO.</p> <p>No ICO enforcement action was taken.</p>

Ref.	Date of Incident	Nature of Incident	No. of Data Subjects Affected	ICO Notification Steps and Outcome
4.	10/10/2016	A casefile was sent by external courier to a home-working associate investigator.	1	<p>The courier undertook a search but the casefile was not found.</p> <p>We formally apologised to the complainant.</p> <p>We are currently reviewing our internal and external data transfer procedures.</p> <p>We self-reported to the ICO. No ICO enforcement was taken.</p>
5.	07/02/2017	Failure to restrict staff access to personnel files in a computer system.	79	<p>We investigated the incident and conducted a review of access to all files to ensure the correct restrictions were in place.</p> <p>All staff were reminded of their data protection responsibilities and continue to receive annual DPA training.</p> <p>We formally apologised to those whose data could potentially have been accessed.</p> <p>We self-reported to the ICO.</p> <p>No formal enforcement action was taken but two recommendations were made:</p> <ul style="list-style-type: none"> <li>• All staff should undertake regularly refresher DP training, ideally annually.</li> <li>• All staff should be aware of what constitutes a breach of the Data Protection Act 1998 and the requirement to report breaches promptly.</li> </ul>

The individual whose data had been disclosed was informed, and the Party to whom the details were disclosed was asked to delete the file. The ICO took no further action in this case. The final incident involved the failure to restrict access to staff personnel files within PHSO. All staff whose data was accessed were informed.

The ICO was informed and is taking no further action as a result of remedial actions taken at the time.

## Fraud

We have an anti-fraud and bribery policy and associated response plan in place. This was considered by our Audit and Risk Assurance Committee during the year to make sure both the policy and the response plan meet good practice standards, and reflect our governance and structure. In 2016-17 no action was required under this policy. The anti-fraud and bribery policy and associated response plan were reviewed and updated during 2016-17, but will be reviewed further in 2017-18 to ensure that it reflects the latest best practice.

## Third-party providers

A large proportion of information and communication technology (ICT) provision is subcontracted to Capita plc. Service continuity is assured through service standards which are monitored monthly and included within corporate performance indicators.

## Head of Internal Audit opinion

The Head of Internal Audit is required to provide an annual opinion in accordance with Public Sector Internal Audit Standards, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. This is achieved through a risk-based programme of work, agreed with the Executive Team and approved by the Audit Committee. Four assurance levels are available: significant; significant with improvement required; partial with improvement required; and none.

The Head of Internal Audit has provided me with their opinion for 2016-17, which is that 'significant assurance' (with some improvements required) can be given on the overall adequacy and effectiveness of our framework of governance, risk management and control.

The Head of Internal Audit noted that while progress had been made with the implementation of audit recommendations, the pace of implementation was too slow. I recognise this and we have taken action to address it. We now have executive oversight of the implementation of improvements with a clear action plan in place, monitored by the Audit & Risk Assurance Committee, and I am pleased that significant progress has been made.

## Looking Ahead

I, together with the Board and the Executive Team, are committed to continuous improvements in governance. Our processes and controls must be of a standard capable of supporting the radical improvements we are making to the service we offer to those involved in complaints. 2017-18 will see further improvement and significant progress.

**Rob Behrens, CBE**  
**Accounting Officer**  
**Ombudsman and Chair**  
**10 July 2017**

# Remuneration and staff report

During the year the posts of Parliamentary Ombudsman and Health Service Ombudsman were held by one person, Dame Julie Mellor, DBE, who was appointed as Ombudsman by the Queen following a parliamentary led process, and then ratified by Parliament. One salary is paid for both posts direct from the Consolidated Fund. The salary for Julie Mellor was agreed by a resolution of the House of Commons on 18 July 2011. The salary and benefits in kind of the Ombudsman were (full year equivalents, where applicable, are provided in brackets): (Audited)

	2016-17				2015-16			
	Salary £000	Benefits in kind (to the nearest £100) £	Pension benefits £000	Total £000	Salary £000	Benefits in kind (to the nearest £100) £	Pension benefits £000	Total £000
Julie Mellor	160-165	-	78	240-245	155-160	-	60	210-220

## PHSO Board executive members 2016-17 (Audited)

Dame Julie Mellor was Executive Chair of the Board, her salary, benefits and pension details are shown on the previous page.

		Commencement date	End date
Amanda Campbell	Chief Executive	1 October 2016	N/A
Alan Doran	Interim Chief Executive	11 May 2016	20 September 2016
Rebecca Marsh	Executive Director for Operations and Investigations	13 April 2015	N/A
Gill Kilpatrick	Executive Director of Finance and Corporate Services	1 May 2015	N/A
Alex Robertson	Executive Director of External Affairs and Insight	5 July 2016	N/A
Shareena Merzi	Executive Director of External Affairs and Strategy <sup>3</sup>	15 January 2016	4 July 2016

All Board members were appointed under fair and open competition.

The Remuneration Committee determines senior staff's pay in accordance with PHSO's Pay Policy, the aims of which include taking into account: comparability with the Civil Service; public sector pay policy; and appropriate pay market data on external comparison.

<sup>3</sup> Shareena Merzi was temporarily appointed to Executive Director of External Affairs and Strategy on 15 January 2016. Prior to this she was Director of Media, Marketing and Digital Services.

## Executive members' service contracts

As the Crown has the power to dismiss at will, executive members are not entitled to a period of notice terminating their employment. However, unless their employment is terminated by agreement, they will normally be given the following period of notice:

Reason for termination	Less than four years' continuous service	More than four years' continuous service
Retirement on age grounds Efficiency grounds Disciplinary proceedings	Five weeks	One week plus one week for every year of continuous service (maximum 13 weeks)
Retirement on medical grounds	Nine weeks	Nine weeks or as above
Compulsory on other grounds, not constituting grounds for summary dismissal	Six months	Six months

If a contract is terminated without the notice period stated above, having regard to the reason for such termination, compensation will be paid in accordance with the relevant provisions of the Civil Service Compensation Scheme.

With effect from 1 October 2006, the standard retirement age was increased from 60 to 65 for all staff and this has been implemented. However, members of the PCSPS have a reserved right to draw on their pensions from age 60. This can be done whilst remaining in employment. A departure before age 65 would be classed as a resignation as staff are not legally able to retire until age 65.



## Executive members' remuneration and pension entitlements (Audited)

The salary and benefits in kind of the Executive Directors were (full year equivalents, where applicable, are provided in brackets):

	2016-17			
	Salary £000	Benefits in kind £000 (to the nearest £100) £	Pensions benefits <sup>4</sup> £000	Total £000
Amanda Campbell (Chief Executive Officer)	75-80 (150-155)	-	24	100-105 (175-180)
Alan Doran (Interim Chief Executive Officer)	45-50 (120-125)	-	-	45-50 (120-125)
Rebecca Marsh (Executive Director of Operations and Investigations)	110-115	-	37	150-155
Gill Kilpatrick (Executive Director of Finance and Corporate Services)	105-110	-	42	145-150
Alex Robertson (Executive Director of External Affairs and Strategy)	85-90 (110-115)	-	33	115-120 (145-150)
Shareena Merzi (Executive Director of External Affairs and Strategy)	20-25 (80-85)	-	16	35-40 (95-100)
Mick Martin (Managing Director)	-	-	-	-
Sally Sykes (Executive Director of External Affairs and Strategy)	-	-	-	-
Mike Procter (Executive Director of Finance)	-	-	-	-
Stephen Lotinga (Executive Director of External Affairs and Strategy)	-	-	-	-

<sup>4</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

2015-16				
	Salary £000	Benefits in kind £000 (to the nearest £100) £	Pensions benefits £000	Total £000
Amanda Campbell (Chief Executive Officer)	-	-	-	-
Alan Doran (Interim Chief Executive Officer)	-	-	-	-
Rebecca Marsh (Executive Director of Operations and Investigations)	110-115	-	29	140-145
Gill Kilpatrick (Executive Director of Finance and Corporate Services)	95-100 (105-110)	-	38	135-140
Alex Robertson (Executive Director of External Affairs and Strategy)	-	-	-	-
Shareena Merzi (Executive Director of External Affairs and Strategy)	15-20 (80-85)	-	9*	25-30*
Mick Martin (Managing Director)**	135-140	10,300	53	195-200
Sally Sykes (Executive Director of External Affairs and Strategy)	40-45 (110-115)	-	17	55-60
Mike Procter (Executive Director of Finance)	25-30 (100-105)	-	10	35-40
Stephen Lotinga (Executive Director of External Affairs and Strategy)	40-45 (105-110)	-	16	55-60

\* Figures updated following further information from MyCSP.

\*\* Mick Martin's last day of service was on 31 March 2016. A termination payment of £93,834 was made to him in line with his contractual notice terms. This is not included in the table above.

## Fair pay disclosure (Audited)

The banded remuneration of the highest-paid director in PHSO in the financial year 2016-17 was £150,000-155,000 (2015-16, £145,000-150,000). This was 4.1 times (2015-16, 3.7) the median remuneration of the workforce, which was £36,865 (2015-16, £40,300). The change to the ratio reflects changes in the constitution of PHSO's workforce between the two years, due to the temporary employment of project officers.

The Remuneration bands across the organisation ranged from (£16,500 to £17,000) to (£150,000 to £155,000). The comparator in 2015-16 was (£16,500 to £17,000) to (£135,000 to £140,000).

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.

## PHSO non-executive Board members (Audited)

During 2016-17 the non-executive members and their contract commencement dates and end dates were:

	Commencement date	End date
Sir Jon Shortridge, KCB <sup>1</sup>	1 May 2012	30 September 2018
Peter Freedman	1 September 2012	2 June 2016
Helen Walley	1 September 2012	31 August 2017
Ruth Sawtell <sup>1</sup>	20 April 2015	19 April 2020
Dr Jane Martin (ex-officio)	1 February 2014	10 January 2017
Mick King (ex-officio)	11 January 2017	N/A
Julia Tabreham	20 April 2015	19 April 2020
Alan Graham, MBE <sup>1</sup>	7 March 2016	28 February 2018
Elisabeth Davies <sup>1</sup>	16 May 2016	14 May 2018

Note 1: Audit Committee Members for all, or part of the year

The salary and benefits in kind of non-executive members were:

	2016-17		2015-16 (Restated)	
	Salary £000	Benefits in kind (to the nearest £100)	Salary £000	Benefits in kind (to the nearest £100)
Sir Jon Shortridge, KCB <sup>1</sup>	5-10	-	10-15	-
Peter Freedman	0-5 (5-10)	-	5-10	-
Helen Walley	5-10	-	5-10	-
Ruth Sawtell <sup>1</sup>	5-10	-	5-10	-
Julia Tabreham	5-10	-	5-10	-
Alan Graham, MBE <sup>1</sup>	5-10	-	1-5 (5-10)	-
Elisabeth Davies	5-10	-	-	-

Note 1: Audit Committee Members for all, or part of the year

In addition, the remuneration of the independent Audit Committee member is:

	2016-17		2015-16 (restated)	
	Salary £000	Benefits in kind (to the nearest £100)	Salary £000	Benefits in kind (to the nearest £100)
Alison White	0-5	-	0-5	-

Non-Executive Board members remuneration is decided by the Ombudsman. No members receive a pension entitlement.

2015-16 costs have been restated to remove travel and subsistence expenses, which were incorrectly classified as benefits in kind in 2015-16.

## Pension entitlements (Audited)

The pension entitlement of the ombudsman was:

	Accrued pension at age at 31/03/17 £000	Accrued lump sum at pension age at 31/03/17 £000	Real increase in pension at pension age £000	Real increase in lump sum at pension age £000	CETV at 31/03/17 £000	CETV at 31/03/16 <sup>5</sup> £000	Real increase in CETV as funded by employer £000
Julie Mellor	30 - 35	0	2.5 - 5	0	550	463	60

Dame Julie Mellor left, and was succeeded by, Rob Behrens on 6 April 2017.

The pension entitlement of the Executive Directors were:

	Accrued pension at age at 31/03/17 £000	Accrued lump sum at pension age at 31/03/17 £000	Real increase in pension at pension age £000	Real increase/ (decrease) in lump sum at pension age £000	CETV at 31/03/17 £000	CETV at 31/03/16 £000	Real increase/ (decrease) in CETV as funded by employer £000
Amanda Campbell	55-60	150-155	0-2.5	0	1,018	971	10
Rebecca Marsh	0-5	0	0-2.5	0	62	30	23
Gill Kilpatrick	0-5	0	0-2.5	0	52	24	19
Alex Robertson	15-20	0	0-2.5	0	169	149	10
Shareena Merzi	10-15	0	0-2.5	0	133	125*	6

\* Figures updated following further information from MyCSP

Alan Doran was not a contributing member of the civil service pension during his employment with PHSO.

## Off-payroll engagements (Audited)

There have been no new off-payroll engagements during 2016-17. There is one existing off-payroll engagement which has reached six months in duration during 2016-17. All off-payroll arrangements have been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax, and, where necessary, that assurance has been sought.

<sup>5</sup> The CETV (Cash Equivalent Transfer Value) figure and other pension disclosures are provided by MyCSP, PHSO's authorised pensions administration centre.

## Explanation of terms used in the Remuneration report

### Salary

'Salary' includes: gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by PHSO and thus recorded in these accounts.

### Benefits in kind

The monetary value of benefits in kind covers any benefit provided by PHSO and treated by HM Revenue & Customs as a taxable emolument.

### 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 Principal Civil Service Pension Scheme (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 five 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. **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 his 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 uprated 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 8% and 14.75% (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 0.5% of pensionable salary 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 the website: [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

### Cash equivalent transfer values (CETVs)

A 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 that the individual 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 that 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.

**Rob Behrens, CBE**  
**Accounting Officer**  
**Ombudsman and Chair**  
**10 July 2017**

## Staff report

### Staff numbers

At the end of March 2017 the number of staff we employed was 431 full-time equivalents (FTEs). The average number of people employed by us during 2016-17 was 434 FTE. The average age of our staff is 40.2 years.

Grade	March 2017
0 (Executive Directors)	4
1 (Directors)	8
2 (Assistant Directors & Heads of Departments)	30.47
<b>Total</b>	<b>42.47</b>

### Average number of persons employed (Audited)

The average number of full-time equivalent persons employed, excluding the Ombudsman, during the year was:

	2016-17				2015-16
	Executive Directors	Other permanent staff	Others	Total	Total
Full-time equivalent	4	319	111	434	442

### Staff turnover

Staff turnover was 31% in 2016-17; higher than that in 2015-16 of 23%. This is also higher than the public sector benchmark of 14%. If we exclude those that left on voluntary exit or who were employed on fixed term contracts, our staff turnover reduces to 14%.

### Sickness absence

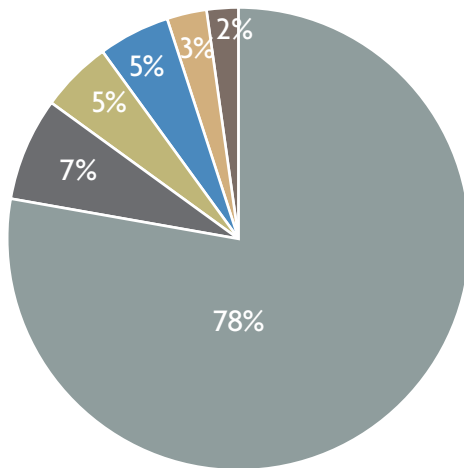
Sickness absence increased from 6.1 to 7.9 days per FTE and was actively managed throughout the year. This is above our target of 6 days per FTE, but remains below the public sector average of 8.5 days. Long-term absence accounts for 47% and short-term absence accounts for 53% of overall time lost.



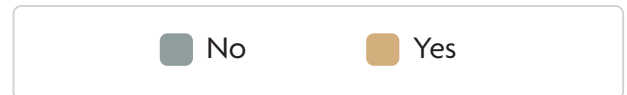
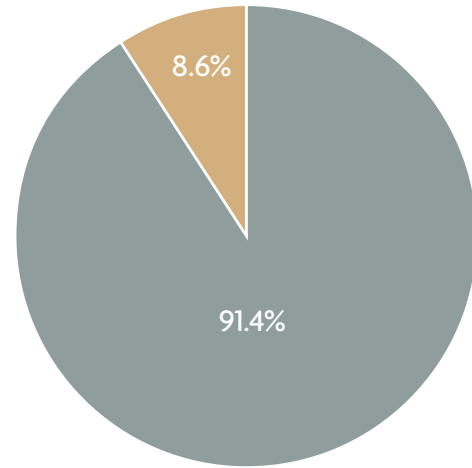
## Equality and diversity

Below are the ethnicity and disability statistics of our workforce at March 2017. They are consistent with the percentages from the previous year.

Ethnicity



Declared disability



	March 2017	March 2016	UK population benchmark (where available)
Female	61%	60%	51%
Black, Asian and minority ethnic	17%	15%	14%
Disabled	8.6%	8.4%	19%
Lesbian, gay, bisexual and transgender	7.5%	7.4%	-
Religious belief	88%	84%	-
Part time	19%	19%	-
Age 50+	22%	25%	-

## Consultancy

£280k (£95k in 2015-16) was spent on consultancy in 2016-17 to support the development programme and financial governance.

### Staff related costs (Audited)

	2016-17			2015-16	
	Permanently employed staff £000	Fixed term contracts £000	Agency staff £000	Total £000	Total £000
Wages and salaries	13,591	3,054	576	17,221	17,545
Social security costs	1,390	301	-	1,691	1,378
Other pension costs	2,636	512	-	3,148	3,243
<b>Sub total</b>	<b>17,617</b>	<b>3,867</b>	<b>576</b>	<b>22,060</b>	<b>22,166</b>
Ombudsman's salary:	190	-	-	190	178
<b>Total gross costs</b>	<b>17,807</b>	<b>3,867</b>	<b>576</b>	<b>22,250</b>	<b>22,344</b>

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha” – are unfunded multi-employer defined benefit schemes but PHSO is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2012.

You can find details in the resource accounts of the Cabinet Office: Civil Superannuation [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

For 2016-17, employers' contributions of £3,967k were payable to the PCSPS (2015-16 £3,222k) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £52.7k were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings and 0.5% of pensionable pay to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £3.9k.

## Exit packages (Audited)

Exit Package Band	Number of exit packages 2016-17			2015-16
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	0	4	4	8
£10,001 - £25,000	0	13	13	1
£25,001 - £50,000	0	14	14	-
£50,001 - £100,000	0	11	11	3
£100,001 - £150,000	0	0	0	-
£150,001 - £200,000	0	0	0	-
£200,001 - £250,000	0	0	0	-
<b>Number</b>	0	42	42	12
<b>Total (£000)</b>	0.00	1,480	1480	236

Payments when made are in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the *Superannuation Act 1972*. Other departure costs have been paid in accordance with the terms of a settlement agreements between PHSO and one member of staff.

Exit costs are accounted for in full in the year of departure. Where PHSO has agreed early retirements, the additional costs are met by PHSO and not by the Principal Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

**Rob Behrens, CBE**  
**Accounting Officer**  
**Ombudsman and Chair**  
**10 July 2017**



# Parliamentary Accountability Report



## Statement of Parliamentary Supply

### Summary of Resource and Capital Outturn 2016-17

2016-17									2015-16	
Estimate					Outturn				Voted outturn compared to Estimate: saving/ (excess) £000	Outturn £000
SoPS Note	Voted £000	Non-Voted £000	Total £000	Voted £000	Non-Voted £000	Total £000	£000			
<b>Departmental Expenditure Limit</b>										
- Resource	1.1	33,629	187	33,816	32,645	190	32,835	984	32,282	
- Capital	1.2	700	-	700	548	-	548	152	581	
<b>Annually Managed Expenditure</b>										
- Resource	1.1	2,749	-	2,749	1,811	-	1,811	938	(1,790)	
- Capital	1.2	-	-	-	-	-	-	-	-	
<b>Total</b>		<b>37,078</b>	<b>187</b>	<b>37,265</b>	<b>35,004</b>	<b>190</b>	<b>35,194</b>	<b>2,074</b>	<b>31,073</b>	
Total Resource		36,378	187	36,565	34,456	190	34,646	1,922	30,492	
Total Capital		700	-	700	548	-	548	152	581	
<b>Total</b>		<b>37,078</b>	<b>187</b>	<b>37,265</b>	<b>35,004</b>	<b>190</b>	<b>35,194</b>	<b>2,074</b>	<b>31,073</b>	

Figures in the areas outlined in bold are voted totals subject to Parliamentary control.

## Net Cash Requirement 2016-17

		2016-17			2015-16
	SoPS Note	Estimate £000	Outturn £000	Outturn compared to Estimate: saving/ (excess) £000	Outturn £000
Net Cash Requirement	3	34,239	32,301	1,938	31,896

For Estimates purposes, all PHSO income and expenditure is classified as programme. The Statement of Parliamentary Supply does not therefore report against an administration cost limit.

The above statement of Parliamentary Supply demonstrates that, in 2016-17, PHSO is within all of the HM Treasury's control totals (i.e. Department Expenditure Limit – Resource/Capital, Annually Managed Expenditure – Resource and Net Cash Requirement).



## Notes to the Statement of Parliamentary Supply (SoPS)

### SoPS1 Net outturn

SoPS1.1 Analysis of net resource outturn by section

	2016-17				2015-16	
	Outturn			Estimate	Net Total compared with Estimate	
	Gross £000	Income £000	Net £000	Net total £000	£000	Outturn total £000
<b>Spending in Departmental Expenditure Limits (DEL)</b>						
<b>Voted expenditure</b>	<b>34,363</b>	<b>(1,718)</b>	<b>32,645</b>	<b>33,629</b>	<b>984</b>	<b>32,104</b>
<i>Of which</i>						
A Administration	34,363	(1,718)	32,645	33,629	984	32,104
<b>Non Voted expenditure</b>	<b>190</b>	<b>-</b>	<b>190</b>	<b>187</b>	<b>(3)</b>	<b>178</b>
<i>Of which</i>						
B Ombudsman's salary and social security	190	-	190	187	(3)	178
<b>Total</b>	<b>34,553</b>	<b>(1,718)</b>	<b>32,835</b>	<b>33,816</b>	<b>981</b>	<b>32,282</b>
<b>Spending in Annually Managed Expenditure (AME)</b>						
<b>Voted expenditure</b>	<b>1,811</b>	<b>-</b>	<b>1,811</b>	<b>2,749</b>	<b>938</b>	<b>(1,790)</b>
<i>Of which</i>						
C Use of Provisions	1,811	-	1,811	2,749	938	(1,790)
<b>Total for Estimate</b>	<b>36,364</b>	<b>(1,718)</b>	<b>34,646</b>	<b>36,565</b>	<b>1,919</b>	<b>30,492</b>

## SoPS1.2 Analysis of net capital outturn by section

	2016-17				2015-16	
	Outturn			Estimate	Outturn compared with Estimate	
	Gross £000	Income £000	Net £000	Net total £000	£000	Outturn £000
<b>Spending in Departmental Expenditure Limit (CDEL)</b>						
<b>Voted expenditure</b>	<b>548</b>	<b>0</b>	<b>548</b>	<b>700</b>	<b>152</b>	<b>581</b>
<i>Of which</i>						
Administration	548	0	548	700	152	581
<b>Total for Estimate</b>	<b>548</b>	<b>0</b>	<b>548</b>	<b>700</b>	<b>152</b>	<b>581</b>

## SoPS2 Reconciliation of outturn to net operating expenditure

## SoPS2.1 Reconciliation of net resource outturn to net operating expenditure

	Note	Outturn 2016-17	Outturn 2015-16	
		£000	£000	
<b>Total resource outturn in</b>				
Statement of Parliamentary	Voted	SoPS1.1	<b>34,456</b>	<b>30,314</b>
Supply	Non-Voted	SoPS1.1	<b>190</b>	<b>178</b>
			<b>34,646</b>	<b>30,492</b>
Less Income Payable to Consolidated Funds			<b>(9)</b>	<b>-</b>
<b>Net Operating Expenditure in Statement of Comprehensive Net Expenditure</b>			<b>34,637</b>	<b>30,492</b>

## SoPS3 Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: savings/ (excess) £000
<b>Resource Outturn</b>	SoPS1.1	36,565	34,646	1,919
<b>Capital Outturn</b>	SoPS1.2	700	548	152
<b>Accruals to cash adjustments:</b>				
<i>Adjustment to remove non-cash items:</i>				
Depreciation Amortisation & Adjustment	6 & 7	(1,100)	(956)	(144)
New provisions and adjustments to previous provisions	12	(4,199)	(3,270)	(929)
Other non-cash items	4	(60)	(60)	-
<i>Adjustments to reflect movements in working balances</i>				
Increase/(decrease) in receivables	9	-	88	(88)
(Increase)/decrease in payables	11	493	36	457
Use of provisions	12	2,027	1,459	568
		<b>34,426</b>	<b>32,491</b>	<b>1,935</b>
<b>Removal of non-voted budget items:</b>				
Consolidated Fund	SoPS 1.1	(187)	(190)	3
<b>Net Cash Requirement</b>		<b>34,239</b>	<b>32,301</b>	<b>1,938</b>

## SoPS4 Income payable to the Consolidated Fund

In addition to income retained by the department, the following income is payable to the Consolidated Fund (cash receipts being shown in italics)

	Outturn 2016-17		Outturn 2015-16	
	£000		£000	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Excess income surrenderable to the Consolidated Fund	9	0	0	0

### Long Term Expenditure Trends - Actual and Planned Resources - Non-audited

The 2015 Comprehensive Spending Review requires Central Government to reduce net expenditure over the period to 2020 by 25-35%. In response to this, PHSO will reduce its spending consistent with these targets. Planned resources expenditure over the four-year period is 2016-17 £31.993 million, 2017-18 £31.186 million, 2018-19 £28.004 million and 2019-20 £25.942 million. These expenditure targets, approved by HM Treasury, represent a real terms 24.3% reduction in spending over the period of the Comprehensive Spending Review. We will meet these targets through an organisational restructure which reduces staffing costs, and relocates posts away from London to Manchester, enabling us to reduce our accommodation costs.

PHSO is making good progress towards meeting these targets. The underspend against the 2016-17 Resource Budget was £984,000, (2.92%) which was much reduced from the 2015-16 underspend of £1,555,000, (4.59%). The underspend has largely resulted from the organisational restructure as we need to hold permanent vacancies open whilst we reduce the size of the workforce and relocate posts away from London. The restructure is a key element in delivering the savings PHSO needs to make in the Comprehensive Spending Review Period.

The cost of the Ombudsman's salary is met by a non-voted resource expenditure limit, which was £0.187m in 2016-17. This was slightly overspent in 2016-17 due to the payment of arrears of pay, and this estimate is expected to remain stable in future years.

The underspend against the 2016-17 Annually Managed Expenditure (AME) budget was £938,000 mainly as a result of lower than anticipated Early Departures provision.

Each year we invest our capital departmental expenditure limit to support technological improvements. Our planned spend is £0.7m each year, and in 2016-17 our spend was £0.152m less than estimated, as a result of lower than anticipated expenditure on both refurbishment work at Millbank Tower and on technology projects.

We also set funds aside through our AME limit to make provision for spending in future years on early departure costs, dilapidations due when we depart our leased accommodation and for our onerous lease obligations. In 2016-17 we set aside £3.517m, largely for future early departure costs and the onerous lease in relation to the 19th and 24th floors at Millbank. This has resulted in a significant increase in the outturn from 2015-16 to 2016-17 in relation to AME. These provisions will have been written down by 2019-20, reflecting the timing of these future financial obligations.

The performance we have delivered by the use of these funds is set out in pages two to 30 of our annual report. This covers our casework as an independent complaint handling service, and how we have shared the findings from our casework with Parliament to help it hold organisations that provide public services to account, and we share these findings more widely to help others drive improvements in public services.

## Parliamentary Accountability Disclosures (Audited)

### Losses and special payments

	2016-17		2015-16	
	No. of cases	£000	No. of cases	£000
Fruitless Payments	1	1,852	-	-
Administrative Write-Offs	1	332	-	-
Other	42	35	66	7
<b>Total</b>	<b>44</b>	<b>2,219</b>	<b>66</b>	<b>7</b>

The fruitless payment in 2016-17 relates to the increase in 2016-17 of the Onerous Lease Provision (note 12). This reflects that contractually, PHSO is obliged to pay the rental on the five floors which have been vacated in Millbank Tower, although receives no benefit from the payment. Four floors have been sublet and income of £1,462k was received in 2016-17.

Administrative Write-Offs is a bookkeeping loss relating to the adjustments made from the review and cleanse of the Fixed Asset Register.

Other Losses and special payments include compromise agreements and special payments.

### Fees and Charges

Income received by PHSO comprises rental income from subletting redundant office space, recharging the full cost of providing clinical advice services to other Ombudsman and recovering the full salary costs of staff seconded to other public sector organisations. Details of income are set out in Note 5 to the Financial Statements.

### Remote Contingent Liabilities

There are no remote contingent liabilities as at 31 March 2017.

**Rob Behrens, CBE**  
**Accounting Officer**  
**Ombudsman and Chair**  
**10 July 2017**

## The Certificate of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Parliamentary and Health Service Ombudsman for the year ended 31 March 2017. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Parliamentary Supply and the related notes, the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures that are described 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 the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board'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 Parliamentary and Health Service Ombudsman's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report 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.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2017 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Parliamentary and Health Service Ombudsman's affairs as at 31 March 2017 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Financial Reporting Manual issued by HM Treasury.

## Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with the Government Financial Reporting Manual issued by HM Treasury; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared 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:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff;
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**

Comptroller and Auditor General

13 July 2017

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

# Financial Statements

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

		2016-17	2015-16
	Note	£000	£000
<b>Operating income</b>	5	1,727	1,451
<b>Operating expenditure</b>			
Staff costs	3	22,250	22,344
Purchase of goods and services	4	9,888	8,911
Depreciation impairment charges & adjustments	6 & 7	956	1,000
Provision expense	12	3,270	(312)
<b>Total operating expenditure</b>		<b>36,364</b>	<b>31,943</b>
<b>Net operating expenditure</b>		<b>34,637</b>	<b>30,492</b>
<b>Comprehensive net expenditure for the year ended 31 March</b>		<b>34,637</b>	<b>30,492</b>

Depreciation and adjustments include depreciation, impairment and other adjustments made to the Fixed Asset Register. Purchases of goods and services include £60,000 for Auditors remuneration.



## Statement of Financial Position as at 31 March 2017

		31 March 2017	31 March 2016
	Note	£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	6	520	1,746
Intangible assets	7	974	157
<b>Total non-current assets</b>		<b>1,494</b>	<b>1,903</b>
<b>Current assets</b>			
Trade and other receivables	9	1,594	1,497
Cash and cash equivalents	10	205	1,111
<b>Total current assets</b>		<b>1,799</b>	<b>2,608</b>
<b>Total assets</b>		<b>3,293</b>	<b>4,511</b>
<b>Current liabilities</b>			
Trade and other payables	11	(2,645)	(2,601)
Other liabilities	11	(276)	(1,182)
<b>Total current liabilities</b>		<b>(2,921)</b>	<b>(3,783)</b>
<b>Total assets less net current liabilities</b>		<b>372</b>	<b>728</b>
<b>Non-current liabilities</b>			
Provisions	12	(7,063)	(5,252)
Other liabilities	11	(52)	(123)
<b>Total non-current liabilities</b>		<b>(7,115)</b>	<b>(5,375)</b>
<b>Total assets less total liabilities</b>		<b>(6,743)</b>	<b>(4,647)</b>
<b>Taxpayers' equity and other reserves</b>			
General Fund		(6,743)	(4,647)
Revaluation Reserve		-	-
<b>Total equity</b>		<b>(6,743)</b>	<b>(4,647)</b>

Rob Behrens, CBE  
Accounting Officer  
Ombudsman and Chair  
10 July 2017

## Statement of Cash Flows for the year ended 31 March 2017

		2016-17	2015-16
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Net operating cost	3,4,5	(34,637)	(30,492)
Adjustments for non-cash transactions	4	4,286	706
(Increase)/decrease in trade and other receivables	9	(97)	(79)
Increase/(decrease) in trade payables	11	(932)	686
Movements in payables/receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	11	897	(836)
Use of provisions	12	(1,459)	(1,478)
<b>Net cash outflow from operating activities</b>		<b>(31,942)</b>	<b>(31,493)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(126)	(571)
Purchase of intangible assets	7	(422)	(10)
<b>Net cash outflow from investing activities</b>		<b>(548)</b>	<b>(581)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply): current year		31,394	33,007
From the Consolidated Fund (Supply): previous year		-	275
From the Consolidated Fund (Non-Supply)	3	190	178
<b>Net financing</b>		<b>31,584</b>	<b>33,460</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>(906)</b>	<b>1,386</b>
Payments of amounts due to the Consolidated Fund		-	-
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(906)</b>	<b>1,386</b>
<b>Cash at the beginning of the period</b>	10	<b>1,111</b>	<b>(275)</b>
<b>Cash at the end of the period</b>	10	<b>205</b>	<b>1,111</b>

## Statement of Changes in Taxpayers' Equity for the Year ended 31 March 2017

		General Fund	Taxpayers Equity
	Note	£000	£000
<b>Balance at 31 March 2015</b>		<b>(6,551)</b>	<b>(6,551)</b>
Net Parliamentary Funding - drawn down		33,282	33,282
Consolidated Fund Standing Services		178	178
Supply Payable Adjustment		(1,111)	(1,111)
Comprehensive net expenditure for the year	3,4,5	(30,492)	(30,492)
Auditor's remuneration	4	47	47
<b>Balance at 31 March 2016</b>		<b>(4,647)</b>	<b>(4,647)</b>
Net Parliamentary Funding - drawn down		31,394	31,394
Net Parliamentary Funding - deemed		1,111	1,111
Consolidated Fund Standing Services		190	190
Supply Payable Adjustment		(205)	(205)
CFER's Payable to the Consolidated Fund		(9)	(9)
Comprehensive net expenditure for the year	3,4,5	(34,637)	(34,637)
Auditor's remuneration	4	60	60
<b>Balance at 31 March 2017</b>		<b>(6,743)</b>	<b>(6,743)</b>

The General Fund serves as the operating fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

The Revaluation Reserve records any unrealised gain or loss on the revaluation of assets. Since 2012-13, Property, Plant, Equipment and Intangible assets are held at depreciated historic cost and therefore there are no transactions to account for within the Revaluation Reserve.

## Notes to the Resource Accounts

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards as adapted and interpreted by the Government Financial Reporting Manual 2016-17 issued by HM Treasury, for use within Central Government. Where the Government Financial Reporting Manual 2016-17 permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to our particular circumstances for the purpose of giving a true and fair view has been selected. The particular policies adopted by us are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Financing

We are primarily resourced by funds approved by the House of Commons through the annual Supply & Appropriation Act. Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund.

#### 1.2 Operating income

Operating income relates directly to the operating activities and management of Estate by us. We have Parliamentary approval to retain the following income:

- income for services provided to all Public Services Ombudsman Services, the Gibraltar Ombudsman and the Office of Ombudsman Ireland,
- income from sharing accommodation with and providing corporate services to the Local Government Ombudsman for England and other public sector bodies,
- recoveries in respect of outward secondments,
- sub-letting accommodation on our estate,
- monies received from sale of goods or services and recovery of costs or miscellaneous income.

The level of income that we may use in support of our activities is set out in our Budget. Income earned in excess of the approved level, or income of a type for which we do not have Parliamentary approval, cannot be used in support of our activities and is required to be paid over to the Consolidated Fund as excess income.

#### 1.3 Administration and programme expenditure

Most organisations whose funds are approved by the House of Commons are required to provide an analysis, in their Statement of Comprehensive Net Expenditure, between 'administration' and 'programme' expenditure. However, all our funding is classified as 'programme' and therefore no such analysis is provided.

#### 1.4 Pensions

Our past and present employees are covered by the provisions of the Civil Service Pension Scheme. The Civil Service Pension Scheme is an unfunded multi-employer defined benefit scheme; consequently PHSO is unable to identify its share of the underlying assets and liabilities. A new Career Average pension scheme, **Alpha**, was introduced from 1 April 2015 and the majority of **Classic**, **Classic Plus**, **Premium** and **Nuvos** scheme members will automatically transfer into the new scheme. Some members, depending on their current age, will remain in their existing schemes.

## 1.5 Early departure costs

We are required to meet the additional cost of benefits beyond the normal Principal Civil Service Pension Scheme's benefits in respect of employees who retire early. We recognise in full the cost when the early retirement programme is announced and becomes binding on us.

## 1.6 Operating leases

The total cost of operating leases is expensed in equal instalments over the life of the lease. In accordance with Standards Interpretations Committee Interpretation 14: Operating Leases - Incentives, lease incentives (such as rent-free periods) are considered an integral part of the net cost of the lease and are recognised over the full lease term.

## 1.7 Property, plant and equipment

Expenditure on property, plant and equipment of £1,000 or more is capitalised. Assets costing less than £1,000 may be capitalised, providing they are capital in nature and there are enough assets to be worth more than £1,000 in total.

On initial recognition, assets are measured at cost including any costs, such as installation costs, directly attributable to bringing them into working condition. No revaluation has been carried out as the difference would be immaterial. All property, plant and equipment is reviewed annually for impairment and is carried at cost for a proxy for fair value. PHSO does not own any buildings.

## 1.8 Intangible assets

Expenditure on intangible assets is capitalised when the cost is £1,000 or more. Intangible assets costing less than £1,000 may be capitalised, providing they are capital in nature and there are enough assets and associated costs to be worth more than £1,000 in total. Licences for one year or less are expensed, not capitalised, regardless of cost.

Intangible assets are reviewed annually for impairment and is carried at cost for a proxy for fair value.

## 1.9 Depreciation

Property, plant and equipment are depreciated at rates calculated to write assets down to their estimated residual value on a straight-line basis over their estimated useful lives. Software licences are amortised over the shorter of the term of the licence and the useful economic life. Asset lives are normally in the following ranges:

- Furniture and fittings – ten years
- IT software and equipment – three to five years
- Office machinery – five years
- Refurbishment – the lesser of ten years or the lease term.

Where assets are contained in leased buildings, the life of the asset reflects the length of the lease.

## 1.10 Financial instruments

We do not hold any complex financial instruments. The only financial instruments included in the accounts are receivables, payables and cash (Notes 9 to 11). Trade receivables are recognised initially at fair value, less provision for impairment. A provision for impairment is made when there is evidence that we will be unable to collect an amount due in accordance with the agreed terms.

## 1.11 Provisions

We provide for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date, on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury discount rate. This has not been applied as the impact is immaterial.

## 1.12 Value added tax

We are not registered for value added tax (VAT) and these accounts are prepared on a VAT-inclusive basis.

## 1.13 Accounting estimates

Dilapidations have been reviewed and provision made based on estimated costs. Contingent liabilities have been considered and the potential costs have been estimated on a prudent basis. Provisions in respect of Early Departures and Onerous Leases have been included and have been estimated on a prudent basis. We have made no other significant accounting estimates or judgments in preparing these accounts.

## 1.14 Going concern

The Parliamentary Commissioner for Administration, otherwise known as the Parliamentary Ombudsman, is an independent Office-holder appointed by the Crown under the Parliamentary Commissioner Act 1967. The Parliamentary Ombudsman is also currently appointed as the Health Service Commissioner for England, an independent Office-holder appointed by the Crown under the Health Service Commissioners Act 1993. The Office of the Parliamentary and Health Services Ombudsman exists to support the work of the Ombudsman and, in his opinion, as long as the provisions of the Parliamentary Commissioner Act 1967 and the Health Service Commissioners Act 1993 apply, the organisation will continue in operation.

The funding estimate for 2017/18 for the Parliamentary and Health Services Ombudsman has been approved by Parliament.

On 5 December 2016 the Government published a draft bill to create a single public service ombudsman, integrating the existing jurisdictions of the Local Government Ombudsman and the Parliamentary and Health Service Ombudsman. No Parliamentary timetable has been determined. If legislation received Royal Assent, the Commission estimates that the operational integration of the LGO and PHSO schemes would take a further 18 months, during which time the PHSO would need to continue to function as a stand-alone body.

During 2016-17 there has been a reduction in Total Assets less Total Liabilities of £2.096m, with a net liability position of £6.743m. The main reason for this is an increase in provisions (which recognises future liabilities relating to early departure costs and onerous leases). Provision is contained within the future departmental expenditure limits agreed by HM Treasury.

Given the current context, we are satisfied that the proposals in relation to the single public ombudsman and the increase in net total liabilities do not give rise to a material uncertainty around the going concern status of PHSO. The accounts have therefore been prepared on a going concern basis.

### 1.15 Impending application of newly issued Accounting Standards not yet effective

IFRS 15 Revenue from Contracts with Customers: [new standard 2018 -19]. This standard introduces a new methodology for the recognition of contract income. Given the nature of PHSO income it is unlikely to have a significant impact on PHSO.

IFRS 16 Leases: [new standard 2019 -20]. This standard replaces IAS 17 and is expected to have a significant impact on accounting by Lessees. Rather than applying a distinction between operating leases and finance leases, Lessees will be required to recognise lease liability reflecting future lease payments and 'right-of-use asset' for most lease contracts.

Other new or revised standards are unlikely to materially affect PHSO.

No new accounting standards or revisions to existing standards have been 'early adopted' in 2016-17.

## 2. Statement of Operating Costs by Operating Segment

For internal reporting purposes, our resource costs are broken down on a 'divisional' basis, and further classified by expenditure type.

The three main areas of activities at PHSO are set out below:

- Operations and Investigations: responsible for the delivery of casework and customer service
- External Affairs and Insight: responsible for media, communications, public affairs and external affairs; and,
- Corporate Services: responsible for Finance, Governance, Legal Services, Human Resources, Procurement, ICT and Accommodation, Information Assurance, and Business Planning and Performance. Executive Office costs are also included in Corporate Services.

Only the Operations and Investigations area is classified as a 'segment' as per the criteria of IFRS8; the other areas' results are disclosed in order to allow reconciliation back to the full cost of PHSO for 2016-17.

Staff costs (including on-costs such as pensions and National Insurance), general budgets (including travel and subsistence expenses), the direct costs of our casework, and related income are allocated for internal management reporting purposes as follows:

	Operations and Investigations £000	External Affairs and Strategy £000	Corporate Services £000	Total £000
	<b>2016-17</b>			
Staff costs	16,452	1,783	4,015	22,250
Other employee expenditure	212	21	126	359
Professional advice – casework	918	-	133	1,051
Other professional advice	57	2	558	617
Research, media and publications	-	234	-	234
Accommodation costs	-	-	5,494	5,494
IT & Telecommunications	-	-	1,960	1,960
Other Central Overheads	-	-	1,133	1,133
Provisions	-	-	1,811	1,811
Early departure costs	1,031	183	241	1,455
Income	(217)	-	(1,510)	(1,727)
<b>Total</b>	<b>18,453</b>	<b>2,223</b>	<b>13,961</b>	<b>34,637</b>



## 2. Statement of Operating Costs by Operating Segment (continued)

	Operations and Investigations £000	External Affairs and Strategy £000	Corporate Services £000	Total £000
	<b>2015-16</b>			
Staff costs	16,313	1,870	4,161	22,344
Other employee expenditure	295	48	124	467
Professional advice – casework	1,070	-	250	1,320
Other professional advice	2	68	344	414
Research, media and publications	-	292	-	292
Accommodation costs	-	-	5,453	5,453
IT & Telecommunications	-	-	2,125	2,125
Other Central Overheads	-	-	1,235	1,235
Provisions	-	-	83	83
Early departure costs	-	-	(1,790)	(1,790)
Income	(321)	-	(1,130)	(1,451)
<b>Total</b>	<b>17,359</b>	<b>2,278</b>	<b>10,855</b>	<b>30,492</b>

The majority of Central Overhead costs, such as accommodation costs, telephones and staff learning and development, are managed centrally. PHSO does not reallocate these costs to the other divisions.

The 2015-16 Statement of Operating costs by Operating Segment has been restated to reflect changes in management reporting in 2016-17.

### 3. Staff costs

	2016-17			2015-16	
	Permanently employed staff £000	Fixed-term contracts	Agency staff	Total £000	Total £000
Wages and salaries	13,591	3,054	576	17,221	17,545
Social Security costs	1,390	301	-	1,691	1,378
Other pension costs	2,636	512	-	3,148	3,243
<b>Sub total</b>	<b>17,617</b>	<b>3,867</b>	<b>576</b>	<b>22,060</b>	<b>22,166</b>
Ombudsman's salary and Social Security Costs:					
Consolidated Fund Standing Services	190	-	-	190	178
<b>Total gross costs</b>	<b>17,807</b>	<b>3,867</b>	<b>576</b>	<b>22,250</b>	<b>22,344</b>

Further details of staff costs are set out within the staffing section of the Remuneration and Staff report. Other staffing represents the cost of staff engaged in short-term contracts and on an agency staff basis.

Ombudsman salary includes Social Security Costs.

## 4. Expenditure

		2016-17		2015-16	
	Note	£000	£000	£000	£000
<b>Cash items</b>					
External professional advice (casework-related)		547		744	
Associate caseworkers		361		437	
Professional services		557		547	
Consultancy		280		95	
Information and communications technology		1,580		1,640	
Recruitment and training		648		704	
Travel, subsistence and hospitality		314		429	
Publicity		47		82	
Stationery and postage		161		210	
Accommodation costs		1,536		1,857	
Accommodation operating leases		1,963		1,663	
Other operating leases		5		42	
Early departures		1,454		58	
Other		375		385	
				9,828	8,893
<b>Non-cash items</b>					
Depreciation and amortisation of fixed assets:					
Property, plant and equipment	6	453		825	
Intangible assets	7	171		175	
Disposals	6&7	332		(29)	
Auditor's remuneration		60		47	
Provisions:					
Provided in year	12	3,517		7	
Provisions not required written back	12	(247)		(319)	
				4,286	706
<b>Total</b>				<b>14,114</b>	<b>9,599</b>

Auditors have received no remuneration for non-audit work.

## 5. Income

	2016-17	2015-16
Note	£000	£000
Recovery of direct and overhead costs from the:		
Local Government and Social Care Ombudsman for England	-	-
Public Services Ombudsman for Wales	64	72
Scottish Public Services Ombudsman	110	133
Northern Ireland Ombudsman	24	32
Gibraltar Ombudsman	4	1
Office of the Ombudsman Ireland	5	2
Rental income	1,462	1,117
Recoveries in respect of outward secondments	58	92
Other miscellaneous operating receipts	-	2
<b>Total</b>	<b>1,727</b>	<b>1,451</b>

## 6. Property, plant and equipment

2016-17	Furniture and fittings £000	Information technology £000	Plant and machinery £000	Buildings £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2016	1,777	2,840	528	4,037	580	9,762
Additions	-	121	-	-	5	126
Disposals	(1,120)	(1,150)	(141)	(2,154)	-	(4,565)
Transfers	-	(60)	70	-	(580)	(570)
<b>At 31 March 2017</b>	<b>657</b>	<b>1,751</b>	<b>457</b>	<b>1,883</b>	<b>5</b>	<b>4,753</b>
<b>Depreciation</b>						
At 1 April 2016	1,537	2,313	509	3,657	-	8,016
Charged in year	78	159	22	194	-	453
Disposals	(1,007)	(1,063)	(140)	(2,026)	-	(4,236)
Transfers	-	(36)	36	-	-	-
<b>At 31 March 2017</b>	<b>608</b>	<b>1,373</b>	<b>427</b>	<b>1,825</b>	<b>0</b>	<b>4,233</b>
<b>Carrying amount as at 31 March 2017</b>						
	<b>49</b>	<b>378</b>	<b>30</b>	<b>58</b>	<b>5</b>	<b>520</b>
Carrying amount as at 31 March 2016	<b>240</b>	<b>527</b>	<b>19</b>	<b>380</b>	<b>580</b>	<b>1,746</b>

All property, plant and equipment held at 31 March 2017 is owned. There are no leased assets or assets held as non-current assets under private finance initiative (PFI) contracts. PHSO holds no third-party assets. Transfers reflect bringing assets under construction into use.

During the year the Fixed Asset Register was reviewed and as a result some adjustments were necessary. These adjustments are reported in the Disposals line.

Assets under Construction relating to Intangibles have been re-categorised and are reported in Note 7.

2015-16	Furniture and fittings £000	Information technology £000	Plant and machinery £000	Buildings £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2015	1,777	2,583	528	4,042	280	9,210
Additions	-	259	-	-	312	571
Disposals	-	(2)	-	(5)	(12)	(19)
<b>At 31 March 2016</b>	<b>1,777</b>	<b>2,840</b>	<b>528</b>	<b>4,037</b>	<b>580</b>	<b>9,762</b>
<b>Depreciation</b>						
At 1 April 2015	1,394	1,995	497	3,334	-	7,220
Charged in year	141	318	14	352	-	825
Disposals	2	-	(2)	(29)	-	(29)
<b>At 31 March 2016</b>	<b>1,537</b>	<b>2,313</b>	<b>509</b>	<b>3,657</b>	<b>-</b>	<b>8,016</b>
<b>Carrying amount as at 31 March 2016</b>	<b>240</b>	<b>527</b>	<b>19</b>	<b>380</b>	<b>580</b>	<b>1,746</b>
Carrying amount as at 31 March 2015	383	588	31	708	280	1,990

All property, plant and equipment held at 31 March 2016 was owned. There were no leased assets or assets held as non-current assets under PFI contracts. PHSO held no third-party assets. The disposals removed a number of minor differences between the Fixed Asset Register and the accounting system.

## 7. Intangible assets

Intangible assets are purchased software licences and the associated implementation costs.

2016-17	Software £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2016	1,913	-	1,913
Additions	243	179	422
Disposals	(1,342)	-	(1,342)
Transfers	570	-	570
<b>At 31 March 2017</b>	<b>1,384</b>	<b>179</b>	<b>1,563</b>
<b>Amortisation</b>			
At 1 April 2016	1,756	-	1,756
Charged in year	171	-	171
Disposals	(1,337)	-	(1,337)
Transfers	(1)	-	(1)
<b>At 31 March 2017</b>	<b>589</b>	<b>-</b>	<b>589</b>
Net book value:			
<b>Carrying amount as at 31 March 2017</b>	<b>795</b>	<b>179</b>	<b>974</b>
Carrying amount as at 31 March 2016	157	-	157

All intangible assets held at 31 March 2017 are owned, rather than leased or held as non-current assets through PFI contracts. PHSO holds no third party assets. During the year the Fixed Asset Register was reviewed and as a result some adjustments were necessary. The financial impact of this is shown in the Disposals line above.

2015-16	Software £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2015	1,892	-	1,892
Additions	10	-	10
Disposals	11	-	11
<b>At 31 March 2016</b>	<b>1,913</b>	<b>-</b>	<b>1,913</b>
<b>Amortisation</b>			
At 1 April 2015	1,589	-	1,589
Charged in year	175	-	175
Adjustments	(8)	-	(8)
<b>At 31 March 2016</b>	<b>1,756</b>	<b>-</b>	<b>1,756</b>
Net book value:			
<b>Carrying amount as at 31 March 2016</b>	<b>157</b>	<b>-</b>	<b>157</b>
Carrying amount as at 31 March 2015	303	-	303

All intangible assets held at 31 March 2016 are owned rather than leased or held as non-current assets through PFI contracts. PHSO holds no third-party assets.



## 8. Capital and other commitments

There were contractual capital commitments as at 31 March 2017 of £102,870 (nil 31 March 2016) which were not otherwise included in these financial statements.

### 8.1. Commitments under leases

#### Operating leases

PHSO leases office accommodation in London and Manchester. In London, PHSO leases the 13th, 14th, 15th, 19th, 21st, 23rd and 24th floors of Millbank Tower. The leases for these floors end on 25 December 2018. The Landlord has given notice that the leases will not be renewed at the end of the lease. Rent payments under the lease are fixed to the end of the lease and there is no escalation clause within the lease nor any break points before the end of the lease. In Manchester, PHSO leases the 3rd and 4th floors of The Exchange building and four rooms at 76 King Street. The lease for the 3rd floor Exchange ends on 4 January 2018 and the 4th floor on 27 January 2018. Rent is fixed to the end of the lease and does not escalate. There are no break points before the end of the lease. The King Street leases are short-term and end on 31 May 2017.

Total future minimum lease payments under operating leases are given in the table below; analysed according to the period in which the lease expires.

	31 March 2017	31 March 2016
	£000	£000
<b>Buildings</b>		
Not later than one year	3,007	2,957
Later than one year and not later than five years	1,912	5,192
Later than five years	-	-
<b>Total</b>	<b>4,919</b>	<b>8,149</b>
<b>Other</b>		
Not later than one year	3	4
Later than one year and not later than five years		3
Later than five years	-	-
<b>Total</b>	<b>3</b>	<b>7</b>

PHSO has let the 13th, 14th, 23rd and 24th floors to sub-tenants as the office accommodation is surplus to PHSO requirements. The agreements for the office accommodation cover the period up until 25 December 2018.

Total future minimum lease income expected to be received by PHSO under non-cancellable sub-leases are given for each of the following periods:

	31 March 2017	31 March 2016
Not later than one year	1,087	699
Later than one year and not later than five years	817	643
Later than five years	-	-
<b>Total</b>	<b>1,904</b>	<b>1,342</b>

## 8.2 Other financial commitments

PHSO has entered into non-cancellable contracts (which are not leases or PFI contracts) for the service and maintenance of information technology equipment. The total payments to which PHSO is committed are:

	31 March 2017	31 March 2016
	£000	£000
Not later than one year	900	1,081
Later than one year and not later than five years	455	965
Later than five years	-	-
<b>Total</b>	<b>1,355</b>	<b>2,046</b>

PHSO has not entered into any financial guarantees or indemnities, nor provided any letters of comfort.

## 9. Trade receivables, financials and other assets

	31 March 2017	31 March 2016
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade receivables within one year	51	62
Deposits and advances	83	86
Prepayments and accrued income	1,451	1,349
CFER's receivable to the Consildated Fund	9	-
<b>Total</b>	<b>1,594</b>	<b>1,497</b>

## 10. Cash

	31 March 2017	31 March 2016
	£000	£000
Balance at 1 April	1,111	(275)
Net change in cash and cash equivalent balances	(906)	1,386
<b>Cash balance at bank and in hand at 31 March</b>	<b>205</b>	<b>1,111</b>
<b>Total cash balance at 31 March</b>	<b>205</b>	<b>1,111</b>

The following cash balances at 31 March were held:

Cash at Bank-Government Banking Service	205	1,110
Cash in hand	-	1
<b>Total cash balance at 31 March</b>	<b>205</b>	<b>1,111</b>

## 11. Trade payables and other current liabilities

	31 March 2017	31 March 2016
	£000	£000
<b>Amounts falling due within one year</b>		
Trade payables	90	43
Taxation and social security	452	431
Other payables	321	342
Accruals and deferred income	1,774	1,785
<b>Trade and Other Payables</b>	<b>2,637</b>	<b>2,601</b>
Rent-free period accrual	71	71
Bank overdraft	-	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	205	1,111
<b>Other Liabilities</b>	<b>276</b>	<b>1,182</b>
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:	9	-
<b>Sub total</b>	<b>2,922</b>	<b>3,783</b>
<b>Amounts falling due after more than one year</b>		
Rent-free period accrual	52	123
<b>Total</b>	<b>2,974</b>	<b>3,906</b>

## 12. Provisions for liabilities and charges

	2016-17				2015-16	
	Early departure costs £000	Dilapidations £000	Onerous lease £000	Bad debts £000	Total £000	Total £000
Balance at 1 April	-	1,249	4,003	-	5,252	7,042
Provided in the year	1,452	212	1,852	1	*3,517	7
Provisions not required written back	-	(247)	-	-	*(247)	(319)
Provisions utilised in the year	-	-	(1,459)	-	(1,459)	(1,478)
<b>Balance at 31 March</b>	<b>1,452</b>	<b>1,214</b>	<b>4,396</b>	<b>1</b>	<b>7,063</b>	<b>5,252</b>

\* The amount shown in the Statement of Comprehensive Net Expenditure (SoCNE) comprises the movement in year of £3,270k being made up of the sums marked with an asterisk above.

### Early departure costs

PHSO is carrying out a significant transformation programme over the three years to March 2020 which is anticipated to require the payment of early departure costs under the Civil Service Compensation Scheme as amended (9th November 2016). A provision has been created for the estimated costs of early departures during this period. This is based on a costed comparison of the existing establishment after the completion of the transformation programme. It is anticipated that the bulk of these costs will be borne in September 2017. The estimate may vary depending on the outcome of the final stage of the process.

### Dilapidations

PHSO occupy leased office accommodation in London and Manchester. The leases end within three years and they contain provisions which require the reinstatement of the accommodation to its original condition upon departure. In the event that the properties are not restored, dilapidation payments become payable to the Landlord. A professional survey by Lambert Smith Hampton was commissioned in 2014-2015 to assess the extent of the dilapidations payable necessary to reinstate the floors that PHSO occupy at Millbank Tower. The dilapidation provision for the Exchange Manchester is based on the landlords estimate and that for King Street is the contractual requirement.

## Onerous leases

In accordance with International Accounting Standard (IAS) 37, a new onerous lease provision was created in 2014-15 to provide for the rental costs and service charges payable for the 13th, 14th & 23rd floors at Millbank Tower, which have been vacated by PHSO.

PHSO have now vacated the 19th and 24th floors and the provision has been increased to include these floors. These floors, apart from 19th, have been sub-let; however, IAS 37 requires the creation of a provision where the costs of meeting the contractual obligations exceed the economic benefit received. In the calculation of the provision, income received from sub-letting cannot be used to offset the level of provision required. In 2016-17, £1,459k of the provision has been utilised and has reduced overall net outturn expenditure. Income received in respect of the subletting of 13th, 14th, 23rd & 24th floors at Millbank Tower in 2016/17 was £1,462k.

## 13. Contingent liabilities disclosed under IAS 37

During 2015-16 a judicial review took place in the High Court in relation to a decision on an individual case. The High Court found in favour of PHSO; however the matter is to be considered by the Court of Appeal but has been adjourned until a later date which is expected to be in the third quarter of 2017-2018.

A further case is due to be heard in the High Court in July and a County Court case may be heard later in the year. These are not expected to be of significant cost.

Due to the inherent uncertainties surrounding the outcome of these legal cases, provision has not been made in the accounts. In accordance with proper accounting practice, this is disclosed as a contingent liability.

No guarantees, indemnities nor letters of comfort have been issued by PHSO.

## 14. Related-party transactions

During the year, neither the Parliamentary Ombudsman nor any other members of the Executive Team or Unitary Board, or their immediate families, have undertaken any material transactions with PHSO during the reporting period.

PHSO has a small number of material transactions with government departments and health service bodies. These include:-

- (a) PHSO has sub-let three floors of the Millbank building to The Green Investment Bank Plc, Home Office, and the Local Government Boundary Commission.
- (b) PHSO has provided expert clinical advice to the Public Services Ombudsman for Wales, the Scottish Public Services Ombudsman, the Northern Ireland Ombudsman, Office for the Ombudsman in Ireland and the Gibraltar Ombudsman in accordance with their respective service level agreements. The cost of these services to PHSO is recovered, and is disclosed as Income in these resource accounts.
- (c) PHSO has been working in partnership with the Local Government and Social Care Ombudsman Service in 2016-17 to develop our existing joint-working arrangements and move to a more streamlined approach to investigating complaints.

## 15. Events after the reporting period date

In accordance with IAS10, the Ombudsman is required to consider the impact of events since the closing date of the Statement of Financial Position and up to the date on which the accounts are authorised for issue, which is the date of the Certificate and Report of the Comptroller and Auditor General. In the Ombudsman's opinion there have been no events since 31 March 2017 that would affect the financial statements.



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Ombudsman**

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