



# The Ombudsman's Annual Report and Accounts 2018-2019





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# Contents

<b>Performance report</b>	<b>6</b>
Overview	6
Foreword from the Ombudsman and Chair	7
Foreword from the Chief Executive	8
Vision and strategy	9
Performance analysis	23
The Ombudsman service	23
People and organisation	45
Environment and sustainability report	48
<b>Accountability report</b>	<b>51</b>
The Board	52
Statement of Accounting Officer's Responsibilities	57
Governance statement	58
Remuneration and staff report	68
Parliamentary Accountability and Audit Report (audited)	83
<b>Financial Statements</b>	<b>93</b>



# Performance report

## Overview

The overview section provides statements from the Ombudsman and Chief Executive on the performance of the organisation in 2018-19. It sets out the Ombudsman's purpose and role, and provides analysis of how we have performed against our strategic objectives and mitigated against risk.



# Foreword from the Ombudsman and Chair

The Parliamentary and Health Service Ombudsman (PHSO) made significant progress in 2018-19 in setting out to meet the objectives of the three-year corporate strategy.



An important aspect of our continued development is to look outwards. We shared good practice with international Ombudsman schemes and the sectors in which we work. We also listened carefully to the experiences and views of those who use our service both as complainants and organisations complained about.

Expert opinion was sought from our peers. At the request of the Public Administration and Constitutional Affairs Committee (PACAC), the PHSO Board commissioned a peer review to assess independently the value for money provided in service delivery. We opened the organisation to scrutiny at every level with the potential for public criticism. Happily the review found that PHSO provides an important service that goes beyond investigating complaints and that, as a result of strong leadership and new ways of working, offers good value for money to taxpayers and service users. This was a view endorsed by PACAC.

Clinical advice is a crucial part of many of the health complaints we investigate and it is vital

that service users trust our processes. A review and public consultation were initiated about how we commission and use clinical advice in our health service casework, to ensure it is used appropriately. This process involved opening PHSO up to external examination with Sir Liam Donaldson, patient safety adviser at the World Health Organisation and former Chief Medical Officer, providing independent advice and valuable published recommendations for the review.

There was also a continued focus on the transparency of our service. A second Open Meeting was held. This time, the event took place in London and included a moving and rigorous contribution from patient safety campaigner, James Titcombe. Radio Ombudsman, our regular podcast, continued with valuable contributions from a range of interviewees including former Care Quality Commission CEO, Sir David Behan and European Ombudsman, Emily O'Reilly.

PHSO continues to engage with the organisations we investigate and has taken the first steps towards the development of

an authoritative complaints framework for the NHS. I frequently meet staff at all levels in the health service, and they tell me this is an initiative essential to improving services and one that is long overdue.

Colleagues at PHSO are not complacent about progress or the level of engagement with external stakeholders. It is recognised that there is still much to be done to ensure that trust and confidence are felt by everyone who uses our service. This will be done by continuing to listen to those we serve. I am grateful to all my colleagues, executive and non-executive directors for their continued professionalism and commitment.

**Rob Behrens, CBE,  
Accounting Officer,  
Ombudsman and Chair  
Parliamentary and Health  
Service Ombudsman  
July 2019**

# Foreword from the Chief Executive

One of this year's most important performance achievements has been to remove a substantial queue of cases waiting for work to begin on resolving them. We recognise how waiting for answers can be stressful for complainants and removing the queue is a significant milestone in improving our service.

As we closed cases that had been waiting a long time to be allocated to a caseworker, we have seen the average time taken for us to close cases increase. This was to be expected and averages will start to reduce again next year once all of these aged cases have worked their way through the system.

But it is not just improvements to our processes that make an impact on the experience of bringing a complaint to us. The knowledge, professionalism and compassion of our staff play a large role in the perceptions of our service that people take away.

That is why we have continued to invest heavily in caseworker training, as well as designing and developing a ground-breaking Ombudsman accreditation programme for senior caseworkers. The independent Value for Money review of our service described the caseworker training programme as a 'model of good practice' for the wider Ombudsman community.

We also gave considerable attention to developing a positive working environment in which people can contribute in the best possible way, for each other and for those who use our service. We worked with staff to create and embed a set of values and behaviours that represent those that we see as most important to being an exemplary Ombudsman service. We also launched a new Equality, Diversity & Inclusion Strategy with the aim of making the most of people's unique backgrounds and experiences, and ensuring that we operate with integrity, respect and empathy for colleagues, complainants and organisations.

These initiatives have together resulted in a staff survey engagement score that is now above the benchmark for high-performing Civil Service organisations.

We frequently measure our performance against what complainants tell us about our service. Those who have brought complaints to us tell



us that we have continued to perform well against a backdrop of organisational and process changes we are making. We have also seen a reduction in the number of complaints we receive about our service.

Alongside the improvements that we have made to casework delivery, we have professionalised our approach to delivering change and ensured that the operation is properly supported by new ICT and People Strategies. These are now being implemented.

I am grateful to staff across the organisation for their hard work and dedication, which have enabled us to deliver a service that has had both positive personal impacts and has driven improvements across both government and NHS systems.

**Amanda Campbell, CBE,  
Chief Executive  
Parliamentary and Health  
Service Ombudsman  
July 2019**



# Vision and strategy

## Vision

The vision of PHSO is to be an exemplary public services ombudsman by providing an independent, impartial and fair complaints resolution service, while using casework to help raise standards and improve public services.

## Role

PHSO makes final decisions on complaints that have not been resolved by UK government departments and the NHS in England, and some other UK public organisations. This is done independently and impartially.

We are an independent national ombudsman service, holding public bodies to account. PHSO is not part of government, the NHS in England or a regulator. We are neither a consumer champion nor an advocacy service.

## A free service for everyone

PHSO looks into complaints where an individual or group 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 PHSO to look into the complaint.

We share findings from casework with Parliament to help it hold organisations that provide public services to account, and these findings are shared more widely to help others promote improvements in public services.

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



## Values

PHSO's values have been developed in close consultation with staff so we have a shared understanding about the type of ombudsman service we want to be.

The values are:



### **Independence**

PHSO is independent from organisations we investigate, holding them to account for service failure.



### **Fairness**

We listen carefully to complainants and the organisations we investigate and make impartial and fair decisions based on relevant evidence.



### **Excellence**

PHSO learns from engagement with complainants and organisations investigated to improve accessibility, efficiency and effectiveness and the quality of our decisions.



### **Transparency**

We communicate with those using our service and then publish information about our findings, how we are performing, and how organisations we investigate have implemented our recommendations.

## Key facts 2018-2019



We made

# 1,408

recommendations to improve public services



## 92%

of complaints handled by our helpline were closed within 7 days

Staff received



# 2,315

days of training to improve our service

On average, complaints are now allocated within

# 30 days

Our staff engagement score is



# higher than

the Civil Service benchmark for high-performing organisations



An independent peer review of our service said we are **delivering value for money**

## Strategy 2018-21: Delivering an exemplary ombudsman service

At the beginning of 2018-19, we launched a new three-year corporate strategy which sets out our vision to be an exemplary public services ombudsman.

We developed the strategy with input from people who use our service as well as the organisations we investigate and work with. We looked closely at what is working elsewhere in the ombudsman sector and talked to staff to understand what our priorities should be and how we can improve.

The strategy sets out three objectives and the activity planned in each year to deliver them. In the first 12 months of the strategy, we have achieved much of what we set out to do. Here we present our major achievements against our three objectives.

### Objective 1: To improve the quality of our service, while remaining independent, impartial and fair

Our aim is to deliver a consistent, high-quality, ombudsman service that makes fair, final decisions for both complainants and the organisations we investigate.

In 2018-19, we made improvements to our processes, including:

- streamlining our operating model so that all complainants now have a single point of contact throughout the time that we are looking at their complaint
- making a significant investment in our people, with training to work in line with the new operating model and develop communication and investigative skills
- identifying and piloting methods for resolving complaints early in our process and establishing and training a dedicated team to implement early consideration of complaints from 1 April 2019
- making the first steps towards professional accreditation for complaint handling by piloting internal accreditation for our senior caseworkers
- undertaking a major review of the way in which we use clinical advice in our NHS casework to ensure that our processes are transparent and clear
- publishing the Ombudsman's Clinical Standard to give greater clarity and predictability to how we consider the appropriateness of care and treatment. We now ask those complained about to tell us what guidance, policies and standards they followed in making decisions about care and treatment

- researching how we can pilot and evaluate mediation and other early resolution methods. We did this by learning from the work of others across the Ombudsman community and we will expand on this work in the coming year.

**Professional Skills training has made me want to put everything I have learned into practice and be the best caseworker I can be.**

**Caseworker, Professional Skills Training Programme delegate**



## Clinical advice review

In 2018-19, we reviewed the way we use clinical advice. We use clinical advice as a key source of evidence to inform our thinking in around three quarters of our health investigations. It is therefore crucial that we commission and use that advice correctly, and that those involved in a complaint understand and have confidence in the way it has informed our decisions.

The Clinical Advice Review was led by Sir Alex Allan KCB, PHSO non-executive board member, with independent advice from patient safety adviser at the World Health Organisation and former Chief Medical Officer (1998-2010), Sir Liam Donaldson.

The Review considered responses to a public consultation before making recommendations to the Ombudsman. We have

committed to a phased implementation of the vast majority of these. During 2019-20 and 2020-21, we will:

- introduce greater integration of clinical advisers in our casework process
- provide more information for those involved in a complaint about the clinical advice process
- provide more support for casework colleagues on balancing clinical and non-clinical evidence
- explore new approaches to investigating the causes of clinical failings.

## Objective 2: To increase the transparency and impact of our casework

Being an exemplary ombudsman service means holding ourselves accountable to the same high standards we hold others to. In 2018-19, we continued to actively engage with and listen to complainants, the public service organisations we investigate and advocacy organisations to learn from their experiences of our service and continuously improve.

### Annual Open Meeting

Over 200 people attended the Ombudsman's second annual Open Meeting. The purpose of the meeting is to hear from, and exchange views with, those who use the Ombudsman service as well as the organisations we investigate and work with. It was a constructive and engaging event that gave those attending and watching via livestream the opportunity to hear directly from the Ombudsman and Chief Executive, and share their views.

James Titcombe speaking at our Open Meeting 2018.



## Radio Ombudsman

Our podcast, Radio Ombudsman, is now in its second year and has continued to feature insightful conversations between invited guests and the Ombudsman.

- Sarah Barclay, Founder of the Medical Mediation Foundation, talked about how mediation can be used more effectively in the health service
- Sir David Behan reflected on his experience of transforming the Care Quality Commission as the organisation's CEO
- Emily O'Reilly, European Ombudsman, explained what it takes to be an effective ombudsman and highlighted the importance of own-initiative powers
- James Titcombe, patient safety campaigner, spoke passionately and authoritatively about patient safety
- Henrietta Hughes, National Guardian, talked about the importance of speaking up in the NHS
- Claire Murdoch, National Director for Mental Health at NHS England, described the positive impact of our report on NHS mental healthcare provision and talked about the taskforce set up in response to our 2017 report on NHS care for people with eating disorders.

## The Ombudsman's annual lecture

The Ombudsman's second annual lecture took place at the London School of Economics. Free and open to all, the lecture 'Avoiding the avoidable: Comparative approaches to patient safety' was delivered by Sir Liam Donaldson, former Chief Medical Officer and patient safety expert, and attended by a diverse and engaged audience. Sir Liam explored the latest international thinking on approaches to patient safety, and the challenges and opportunities this presents for health care leaders. Sir Liam's lecture was also made available on Radio Ombudsman for those who could not attend in person.

## Sharing insight to improve public service

We continue to target our insight work so that important lessons from our casework and systemic reviews contribute to raising standards in public services.

In addition to our annual parliamentary statistics report, which included a number of case summaries highlighting learning from this area of our work, we published a number of summaries of individual

health cases that we had upheld or partly upheld. The cases, published on our website and released to the media, included an avoidable death following mistakes made in a routine hip operation; failure to diagnose and treat sepsis quickly enough; and a nine-month delay in diagnosis of bladder cancer. We also published the case of an elderly man with Alzheimer's disease who died after a fall from bed when an agency failed to provide planned night care and that of a man who had to have an eye surgically removed following repeated failures to identify and appropriately treat an infection.

These cases highlight the importance of NHS organisations learning from mistakes as well as the value a single complaint can make in bringing about public service improvements. For example, we reported on a failure to diagnose and treat sepsis which resulted in the Trust putting in place better education and guidance for all clinical staff as well as promoting sepsis awareness across the organisation.



Meeting with the Carers Federation.



## Case study

# An investigation into the Care Quality Commission's (CQC) regulation of the Fit and Proper Persons Requirement

The fit and proper person regulation (FPPR) requirements came into force for all NHS trusts and foundation trusts in November 2014. They require NHS trusts to seek the necessary assurance that all executive and non-executive directors (or those in equivalent roles) are suitable and fit to undertake the responsibilities of their role.

In December 2018, we published a report that revealed weaknesses in the way the CQC examine how trusts have applied the fit and proper person test. This

followed our investigation into a whistle-blower's complaint about the CQC's oversight of the appointment of a Chief Executive to an NHS trust. Despite being heavily criticised by an employment tribunal, the Chief Executive was employed by another NHS trust, while the whistle-blower was unable to return to her job despite success at the employment tribunal.

We found that the CQC did not adequately weigh up the available evidence in their assessment of whether the second NHS trust made a

reasonable decision about whether the Chief Executive was a 'fit and proper' person to take on a similarly senior role. We recommended that the CQC review their learning from the case and report back about improvements they have made to demonstrate rigour in their FPPR considerations.

For the first time, we published quarterly reports to present data about the NHS complaints we have received, assessed and investigated, and the recommendations we made to health organisations.



## First publication of quarterly health statistics

Our new quarterly health statistics reports feature data on the health organisations we investigate, the services and complaint parts we most frequently uphold, and data on complaint handling issues. They have also featured examples of our handling of complaints that highlight different areas of our casework, such as complaints we resolved at the first step of our complaints process and action plans produced by trusts we investigated in response to the recommendations we made.

For example, the Q3 report included case summaries that we were able to resolve without a full investigation. In one case, Mr H was given out of date medication by a pharmacy. We secured an apology and negotiated a payment for Mr H from the pharmacy for the inconvenience and stress he experienced.

Another example is Mr X, who received a bill from his dental surgery by post that he understood he had settled in full in person. The bill was accompanied by a letter from the practice stating that they would pass his debt on to a debt collecting agency if the money was not paid. We discussed the complaint with the dental franchise's complaints team and secured an apology and confirmation that no further action would be taken.





We published a set of transparent principles and case studies about the use of financial remedy and worked with national organisations to explore how we can better explain our role to the organisations we investigate. For example, we published guidance outlining how our role and service overlaps and interacts with NHS Resolution in relation to complaints and compensation claims.

We began a substantial piece of work to look at how we will publish anonymised versions of the vast majority of our investigation reports on our website from 2021. Publishing more of our casework will mean organisations we investigate can easily access and use learning to bring about improvements in their services.

**Publishing more of our casework will mean organisations we investigate can easily access and use learning to bring about improvements in their services.**



## Value for Money Study: Report of the independent peer review of the Parliamentary and Health Service Ombudsman

This year, on the recommendation of the Public Administration and Constitutional Affairs Committee, the PHSO Board commissioned a peer review to independently assess our value for money. The review was led by the Ombudsman for the Republic of Ireland and President of the International Ombudsman Institute (IOI), Peter Tyndall. It found that we provide an important service that goes beyond investigating complaints and that, as a result of strong leadership and new ways of working, offers good value for money for taxpayers. This includes providing an important advice service to thousands of people who contact us every year, helping them to navigate complex complaints systems, and producing insight reports which have helped to save lives in the NHS.

Other strengths included our recent openness to feedback, quality control processes and being sector leaders in staff training and development, all of which have led to organisation-wide improvements.

The peer review also noted that we lack important powers that would significantly enhance the service we offer and bring it in line with ombudsmen in Northern Ireland and many countries in Europe. 'Own initiative' powers, where an ombudsman launches an investigation without receiving a written complaint, could potentially provide justice for more people while also driving important public service improvements.

### Objective 3: To work in partnership to improve public services, especially frontline complaint handling

Helping to improve public services is central to what we do and we are committed to working with strategic partners and organisations we investigate to improve how the public sector responds when things go wrong, from sharing good practice to developing training material for frontline complaint handlers.

### Improving frontline complaint handling

In the last 12 months, we have also continued our regular visits to organisations we investigate as well as other stakeholders. Our liaison team has met with 80 organisations to promote effective working relationships with those on the frontline of complaint handling:

- 28 parliamentary departments agencies and networks
- 44 NHS organisations and networks
- two NHS complaint advocacy and defence organisations

- six regulators or other stakeholders.

We have shared learning from our casework and examples of good practice to help improve the way complaints are dealt with locally and gathered feedback about how we work and how we could improve our service. The Ombudsman and Chief Executive also regularly lead these organisational visits, meeting senior staff to discuss both poor and exemplary performance.

## A complaints handling framework for the NHS

We often see excellent complaint handling in the NHS. However, standards are not consistent and too often we see very poor practice. Frontline complaint handlers also tell us that they often feel that they lack status in their roles, leaving them unable to challenge senior and clinical colleagues when responding to complaints.

We are committed to working with others to help organisations meet a high standard of complaint handling across the NHS. We have initiated work with NHS and social care regulators and other organisations to develop a joint complaints standards framework, following feedback from frontline complaint handlers in the NHS that there is no shared view of what good complaint handling looks like.

The Ombudsman taking a tour of the wards at Langley Green Hospital.



## Working with the international ombudsman community

Working closely with the international ombudsman community allows us to continuously improve our services by learning from each other's experiences.

In 2018-19, we continued to actively contribute to the ombudsman sector as a member of the Public Sector Ombudsman Group (PSOG) for the UK and Ireland, the Ombudsman Association (OA), the European Network of Ombudsmen (ENO), and the International Ombudsman Institute (IOI).

We attended the OA annual conference in May 2018 and shared good practice through our participation in their special interest groups, such as communications and policy. The Ombudsman also attended the IOI meeting in Brussels in October 2018.

## Joint working with the Local Government and Social Care Ombudsman

One of the most challenging situations faced by complainants is when their concerns and problems relate in part to social care services and in part to health services provided by or on behalf of the NHS. This can be confusing and complicated, and sometimes the people directly affected are among the most vulnerable, with complex needs. Our experience suggests that some of the most serious service failures still happen at the boundaries of the health and social care systems.

This is why, together with the Local Government and Social Care Ombudsman (LGSCO), we have established a joint working team, which LGSCO manages on behalf of both organisations. Cases which may involve both health and social care are passed directly to this

specialist team and formally assessed by investigators who have an understanding of both jurisdictions. Where an investigation is needed, it will be handled by a single member of staff who will look into both aspects of the complaint. By taking an overview of the issue from the complainant's perspective, the joint working team can help to get to the heart of the problem, as well as providing better customer service. This work also provides valuable lessons about the problems occurring at the interface between health and social care services. We also await further progress on the draft Public Service Ombudsman Bill, which would bring our organisation together with LGSCO, once parliamentary time allows.

Performance data for the joint working group is included in the LGSCO's overall performance data and not reported separately.





### Case study

## Working with the Welsh Ombudsman to highlight cross-border care

This year, we joined forces with the Public Services Ombudsman for Wales (PSOW), to call on the UK and Welsh governments to introduce national guidance on arranging mental health care across the UK's borders.

We referred them to a complaint concerning a vulnerable adult who, when recovering from acute mental ill health, remained in hospital, as if detained under the Mental Health Act for far longer than she should have done. An investigation by PSOW identified that the woman was let down by the services who should have supported her recovery because of the lack of pathway for arranging mental health care across the UK's borders.

## Risks and mitigation

This year we continued to develop our approach to risk management, including:

- articulating our overall risk appetite, as well as our appetite for risk in the pursuit of our individual strategic objectives
- developing a set of risk tolerance measures which, when aligned with performance metrics, allowed us to track our exposure to risk over the course of the year
- creating a new risk management policy, which sets out our key aims and objectives for risk management and defines the roles and responsibilities of our staff in managing risk
- increasing awareness of risk management across the organisation by delivering training to all colleagues, including specific casework-focused risk training in relevant areas.



Photo right: Meeting with the Ombudsman of Catalonia, Rafael Ribó.  
Photo left: Staff at the Innovating Patient Safety Summit 2019.

## The table below summarises some of the key strategic risks we managed in 2018-19

Strategic risk 2018-19	Mitigating actions
<p><b>Managing demand</b></p> <p>There was a risk that the demand for our service increased to a level that we could not manage. While we continue to monitor the demand for our service, this risk was removed from the strategic risk register in December 2018.</p>	<ul style="list-style-type: none"> <li>• We continued to refine our forecast modelling to ensure more accurate forecasts of future demand.</li> <li>• We improved our triage process at the initial checks and assessment stages, and we have managed to reduce current casework allocation queues to a frictional level.</li> <li>• We reviewed our HR processes to ensure that, if required, any recruitment we may need to undertake would be swift and effective.</li> </ul>
<p><b>Casework quality</b></p> <p>There was a risk that the quality of our casework could deteriorate resulting in poor outcomes for complainants and damage to our reputation.</p>	<ul style="list-style-type: none"> <li>• We have rolled out a training programme for our caseworkers to improve the quality of our casework.</li> <li>• We developed new and improved casework guidance policies to assist caseworkers in their recommendations.</li> <li>• We have set out a series of activities in a new Quality Strategy to ensure that we improve the quality of casework and how we deliver our service.</li> </ul>
<p><b>Future finances</b></p> <p>There was a risk that our funding would only provide us with sufficient investment to maintain our current service rather than being able to bring about improvement and deliver our strategy. The risk was increased in October 2018.</p>	<ul style="list-style-type: none"> <li>• Early indications suggest a flat cash or inflationary settlement and we are maintaining dialogue with HM Treasury and the Public Administration and Constitutional Affairs Committee about the future funding required for the implementation of our strategy.</li> <li>• Funding requirements for 2019-20 have been submitted to HMT for additional capital expenditure.</li> <li>• We have started a process to set out potential funding requirements linked to the Comprehensive Spending Review process.</li> </ul>
<p><b>Strategy and transformation</b></p> <p>There was a risk that we were unable to deliver activities from our strategy due to capacity and capability constraints. The risk was increased in January 2019.</p>	<ul style="list-style-type: none"> <li>• We have mapped out the phasing of Business Plan activities to ensure that delivery milestones are coordinated and delivery dates clear.</li> <li>• We have mapped out the dependencies between our major projects which are closely tracked and managed by our Programme Office.</li> <li>• We have put in place improved project and programme governance which was reflected through an internal audit, which found significant assurance with minor improvement opportunities.</li> </ul>

Strategic risk 2018-19	Mitigating actions
<p><b>Strategic IT change</b></p> <p>There is a risk that the level of IT change required, coupled with the resources available and the need to implement a new casework management system, will be untenable.</p>	<ul style="list-style-type: none"><li>• We have agreed an IT strategy</li><li>• We have started an IT service review</li><li>• We have made a decision to replace our current casework management system and put in place an experienced project management team.</li></ul>
<p><b>People</b></p> <p>There was a risk of staff feeling that they were not involved in change, which could lead to low levels of productivity and staff wellbeing. This risk was removed from the strategic risk register in January 2019, and replaced with the People and Change risk below.</p>	<ul style="list-style-type: none"><li>• We implemented a process to encourage staff at all levels of the organisation to engage fully with change activities, which has led to significant improvements in staff satisfaction scores in our 2018-19 annual staff survey.</li></ul>
<p><b>People and change</b></p> <p>There was a risk that recent improvements that we have made in staff morale, motivation and engagement are not maintained. This risk was opened in January 2019.</p>	<ul style="list-style-type: none"><li>• We have developed staff survey action plans to bring about improvements.</li><li>• We improved communications channels and cascade mechanisms.</li></ul>



# Performance analysis

## The Ombudsman service

This year, we have successfully reduced queues and all complaints are now allocated within an average of 30 days. We have continued our training programme for caseworkers, and introduced new ways of working that have enabled us to give a large number of people answers more quickly, as well as focusing on resolving complaints without the need for an investigation.



We started 2018-19 with a significant queue of complaints waiting to be allocated to a caseworker. This was a result of significant operational changes we made in the previous year, including moving the majority of our operations to Manchester and introducing an extensive training programme for all caseworkers.

We have since removed the queue of complaints waiting to be allocated to a caseworker. We have done this by managing our resources more effectively, including recruitment of temporary caseworkers, to ensure people who bring their complaints to us are allocated a caseworker as quickly as possible. We have also developed our existing processes and improved the standard and visibility of our performance information. Initial

consideration of a complaint and allocation to a caseworker is now completed within an average of 30 days of receipt. This significant milestone to improving our service was first reached in October 2018 - the first time since 2013.

We provided answers much more quickly to many complaints we received this year, due to improved ways of working. However, many other complaints had been waiting for up to six months in a queue for work to begin on resolving them. As a result, we have seen an increase in the overall average length of time it takes to close a complaint. Once those longstanding complaints have been concluded, we expect to reduce and maintain the average time taken to handle cases throughout the year.

## Complaint handling in detail

As the last port of call in the complaint process, we are the final opportunity for people to resolve their complaint. We have a three-step process for dealing with complaints about UK government departments, the NHS in England and other UK public organisations. Not all of the complaints that come to us go through the whole process. Where we can, we will seek to resolve complaints earlier in the process and provide complainants with answers very quickly. Our focus is on making the right decision at the right time.



On average, complaints are now allocated within

# 30 days.

This significant milestone to improving our service was first reached in October 2018 - the first time since 2013.



### Step one: Helpline



We look at whether a complaint is ready to come to us. We usually expect people to complain to the organisation they are unhappy with first so the organisation has the chance to put things right.

We give people advice on how to complete an organisation's complaints process and we ask organisations to do more where we can see that this might resolve a complaint. When we aren't the right organisation to help, we explain why and let people know which organisation can help.

The significant volume of advice and support we provide at this step often helps people get an answer to their complaint at this stage.

### Step two: Assessment



At this step we decide whether we can and should investigate a complaint, or whether we can resolve it without an investigation.

We look at what happened and what outcome the complainant is hoping for, and for signs that mistakes have been made that have had a negative effect and what has already been done to put this right.

We can usually only investigate if the complainant has been affected personally by what happened, and 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.

### Step three: Investigation



At the start of an investigation, we discuss the scope of what we are going to look at with the complainant. We gather relevant information and evidence from them and from the organisation complained about.

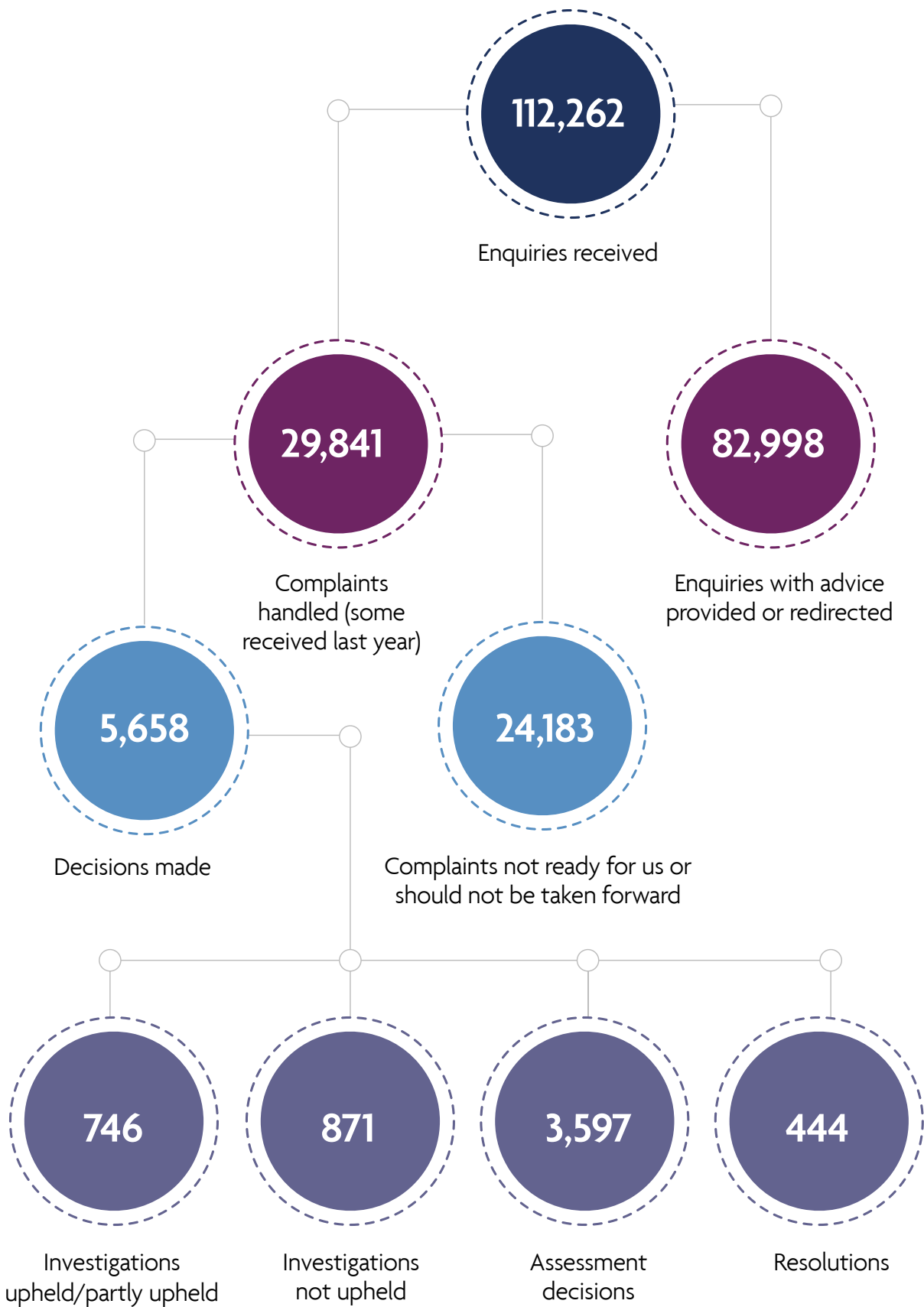
For health complaints, we may need to get expert advice from doctors and other health professionals. We compare what happened with what should have happened, and we look at how that has affected the person concerned.

If we find that the organisation did not act correctly and it has not already put things right, we make recommendations to ensure that mistakes are not repeated.

## How we describe our work

Enquiries	The helpline manages all <b>enquiries</b> into the organisation whether by telephone, digitally or post.
Complaint	We describe an <b>enquiry</b> as a <b>complaint</b> when we have looked at it in more detail and think it may be something we can help with. We receive complaints about UK government departments, the NHS in England, and some other UK public organisations. We also receive 'out of jurisdiction' complaints.
Complaints handled	This refers to complaints that we have closed in a given year, regardless of outcome and stage of our process.
Assessment	A stage in our process when a complaint is allocated to a caseworker and we <b>assess</b> whether we can and should investigate, or whether there are things we can do to resolve it or close it without the need for an investigation.
Assessment decision	We have <b>assessed</b> the details of a complaint and decided that we cannot add benefit by investigating. This could be because we cannot see that there has been a service failure or the organisation complained about has already put right mistakes made.
Resolution	A complaint closed with a positive outcome for the complainant without the need for an investigation, for example an apology, further explanation or financial remedy has been provided.
Investigation	The final stage in our process, an investigation is carried out if we have been unable to resolve the complaint and there is a possibility that there has been a service failure that has not been put right. We agree the scope of the investigation with all involved and request evidence from them in order to reach a decision.
Upheld complaint	We have completed an investigation and found a failing that has not been put right.
Partly upheld complaint	When people bring a complaint to us there are often various parts to it. Partly upheld refers to when we have completed an investigation and found a failing in some parts. These might be the most significant aspects of the overall complaint, with only minor parts not upheld, or conversely we might find that a very serious part of a complaint is not upheld while we find that there was a more minor service failing.
Not upheld complaint	We have completed an investigation and found that there were no failings.
Out of jurisdiction	<b>Out of jurisdiction</b> complaints refer to those about an organisation that we cannot legally investigate.

## The outcome of all enquiries and complaints in 2018-19



## Performance in 2018-19

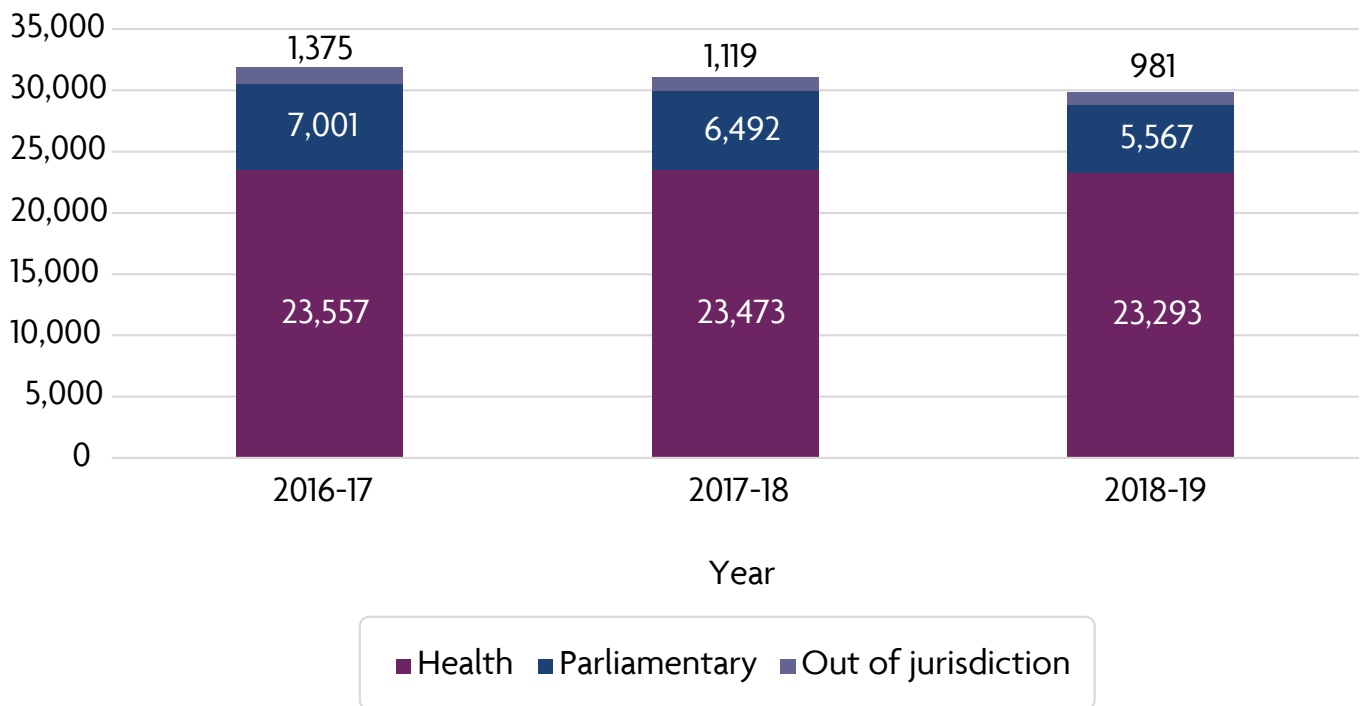
In 2018-19, we helped complainants with 112,262 enquiries compared to 114,278 in 2017-18.

Many of the enquiries that we receive at the initial stage of the process are not ready for us to look at or we are not the right organisation to handle a person’s complaint. We redirected 82,998 enquiries, helping people find the most appropriate organisation to resolve a complaint or gave guidance on what they needed to do before we could look at their complaint.

In total, we handled 29,841 complaints in 2018-19. This is compared to 31,084 last year and 31,933 in 2016-17. This is a combination of complaints that carried over from previous years and new complaints recorded in 2018-19 (29,264).

When we looked in more detail at these complaints, we found that 24,183 were not ready for us or we could not take them forward. We reached a decision on 5,658 complaints within the year.

### Complaints handled, year on year



Demand for the Ombudsman's service continues to be high, although last year saw a small reduction in the number of complaints handled compared to the previous two years.

An improvement in some areas of frontline complaints handling, service improvements across public services, public awareness of our service, or natural fluctuation year on year can all result in changes to the number of complaints received.



## Complaints about communication of changes to women's State Pension age

In 2018-19, we received 266 complaints about the Department for Work and Pensions' communication regarding changes to women's State Pension age, first introduced by the Pensions Act 1995 and affecting women born after 6 April 1950.

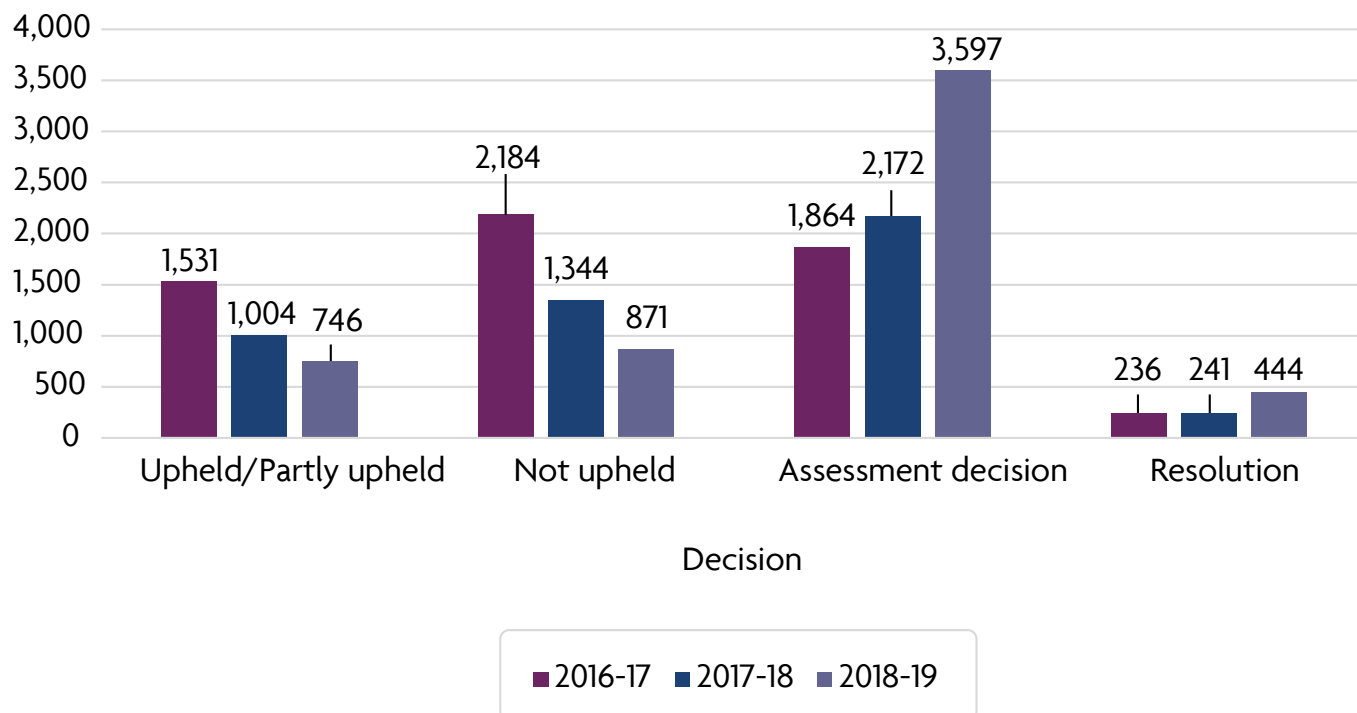
Women said that they have experienced financial loss and a negative impact on their health, emotional well-being or home life as a result. They also raised concerns about how the Department for Work and Pensions (DWP) and the Independent Case Examiner (ICE) have handled their complaints.

We issued a proposal to investigate a sample of complaints that reflect a number of shared issues raised in these complaints.

We subsequently paused the complaints in order to await the outcome of a judicial review that will consider similar and related issues before deciding whether we can and should investigate. We expect to make this decision once the court judgement has been handed down.



## Decisions made, year on year



One of the most striking shifts we have seen in recent years is in complaint outcomes. This is because we are resolving cases and providing answers to complainants earlier in the process as part of our strategy to make the right decision at the right time.

For example, in previous years we may have fully investigated cases where there were no failings found or upheld a service failure where there was no specific impact on the complainant. We now consider these cases and close them earlier without an investigation (assessment decision). We also look for ways to work with the organisation and complainant to resolve a complaint, without

an investigation, at the earliest opportunity (resolution).

By closing cases at the most appropriate point in the process, we aim to enhance public confidence in our ways of working and the way we allocate our resources; providing complainants with a decision much more quickly if no further action is possible and delivering a better value for money service.

As a result we have seen:

- an increase in the proportion of investigations that we uphold or partly uphold, with 41% of all investigations upheld or partly upheld in 2018-19 compared to 38% in 2017-18

- an increase of 1,425 assessment decisions resulting in many complainants receiving an answer to their complaint sooner than they would have previously
- an increase of 84% in the number of resolutions. This resulted in 444 complaints agreed as resolved by the complainant and without the need for an investigation
- a decrease in the number of investigations that we undertake, ensuring that where complainants had not experienced a failing or the failing had already been put right, we were able to explain this much sooner.

## Case study

# Afghan family reunited following resolution of complaint about the Passport Office

Mr N, a naturalised British Citizen originally from Afghanistan, brought a complaint to us about the Passport Office. He had applied for a passport for his infant son. He and his wife had been separated from their son for two years and were desperate to live together as a family again. The Passport Office had rejected the application due to question marks about the birth certificate and the location of both parents at the time of the child's conception. Without a passport, the son would stay separated from his

parents in Afghanistan, unable to travel outside the country, causing his parents significant distress and worry.

When reviewing the complaint we found that the Passport Office had overlooked crucial information that proved that their response to the original complaint was factually incorrect. After we intervened, the Passport Office agreed and, as a result, the family could finally be reunited. We resolved this complaint without the need for an investigation, which would likely have delayed the family's reunion.

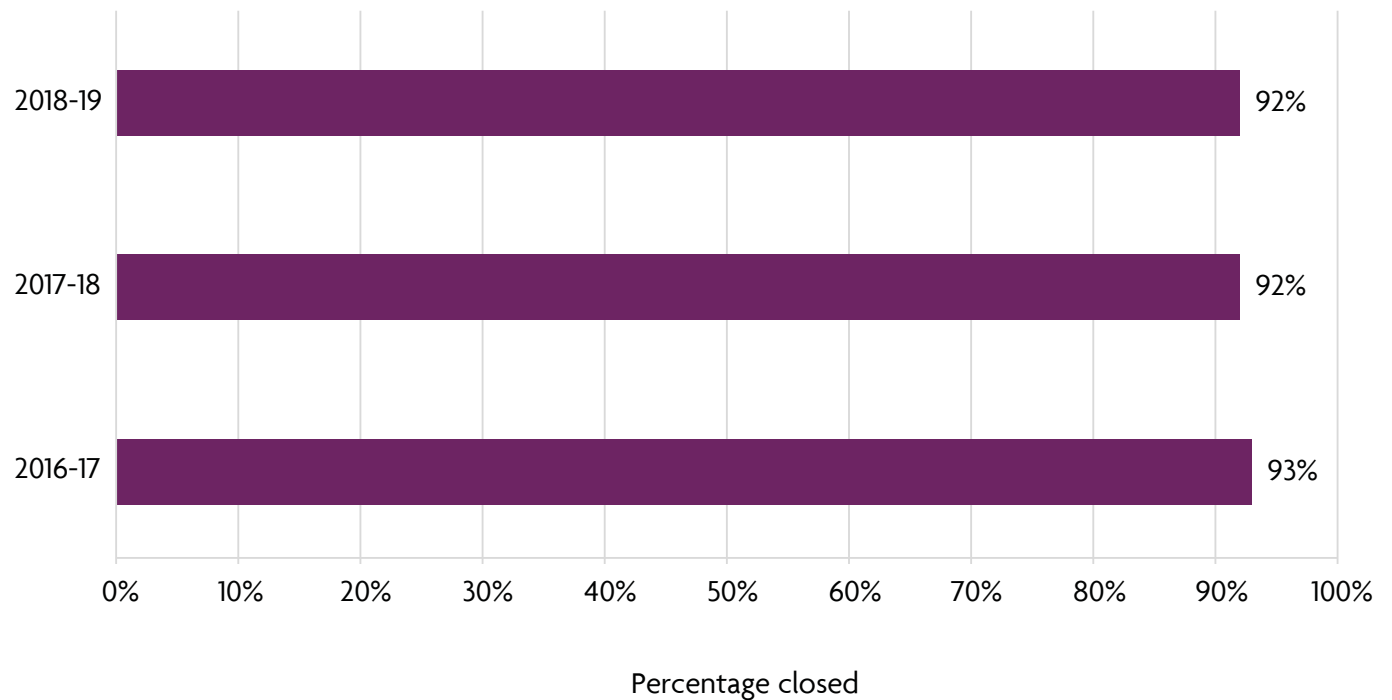
... as a result, the family could finally be reunited. We resolved this complaint without the need for an investigation, which would likely have delayed the family's reunion.

## The time it takes

The vast majority of enquiries that we receive into the organisation are handled by our helpline. They are not recorded as a complaint on our system and are usually dealt with in one phone call, email conversation or letter. Some 92% (19,926 out of 21,672) of the complaints that are recorded and closed by our helpline are closed within seven days.



## Complaints closed by the helpline in seven days, year on year





The majority of complainants who have their enquiries resolved or redirected through the advice and support we provide, usually in less than seven days, are not included in the information below.

The smaller number of people remaining have complaints that take longer to handle. The timescales below, therefore, appear much longer than the vast majority of people will experience when they contact us.

The impact of operational changes, and the legacy of work created under old processes, meant that we started the financial year with a queue of around 1000 complaints. These were complaints not yet allocated to a caseworker. A number of these complaints were not allocated to a caseworker until they were already up to six months old. This means that despite improving the response times for a high proportion of complainants this year, we saw the average time it takes to close complaints increase and a negative impact on our performance against our key performance indicators.

### In 2018-19, we closed complaints within the following time frames:

**39%**

within 13 weeks, compared to 46% in 2017-18 and 50% in 2016-17.

**71%**

within 26 weeks, compared to 76% in 2017-18 and 71% in 2016-17.

**91%**

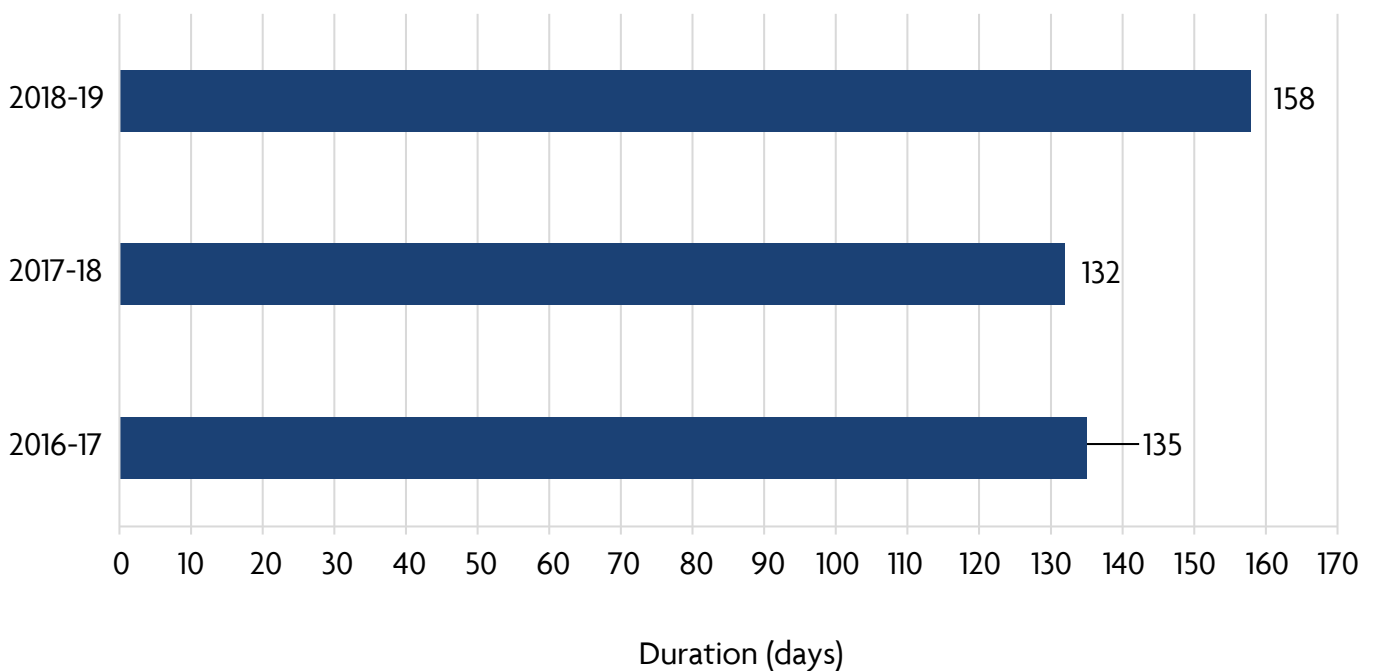
within 52 weeks, compared to 96% in 2017-18 and 94% in 2016-17.

## Average time to close a case, year on year

This year it took us an average of 26 days longer than in 2017-18 to close complaints – 158 days compared to 132 days. The number of days it takes us to close a case would have been higher if we had not worked hard to reduce the queue. As a result of removing the queue we expect to see an improvement next year. These figures do not include complaints closed by the helpline within seven days.



## Average time taken to close a case, year on year



## Number of complaints versus organisations investigated 2018-19

Sometimes a complaint involves more than one organisation. The table below shows how many complaints we investigate compared to how many organisations are involved in these complaints. Currently our casework system only allows us to record one organisation on our system prior to investigation. We plan to change this next year with the introduction of a new casework management system.

	Number of complaints investigated	Number of organisations investigated
UK Government department or other public organisation	115	133
NHS in England	1,722	1,947
<b>Total</b>	<b>1,837</b>	<b>2,080</b>

## Recommendations

When we identify mistakes, we make recommendations to organisations to put things right. Last year, for complaints we upheld and partly upheld, we made the following recommendations to organisations to put things right:

510

formal apologies

345

payments to make up for financial loss or to recognise the impact of what went wrong. Payments totalled **£236,038.18** from NHS organisations, and **£16,435.00** from UK government departments and other UK public organisations, (financial figure broken down by NHS/other)

450

service improvements such as changing procedures or training staff

103

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

We ask NHS trusts to share our investigation reports about them with the Care Quality Commission who can follow up on our recommendations in their inspections. When we find failings, we give organisations a timeframe to implement our recommendations and we follow up with them until this happens. We are considering how to

publish compliance data on our website, updated each quarter.

On rare occasions, organisations do not comply with our recommendations. In these circumstances we can lay a report before Parliament for it to consider and the Public Administration and Constitutional Affairs Committee of Parliament

can establish an inquiry to look into the matter or refer it to another Committee for their attention.

## Case study

### Poor care and treatment led to a man losing an eye

Mrs F complained that the Trust's poor care and treatment of her husband's eye infection meant that he had to have his eye removed.

When Mr F began experiencing problems with his vision in his left eye, his GP referred him to the Trust's Ophthalmology Clinic. Over the course of four months he was wrongly given eye drops as well as steroid medication that likely made his eye worse. At his request, he transferred to another Trust. They found that he had a fungal infection that should have been identified much earlier than it was. Unfortunately it was too late to save his eye.

We found that if the correct treatment had been given, while Mr F's vision may have still deteriorated, it is more likely than not that he would have kept his eye. The care Mr F received was not in line with General Medical Council guidance, which was a failing.

At our recommendation, the Trust acknowledged and formally apologised to Mrs F for the failings in her husband's care and treatment. It also outlined what changes they have made to prevent this from happening again. The Trust made a payment to Mrs F of £1,000 in recognition of the injustice.

At our recommendation, the Trust acknowledged and formally apologised to Mrs F for the failings in her husband's care and treatment.

## Key performance indicators and risk

As part of the development of the 2018-21 corporate strategy, the Board agreed the amount of risk that we would be willing to take in fulfilment of our strategic aims, in the form of a risk appetite statement.

From this we developed risk tolerances, which aligned to several Key Performance Indicators (KPIs) and allowed us to monitor our performance throughout the year. Any KPIs which exceeded their tolerance threshold were reported at each Board meeting, and actions were set out to bring the measures back within tolerance.

As we progress into the second year of the strategy, our risk appetite remains unchanged but we have reviewed and refined our KPIs and risk tolerances, to ensure that they continue to allow us to effectively monitor our exposure to risk.

## Service Charter

The Service Charter explains the quality of service that people can expect when they ask us to look into a complaint. It 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 to understand where we need to improve.

## Measuring performance against the Service Charter

In 2018-19, our customer satisfaction survey captured feedback from 31% of the 1,837 people whose complaints we investigated and 5% of the 29,841 people whose complaints we closed at an earlier stage in our process.

Satisfaction remained at a similar level among people whose complaints we investigated and then upheld

in full: 86% told us they were satisfied compared to 85% in 2017-18.

Of the complaints we investigated and partly upheld, 66% of people said they were satisfied with our service, compared to 67% in 2017-18. Some 47% of people whose complaints we did not uphold, told us they were satisfied with our service, compared to 49% in 2017-18.

## Giving you the information you need

Commitment	Score
1. We will explain our role and what we can and cannot do	79%
2. We will explain how we handle complaints and what information we need from you	80%
3. We will direct you to someone who can help with your complaint if we are unable to, where possible	78%
4. We will keep you regularly updated on our progress with your complaint	81%
<b>Overall section score against a KPI of 75%</b>	<b>79%</b>

## Following an open and fair process

Commitment	Score
5. We will listen to you to make sure we understand your complaint	73%
6. We will explain the specific concerns we will be looking into	88%
7. We will explain how we will do our work	77%
8. We will gather all the information we need, including from you and the organisation you have complained about, before we make our decision	48%
9. We will share facts with you, and discuss with you what we are seeing	68%
10. We will evaluate the information we have gathered and make an impartial decision on your complaint	-
11. We will explain our decision and recommendations, and how we reached them	53%
<b>Overall section score against a KPI of 65%</b>	<b>68%</b>

## Giving you a good service

Commitment	Score
12. We will treat you with courtesy and respect	90%
13. We will give you a final decision on your complaint as soon as we can	53%
14. We will make sure our service is easily accessible to you and give you support and help if you need it	67%
<b>Overall section score against a KPI of 67%</b>	<b>70%</b>





## Complaints about our service

We value the lessons learned from complaints about people's experience of our service. The information we record about the complaints we receive helps us to identify where we need to improve our service and where there may be lessons for individual staff members, teams or the organisation as a whole.

Anyone who has a concern about our service should speak to their caseworker in the first instance. If they or their manager cannot resolve the complaint it will be referred to our review and feedback team.

This year we handled 335 formal complaints about our service, which is one percent of the total number of complaints we handled. This compares to 980 (3%) in the previous year. We upheld 147 of the formal service complaints we looked at and took action to put things right. This could include an apology, a re-examination of certain issues, an explanation, or changes to our service. In 2018-19, we made 36 compensation payments to complainants due to poor service. These came to a total of £16,003. A significant proportion of these costs related to historical cases from previous years.

## Complaints about how we reach decisions

We seek to investigate complaints fairly and impartially. Our decisions are final, but in the following clearly defined circumstances, we will look again at our decision.

We will do this where:

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

If having looked again at our decision we think we may have made an error, we will take action to put that right.

In 2018-19, we completed 96 reviews about our decisions and upheld 43 of them. In 2017-18, we completed 63 reviews about our decisions and upheld 28 of them.

This year our review and feedback team received 104 pieces of positive feedback from people who use our service and organisations we investigate.

## Judicial review

If a person or organisation feels that we have not followed lawful procedures in reaching a decision about their complaint, 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.

We received and responded to 24 pre-action letters in 2018-19. Twelve did not convert into legal proceedings. There were twelve new applications for judicial review of our decisions. This is an increase of four applications from the previous year. Eight claims were refused permission to go forward to a full hearing. Three of those decisions are being appealed. Four claims have been recently issued and are pending.

The case of *Morris vs PHSO*, continued from 2017-18, was heard in February 2019, but judgement was reserved and then handed down on 26 June 2019. The claimant's challenge was to the extent of matters covered in our investigation and our approach to recommendations in relation to legal costs. The claimant was unsuccessful on all counts and PHSO was awarded its reasonable costs, to be assessed if not agreed. Leave to appeal was refused by the judge although it is possible the claimant will seek leave from the Court of Appeal.

## County court claims

Three county court claims were issued. Two were in the small claims track and the other in the fast track. Financial exposure was limited to our legal costs incurred.

## Employment Tribunal claims

Six claims were issued in the Employment Tribunal. Of these, three were resolved and three were ongoing as of 31 March 2019. Of the three ongoing claims, the tribunal found against PHSO in one claim, but the issue of remedy remained to be resolved in the next financial year.

## Data Protection and Freedom of Information

We received 662 Freedom of Information and Data Protection requests compared to 577 in 2017-18 and 691 in 2016-17. We responded to 640 within the statutory deadlines. The number of FOI requests is relatively stable but that does not reflect an increase in complexity of individual FOI requests.



## Who uses the Ombudsman service

Understanding the diversity of the people who use the Ombudsman 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 the proportion of complainants between the ages of 18 and 34 fell from 18% in 2017-18 to 14% in 2018-19. This could be because they are less frequent users of the services we investigate on a regular basis, or because they are less aware of our service. Other notable changes are that the proportion of disabled users increased from 37% to 44%.

	People who used our service 2018-19	UK census data 2011
Male	43%	49%
Female	57%	51%
18-34	14%	29%
35-54	42%	35%
55-74	38%	26%
75+	6%	10%
People with disabilities	44%	18%
Not disabled	56%	82%
Black, Asian and minority ethnic (BAME)	17%	13%
White	83%	87%

## Spending 2017-20

The 2015 Comprehensive Spending Review requires Central Government to reduce overall spending from 2016 to 2020 by 25-35%.

Planned spending over the four-year period is:

- 2016-17: £31.993 million
- 2017-18: £31.186 million
- 2018-19: £28.004 million
- 2019-20: £25.942 million

These targets, approved by HM Treasury, represent a real terms reduction of 24.3% in spending from 2016 to 2020. We are making good progress towards meeting these targets having met the reductions in 2016-17 and 2017-18. In 2018-19, our resource budget was underspent by £656,000 (2%).

## Financial management 2018-19

As part of the 2015 Comprehensive Spending Review, PHSO committed to delivering a 24% real terms reduction in costs. We are on track to achieve this, having delivered over £6.5m in savings between 2016-17 and 2018-19.

We have delivered our corporate strategy objectives during this time period, including service improvement. In 2017, as part of the transformation programme, we relocated the majority of our service to Manchester and

downsized our London footprint, reducing accommodation costs by over £2m.

In 2018-19, an independent peer review concluded that due to strong leadership and new ways of working, PHSO offers good value for money to taxpayers.

Robust financial management has enabled us to flex spending to meet organisational priorities. In 2018-19 we invested £252,000 in additional, temporary caseworkers to reduce waiting times. As a result, all complaints are now allocated to a caseworker within an average of 30 days. We have also invested £302,000 in training programmes

for caseworkers, as well as for leaders and managers.

The peer review identified a need to improve ICT provision. In 2018-19 we invested £353,000 in new ICT capabilities and technical infrastructure, to support the future implementation of a new casework management system. This will go live in October 2019.

# People and organisation

Our success in becoming an exemplary ombudsman service is dependent on our most important asset, our people. One of the most significant strategic challenges that we face is ensuring staff are fully engaged with what we do and are properly supported to deliver an excellent service.

## People Strategy

Our People Strategy 2018-2021 addresses how we can most effectively respond to this challenge by becoming an exemplary employer. This strategy focuses specifically on five key strategic themes which have driven our Human Resources and Learning and Development activity in 2018-19:

- enabling a positive and supportive culture
- developing leaders and leadership skills
- developing workforce skills and capability
- resourcing our organisation effectively
- recognising and rewarding performance.

## Enabling a positive and supportive culture

We run regular surveys to measure how staff feel about working for PHSO and our progress against the objectives in our People Strategy.

Towards the end of 2018 we participated in the Civil Service People Survey for the first time, enabling us to compare our results to those of other public service organisations. 357 employees took part in the survey, which is around 80% of our workforce. Our overall staff engagement score has increased to 67%, up from 60% last year. This is above the 62% average for Civil Service organisations who took part in the survey and one percentage point above the benchmark for Civil Service High Performers.

Over 90% of respondents say that they are interested in their work and have a clear understanding of our objectives and how their work contributes to them. The same percentage also say that they have the skills to do their job properly and that they are fully supported by managers and colleagues.

These positive results show that we have made great strides in enabling a positive and supportive culture.

## Values and behaviours

Our aim is to create a positive working environment where everyone is treated with dignity and respect. As part of the consultation process with colleagues on the new corporate strategy, we developed a shared set of values that will inform everything we do. Throughout 2018-19, we engaged staff across the organisation in the development of a suite of staff behaviours that will underpin how we deliver our work and how we engage with each other.

## Equality, diversity and inclusion

Equality, diversity and inclusion (ED&I) is an integral part of being an exemplary employer. In 2018-19, we commissioned an independent report to look at how we could best ensure that ED&I are central to our values.

We implemented all of the report's recommendations including the introduction of a new Equality, Diversity and Inclusion Strategy that aims to

foster a culture of diversity and inclusion, develop and nurture our workforce to excel, and makes the most of people's unique backgrounds and experiences. It also ensures that we operate with integrity, respect and empathy for colleagues, complainants and organisations. We have introduced governance arrangements to support the implementation of the ED&I Strategy that includes Board- and director-level support.

A KPMG audit in January considered progress made against the independent report's recommendation as well as further actions to come from our own internal audit. KPMG gave us an assurance rating of 'significant' or 'green'.

Employee-led initiatives include a Dignity At Work network which helps to maintain a work environment free from bullying, harassment and discrimination, supporting colleagues to speak up if they believe that they are being harassed, discriminated against or bullied, or if they think this is happening to someone else. The Break the Stigma network supports colleagues who have mental health concerns, within a discreet and non-judgemental environment. Trained mental health first aiders have been introduced to listen to staff members in confidence and direct them to further support including our Employee Assistance Programme and Occupational Health Service.

The 2018 staff survey results show 89% of respondents say

that they are treated with respect by the people they work with.

## Leadership development

In 2018-19, we launched two new leadership and management training programmes - Exemplary Leaders and Exemplary Managers - to ensure staff have the tools to manage and lead people effectively. The programmes include a range of core and elective opportunities built upon detailed personal development plans following a variety of inputs including 360 feedback for over 100 leaders and managers.

## Developing workforce skills and capability

We are committed to investing in people's development through linking both personal and workforce learning and development plans to strategic objectives and service improvements.

This year, in addition to informal and job-specific learning, we have delivered 2,315 days of formal training, compared with 2,054 in 2017-18. This equates to an average of 5.14 days per person, compared with 4.7 days in 2017-18 and 2.4 days in 2016-17.

Staff benefited from in-house training, attendance at external events and conferences relevant to their professional fields, funding to complete professional qualifications relevant to their

role, and a growing suite of digital learning resources.

A Masterclass programme, which is open to all staff, heard from a range of speakers from former complainants sharing their experience of the complaints process to those from professional bodies, such as the Nursing and Midwifery Council and General Medical Council, as well as internal speakers sharing best practice and their own career experiences.

## Caseworker development

All staff in casework and related roles completed a three-day, in-house Professional Skills training programme aimed at enhancing complaint management skills and understanding of our policies and processes, building on the Casework Development Programme.

Launched last year, the latter aimed to ensure caseworkers have the skills and knowledge to provide a consistently high-quality service. We have also introduced an internal accreditation standard for senior caseworkers, with the first cohort starting the programme this year.

The Introduction to Casework workshop is for staff who work in areas of the organisation beyond casework and related roles. The workshops have enabled those in roles such as communications, public affairs and legal to understand the casework processes more fully and better support our shared aim of becoming an exemplary Ombudsman service.

## Resourcing effectively

Recruiting and retaining talented people with the right skills is crucial to achieving the corporate strategic objectives for 2018-21. We have enhanced our recruitment activities

and processes by promoting vacancies on social media, introducing rolling recruitment campaigns for caseworkers, introducing an apprenticeship scheme, enabling online anonymous applications to reduce unconscious bias, and training hiring managers. This year we have recruited 59 new members of staff.

## Gender pay gap

All organisations in the United Kingdom with more than 250 employees have been required since April 2017 to publish details of their gender pay gap. Based on the Government's methodology, as at 31 March 2018 our median gender pay gap was

-0.2%, in favour of women. This is calculated as the percentage difference between the midpoint hourly salary for men - £14.96 - and the mid-point hourly salary for women - £14.99. Given the disproportionate impact of a small number of NHS Consultants employed on NHS pay rates, we believe that this calculation best represents the gender pay gap and shows significant balance in our pay and reward structures.





# Environment and 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 2018-2019, we undertook the following environmental initiatives:

- released 1,918 square feet of the space we occupy in London, resulting in a reduction of energy and costs while still meeting our requirements
- introduced a more flexible office layout to allow for agile working and changing business requirements
- recycled old office furniture or made donations to other public departments
- improved our video conferencing facilities to minimise travel for 'face-to-face' meetings between London and Manchester
- improved cycling facilities to support our cycle-to-work scheme
- provided reusable drinking cups and utensils to reduce the amount of single use plastics
- moved an IT server to a 'virtual' platform to save energy consumption
- replaced network switches with new, more energy efficient models
- switched to LED lights in our London office resulting in a reduction of energy use and costs
- increased visibility of our recycling bins to encourage employees to recycle wherever possible.

We also continued to:

- recycle plastics, cans, paper, cardboard, toner, and electrical appliances at both our sites
- encourage paperless working wherever possible
- recycle batteries and printer toner cartridges
- use environmentally friendly cleaning products
- use water-saving measures including the use of plumbed water
- provide facilities that dispense instant hot and cold drinking water
- allow homeworking wherever appropriate for our staff to reduce CO<sub>2</sub> emissions
- encourage the use of video and tele-conferencing meeting facilities.

We lease accommodation at Citygate in Manchester and Millbank Tower in London. Our landlords provide data to monitor our energy performance and 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. The Citygate energy provision was supplied via the landlord service charge within 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.



## Managing carbon dioxide emissions

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.

Carbon dioxide emissions from rail and air travel have decreased by 27% from 2017-18. Costs have decreased by 15% for the same period.

## Greenhouse gas emissions

Non-financial information: Emissions (CO <sup>2</sup> /tonnes)	2018-19	2017-18	2016-17
Scope 1: Direct emissions	N/A	N/A	N/A
Scope 2: Indirect emissions	N/A	N/A	N/A
Scope 3: Business travel emissions	27	37	38
<b>Total emissions</b>	<b>27</b>	<b>37</b>	<b>38</b>
Normalised comparison per FTE	0.07	0.09	0.09

Non-financial information: Energy (Kwh)	2018-19	2017-18	2016-17
Scope 1: Direct emissions	N/A	N/A	N/A
Scope 2: Indirect emissions	130,133†	584,639	490,995*
Scope 3: Business travel emissions	N/A	N/A	N/A
<b>Total emissions</b>	<b>130,133†</b>	<b>584,639</b>	<b>490,995*</b>
Normalised comparison per FTE	2,606†	1,447	1,139

Financial information (£'000)	2018-19	2017-18	2016-17
Scope 1: Direct emissions	N/A	N/A	N/A
Scope 2: Indirect emissions	23†	71	77
Scope 3: Business travel emissions	171	202	212
<b>Total emissions</b>	<b>194</b>	<b>273</b>	<b>289</b>
Normalised comparison per FTE	0.47†	0.68	0.67

*\*data only available for London premises  
†estimated figure only*

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.

Scope 3 - Official business travel and electricity directly paid for by the organisation.

## Waste management

Waste management is through our landlords' contracts with the exception of confidential paper waste. All offices provide facilities for staff to recycle suitable waste and staff are encouraged to recycle.

## Water consumption

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

## Sustainable procurement

We continue to work with existing suppliers to reduce the emissions of the goods and services they provide and utilise technological advances. 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  
15 July 2019**

# Accountability report



# The Board



Chair and  
Ombudsman

**Rob Behrens, CBE**, joined PHSO on 6 April 2017. After a career in higher education and as a senior civil servant (including Secretary to the Committee on Standards in Public Life, 2003-2006), Rob served as Complaints Commissioner to the Bar Standards Board in England and Wales (2006-2008), and as Independent Adjudicator for Higher Education in England and Wales (2008-2016).

Rob is a non-executive Board member of the Local Government and Social Care Ombudsman, immediate past Chair of the European Network of Ombuds in Higher Education, and a member of the Executive of the Ombudsman Association. He is also Visiting Professor at University College London. Rob was awarded a CBE for services to higher education in December 2015.

## Non-executive members



Throughout 2018-19, the 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 experience.

**Sir Alex Allan, KCB**, joined the Board on 2 January 2018. He has many years of experience gained throughout his long career at the highest levels of civil service. Alex is currently the Prime Minister's Independent Adviser on Ministerial Interests, a member and chair of the Selection Panel for QC Appointments, a member of the Advisory Committee on Business Appointments, a member of the Advisory Board of the Oxford Internet Institute and a Trustee of the Treloar Trust – a charity providing education and

support for young people with physical disabilities.

Former roles include Principal Private Secretary (Chief of Staff) to the Prime Minister and to the Chancellor of the Exchequer, Permanent Secretary at the Ministry of Justice, High Commissioner to Australia and Chair of the Joint Intelligence Committee. He has led various Government reviews, including two of record management.



**Elisabeth Davies** joined the Board on 16 May 2016 and is the Senior Independent Member and Chair of the Quality Committee. She has worked across charitable and public sectors with a particular focus on dispute resolution and consumer protection. She is Chair of the Assurance and Appointments Committee of the General Pharmaceutical Council, Chair of the Prisoners' Education Trust, Trustee of the Personal Support Unit,

consumer advice member on the Civil Justice Council and an Advisory Panel member of the Independent Review of Legal Services regulation. Elisabeth is the former Chair of the Legal Services Consumer Panel.

A trained CEDR accredited mediator and experienced negotiator, Elisabeth is currently studying for an MSc in Dispute Resolution.

**Dean Fathers** joined the Board on 2 January 2018. He has held senior appointments in the third, public and private sectors as well as in academia. He is Professor of Organisational Resilience at the University of Lincoln where he chairs the National Centre for Organisational Resilience. Dean also has 20 years of experience at board level across all NHS services: primary, acute, mental health, community and authority wide and he has been involved in several substantial transformations to help lead

significant numbers of staff through transformative change. He is on the Board of Greater Lincolnshire Local Enterprise Partnership and chairs their health and care Enterprise Board.

Dean is also the non-executive Chair of the Nottinghamshire Healthcare NHS Foundation Trust, a member of the NHS Workforce Race Equality Standard Advisory Group and a Board Member of NHS Providers.





**Alan Graham, MBE**, joined the Board on 7 March 2016 and is Chair of the Audit and Risk Assurance Committee. Alan brings 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 and risk and assurance management.

He is a member and Chair of Audit Committee of the Board of The Insolvency Service, a Trustee

of the Motor Neurone Disease Association, a Trustee of Peace Hospice Care, and a member of the Football Association's National Disciplinary (Anti-Discrimination) Chairman's Panel. Alan was formerly a Non-Executive Director and Trustee of the Charity Bank (upon whose Advisory Panel he now sits), a Non-Executive Board Member and Audit Chair of the UK Serious Fraud Office, a Member of the Standards Committee of the City of London Corporation and a Governor of the University of Hertfordshire.

Alan was awarded an MBE in 2011 in recognition of his services to the voluntary sector.

**Michael King**, Local Government and Social Care Ombudsman & Chair of the Commission, joined the Board as a non-executive member on 11 January 2017. At the LGSCO, 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 served as a voluntary trustee for the Citizen's Advice Bureau, as an external examiner in forensic investigation and consumer law for Teesside University, and as an independent member of the British Hallmarking Council.





**Ruth Sawtell** joined the Board on 20 April 2015 and is Chair of the Remuneration and Nominations Committee. Ruth has considerable experience as a board member in organisations that handle complaints, in both the health and consumer sectors. She is a Board member of the Independent Press Standards Organisation, the body which regulates the press. She is also a member of the Advertising Advisory Committee, the body which gives advice on consumers' issues to the advertising regulator, the Advertising Standards Authority.

Ruth is a former Board member of the Phone-paid Services Authority, the regulator of payments by phone, where she was an independent member of the appeals panel, a council member and Deputy Chair at the Advertising Standards Authority, an adjudication panel member, a lay council member and chair of the Audit Committee at the Nursing and Midwifery Council, and a non-executive director at Hertfordshire Partnership University NHS Foundation Trust, where she also adjudicated on patient detentions under the Mental Health Act.

**Dr Julia Tabreham** joined the Board on 20 April 2015, and 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 HealthWatch Pathfinders and HealthWatch Local. She served 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 18 years.



**Ram Gidoomal, CBE**, joined the Board on 1 April 2018. He is an experienced businessman and entrepreneur, having worked for over 30 years at board and senior management levels in the private, public and voluntary sectors. He is currently Board Chair for several private sector companies. He was previously a Board Member of the Food Standards Agency, Epsom and St Helier NHS Trust, Imperial College, an external member of the Audit and Risk Assurance Committee for the Equalities and Human Rights Commission and a member of the Complaints Audit Committee of the

UK Border Agency. He is Founder Chairman of the South Asian Development Partnership and is a trustee of several other voluntary organisations. Until 2016 he was Chair of the Office of the Independent Adjudicator for Higher and Further Education in England and Wales, and in that role was Chair of the European Network of Ombudsmen in Higher Education. Ram is a freeman of the City of London. He was awarded a CBE in 1997 for services to the Asian business community and to race relations.



## 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 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. She was awarded a CBE in 2014 for Public Service.

**Gill Kilpatrick,** Executive Director of Corporate Services, joined the organisation on 1 May 2015. A qualified accountant with 30 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.



**Alex Robertson,** Executive Director of Strategy and Operations, joined the organisation from the Electoral Commission on 5 July 2016 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 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.



# 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 Office of the Parliamentary and Health Service Ombudsman and of its income and expenditure, statement of financial position, 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 Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis

- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- 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 judgements required for determining that they are fair, balanced and understandable.

**Rob Behrens, CBE,  
Accounting Officer,  
Ombudsman and Chair  
15 July 2019**

# Governance statement

## Introduction

This Governance Statement sets out the governance, risk management and internal control arrangements for the Parliamentary and Health Service Ombudsman. It applies to the financial year 1 April 2018 to 31 March 2019 and accords with the Government Financial Reporting Manual.

## 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).

## PHSO Governance Structure

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. 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. Therefore I am the Chair of a unitary Board which is in place to improve the governance of PHSO. My executive responsibilities, as a 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 in exceptional circumstances and with a commitment to put my reasons in writing. I did not exercise this right in 2018-19.

I have a 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 casework delegated authority and have appointed two Deputy Ombudsman: the Chief Executive and the Director of Legal and Professional Services. The Board scrutinises overall performance of casework, but not individual cases.

As Accounting Officer, I am accountable to Parliament for the stewardship of our resources. I have delegated executive responsibility to the Chief Executive for effective financial control arrangements as Accountable Officer. This is a contractual responsibility and allows me to have a separate accountable person charged with stewardship and probity for our use of public money.

I discharge my responsibility through assurance from the Accountable Officer and the Executive Team, and through assurance and challenge by the Board, the Audit and Risk Assurance Committee, the Quality Committee and the Remuneration & Nominations Committee.

## PHSO's Board and Committee structures are shown in the table below

Role	Committee	Reports to	<p><b>PHSO Board Role:</b> Collective decision making on strategic direction and performance of PHSO.</p> <p>Ombudsman, 8 Non-Executive and 3 Executive Members Met 6 times in 2018-19</p>		
Oversees the adequacy of the corporate governance and control systems, ensuring compliance with accounting policies and standards and ensuring systems are in place to achieve value for money.	<p><b>Audit and Risk Assurance Committee</b></p> <p>3 Non-Executive and 1 Independent Member</p> <p>Met 6 times in 2018-19 with one informal meeting dedicated to the accuracy of the Accounts</p>				
Oversees assurance on the arrangements for assessment of quality, covering casework decisions, process and the experience of people using our service.	<p><b>Quality Committee</b></p> <p>4 Non-Executive Members</p> <p>Met 4 times in 2018-19</p>				
Agrees pay and performance review arrangements for the CEO and Executive Directors. It supports the Ombudsman and Chief Executive with recruitment of senior executives and non-executive Board members.	<p><b>Remuneration and Nominations Committee</b></p> <p>4 Non-Executive Members</p> <p>Met 3 times in 2018-19</p>				
Oversees operational performance and considers issues affecting delivery. Monitors outcomes against objectives and agrees in-year allocation and utilisation of resources.	<p><b>Executive</b></p> <p>3 Executive Directors and from July 2018 with 6 Directors</p> <p>Met 18 times in 2018-19</p>				

Terms of Reference for the Board and each Committee have clarity and accountability allowing Board members to make decisions, monitor performance and manage resources and risk. An observer programme, open to all PHSO staff, ensures visibility and transparency of the decision making processes of the Board.

## Highlights of Board's Committees Activities

The Committees of the Board fulfil their responsibilities by receiving and considering reports. The key areas considered by the Committees are set out in the table below:

### Audit and Risk Assurance Committee (ARAC)

#### Chair:

Alan Graham MBE

#### Highlights of Committee reports

In order to oversee the adequacy of governance and internal controls ARAC reviewed and were assured of the following:

- Financial Management including financial performance and compliance with the Finance Code and the Procurement Code
- Assessment of controls were in place to prevent fraud
- Information Assurance performance and PHSO delivery of General Data Protection Regulations
- Value for Money Report – consideration of the impact of the external assessment of the wider activity undertaken by PHSO

- Governance Framework – ongoing compliance which enabled ARAC to provide assurance to the Board on 'good governance' across PHSO with a focus on the internal controls framework
- NAO Audit Plan – consideration of the scope of the NAO's risk based plan
- Internal Audit Plan – the scope and planning of the internal audit plan was appropriate and had a focus on the risks to PHSO.

To ensure compliance with accounting standards ARAC held a detailed walk through of the Resource Accounts, which enabled assurance to the Board that appropriate accounting policies were in place and the annual accounts were robust.

In relation to value for money, a presentation on best practice was received from the National Audit Office.

The National Audit Office Completion Report identified seven areas of internal controls from which we have now adopted a materiality policy, a new approach to correcting payroll errors, an adjustment to supply accounting estimates, an adjusted approach to the financial reporting treatment of settled legal claims and a strengthened approach to remove errors in reporting of Main and Supplementary Estimates by HM Treasury. ARAC received updates on these matters throughout the year and were assured that they were fully mitigated.

## Quality Committee

#### Chair:

Elisabeth Davies

#### Highlights of Committee reports

In order to provide assurance to the Board on both the quality of casework decision making and the quality of the customer experience, the Quality Committee reviewed and were assured of the following:

- Service Charter through scrutiny of the quality of service provided by PHSO and analysis of the feedback from service users and organisations we investigate
- the management of the risks associated with the development and implementation of the new training programme and particular focus on whether the quality of casework has been affected
- assessment of the effectiveness of the Quality Assurance Framework and the proposed changes to it as part of a new Quality Strategy.

In addition, the Committee was involved in a number of other activities, including:

- carrying out a series of deeper dives including in relation to commitments eight (thoroughness) and 11 (explaining our decision to you) while the Committee's Chair participated in the quality sampling of final decision reports and letters

- in relation to the internal audit report into the Service Charter, the Committee provided feedback to ARAC in keeping with the joint working protocol that exists between both Committees
- considering and questioning the role of enhanced independent scrutiny and wider user engagement and feedback.

## Remuneration and Nominations Committee

### Chair:

Ruth Sawtell

### Highlights of Committee reports

In order to agree pay and performance review arrangements for executive directors and to support recruitment of senior executives the Remuneration & Nominations

Committee has reviewed and were assured of the following:

- the induction of one new non-executive member
- pay and reward strategy – proposals for benchmarking senior pay and development of the new reward strategy
- the pay and performance for the Chief Executive and the Executive Directors
- its responsibility for Board succession planning.

## Dates of Appointments and Attendance at Board and Committee Meetings

Table of attendance of executives and non-executives at meetings where they are members. Executive directors and the Ombudsman also attend committees but are not members and therefore are not recorded in the table below.

Board Member	Date of appointment (date of reappointment for second term)	End of appointment	Board (six meetings)	Audit and Risk Assurance Committee (six meetings)	Remuneration and Nominations Committee (three meetings)	Quality Committee (four meetings)
Rob Behrens	06 April 2017	N/A	6 out of 6	N/A	N/A	N/A
<b>Non-executive board members</b>						
Sir Alex Allan KCB	02 January 2018	01 January 2021	6 out of 6	N/A	3 out of 3	1 out of 1
Elisabeth Davies	16 May 2016 (reappointed 15 May 2018)	14 May 2021	6 out of 6	N/A	2 out of 3	4 out of 4 (Chair)
Dean Fathers	02 January 2018	01 January 2021	5 out of 6	N/A	N/A	4 out of 4
Alan Graham MBE	07 March 2016 (reappointed 01 March 2018)	28 February 2021	6 out of 6	6 out of 6 (Chair)	N/A	N/A
Michael King	11 January 2017	N/A	4 out of 6	N/A	N/A	1 out of 3
Ruth Sawtell	20 April 2015 (reappointed 20 April 2017)	19 April 2020	6 out of 6	6 out of 6	3 out of 3 (Chair)	N/A
Julia Tabreham	20 April 2015 (reappointed 20 April 2017)	19 April 2020	4 out of 6	N/A	N/A	2 out of 4

Board Member	Date of appointment (date of reappointment for second term)	End of appointment	Board (six meetings)	Audit and Risk Assurance Committee (six meetings)	Remuneration and Nominations Committee (three meetings)	Quality Committee (four meetings)
Ram Gidoomal CBE	01 April 2018	31 March 2021	6 out of 6	6 out of 6	3 out of 3	N/A
<b>Independent Audit and Risk Assurance Committee member</b>						
Alison White	28 April 2015 (reappointed 1 April 2018)	31 July 2019	N/A	5 out of 6 <sup>1</sup>	N/A	N/A
<b>Executive members</b>						
Amanda Campbell (Chief Executive)	01 October 2016	N/A	6 out of 6	N/A	N/A	N/A
Gill Kilpatrick (Executive Director Corporate Services)	01 May 2015	N/A	5 out of 6	N/A	N/A	N/A
Alex Robertson (Executive Director Strategy and Operations)	05 July 2016	N/A	6 out of 6	N/A	N/A	N/A

<sup>1</sup> Alison White was not notified of an ad hoc meeting of the Audit and Risk Assurance Committee in September 2018.



## The effectiveness of the Board and its Committees

In 2018-19 one new non-executive Board member began his term.

The UK Code of Corporate Governance recommends that an independent evaluation of Board effectiveness be undertaken at least every three years. The Board agreed to commission an external independent review which began in 2018-19 and is due to complete in Summer 2019. An independent consultant facilitated a round table discussion at the Board meeting in March 2019, followed by individual Board member and Executive Director interviews, and a further in-depth Board round table on effectiveness took place in May 2019. The evaluation was designed to consider progress against actions from previous reviews and identify areas of future development. In addition, the evaluation has taken account of the independent Value for Money Study – report of the independent peer review of the PHSO (Tyndall P, Mitchell C and Gill C, 2018). The external consultant has evaluated performance in governance, skills and experience, and ways to harness the expertise of individual Board members more effectively with stakeholders and staff. A report was considered at the Board meeting in June 2019, which concluded the Board operates with good governance, with evidence of the Board's practices and behaviours maturing alongside the new strategy. Specific areas to improve, which will enable the Board to strengthen its

performance, include further developing risk assurance to enable the most critical strategic risks to be proactively monitored by the full Board and elevating Board discussions to be more strategic in focus and substance.

Committee evaluation took place by way of completion of a questionnaire by Committee members and each Committee's stakeholders. Reports of each Committee evaluation were taken to the first Committee meeting of 2019-20, with a final report to the Board in June 2019.

The key area of development identified from last year's self-evaluation was to increase non-executive Board member engagement with staff and stakeholders. An observer programme for staff to attend Board meetings has been extended for staff in Operations to also attend the Quality Committee. Board members have spent time individually in different parts of Operations and regularly attend case discussion forums as observers.

The Board implemented the use of its competency framework in the individual assessment of the performance of Board members.

## Performance reporting to the Board

In 2018-19, we enhanced a number of quality assurance processes for information considered by the Board, including:

- Consistently reporting on performance against Key Performance Indicators at each Board meeting, including

both current and historical information so the Board was able to identify trends over time

- Applying consistent methodologies for collecting data that were understood by all staff responsible for data input into our systems, and those responsible for data collection and analysis, to improve data quality
- Enhancing the process for checking the accuracy of information being extracted from our systems before it is presented to Board. This included putting in place a new 'double checking' process for operational data, and escalating the sign-off process for Board reports to service leads with final approval of reports by the leadership team
- Reporting on patterns of risk that were emerging.

## Risk management

Throughout 2018-19 we continued to embed our Risk Management Strategy, implementing a good practice approach to how PHSO identifies and manages the risks that we face. As part of the development of PHSO's three-year strategy, the Board considered the amount of risk that we are willing to accept in the pursuit of our strategic objectives. From this we created an organisational risk appetite statement and developed a series of risk tolerance measures, against which we were able to track our exposure to risk during 2018-19.



We developed a new Risk Management Policy, which set out our key aims and objectives for risk management, highlighted the importance of effective risk management and outlined the responsibilities that staff have in following a proactive approach to risk management. By documenting our risk strategy in this way, and reviewing annually, it allows us to have an effective and dynamic approach to risk management.

In addition, we increased organisational awareness of risk by delivering risk training to all colleagues, including casework-focused risk training to all relevant staff.

The strategic risks managed during the year related to dealing with a backlog of cases that had built up during 2017-18 as we changed our operating model and recruited new staff, managing future demand for our service, ensuring the quality of casework, future finance, strategy and transformation, and strategic IT change. I am satisfied these were mitigated. More information can be found at page 21 of the performance report.

## Internal controls

We consider that our internal controls are sufficiently robust to be confident that risks are proactively identified and mitigated or escalated as required, that the Scheme of Delegation within the Governance Framework is understood and adhered to by the appropriate staff and that the wider aspects of compliance are in place.

We have strengthened the internal controls identified in the National Audit Office 2017-18 audit completion report as requiring further consideration. These include: the setting of a formal de minimis level for accounting accruals to improve the efficiency of the year end process and ensure focus remains on material items, additional reviews prior to sending payroll payments to reduce errors, and more robust processes to check and agree supply accounting estimates. We also have an adjusted approach to the financial reporting treatment of settled legal claims and a strengthened approach to reduce errors being reported to the Treasury. The internal and external audits conducted during the year have provided us with assurance on both our governance and risk management arrangements. Our internal audit reports provided significant assurance with only minor improvements required. The notable exception was the internal audit report on equality and diversity which our internal auditors rated as significant assurance. This confirmed the substantial progress we have made on development and implementation of our internal and external activity on promoting diversity and inclusion.

We undertook a joint procurement exercise with the Local Government and Social Care Ombudsman for the appointment of new internal auditors, who commenced work on 1 April 2019.

## Implications of the UK leaving the EU

We have considered the implications for PHSO of the UK leaving the EU and in particular data provider risk exposure. Our aim is to repatriate data held in EU countries by the date the UK leaves the EU.

More generally, we have also been working with the Public Sector Ombudsman Group (PSOG) to consider any implications for both ourselves and the ombuds community more widely in relation to the implication of leaving the EU. PSOG includes representation from Scotland, Wales, Northern Ireland, Gibraltar, Ireland and the LGSCO and we will continue our discussions in this forum through 2019-20 as the approach to leaving the EU develops.

## Personal data-related incidents

The Executive Director of Corporate Services is the Senior Information Risk Owner (SIRO) and the Assistant Director Information Assurance is the Data Protection Officer (DPO). Our commitment to upholding information rights and security are set out in our Information Promise and our Privacy Policy, both of which are available on our website.

All data security incidents are reported to the Information Assurance Team who manage them in accordance with data protection legislation. All incidents are recorded and meetings held as required by the

SIRO and the DPO to discuss the wider implications and immediate steps required to minimise the opportunity of a repeat occurrence. Risks are recorded on the appropriate risk register and mitigations put in place and monitored.

As required by the General Data Protection Regulation (GDPR) 2018, PHSO reported a single potential data breach to the Information Commissioner's Office (ICO) in 2018-19. This incident concerned missing paper case files. Although the files were not recovered, there was no evidence of unauthorised disclosure. The ICO took no further action following our robust and comprehensive response.

A further incident in which a desktop computer was found to be missing from PHSO's London office, during an office refurbishment and disposal of obsolete equipment, was reported to the police. PHSO then took measures to reduce the risk to any further assets including physical desk locks, authentication and software review. This was not reported to the ICO as there was no known personal data at risk.

## Information Commissioner's Office

The Information Commissioner's Office (ICO) undertook an audit on information governance and physical records management in 2017-18 and a follow up audit in 2018-19. All the recommendations from the first audit have been actioned and the majority are complete. Reports on progress

were given to the Audit and Risk Assurance Committee. The Audit and Risk Assurance Committee continues to receive quarterly reports on information assurance, and has undertaken stand-alone assurance reviews on information including cyber security.

## Governance compliance

The Board monitors compliance with the PHSO Governance Framework which is based upon the principles of good governance as detailed in the Corporate Governance in Central Departments: Code of Good Practice (Cabinet Office, HM Treasury, April 2017).

The Audit and Risk Assurance Committee scrutinises quarterly governance reports that detail compliance with the Governance Framework and reviews the risk management process set out in PHSO's Risk Management Policy, which is approved by Board. The Committee actively seeks additional sources of assurance on the robustness of the governance and risk arrangements that include referencing internal audit reports as well as commissioning 'assurance reviews' into specific areas of risk relating to business continuity and cyber security. Quarterly reports that detail compliance with the Finance and Procurement Codes are also reviewed.

A report on compliance with all aspects of the Governance Framework is scrutinised annually by the Audit and Risk Assurance Committee. In 2018-19 all aspects of the Framework were complied with and no departures noted

apart from an identified error to maintain a Gifts and Hospitality Register since January 2014 that came to light in February 2019 following a review of the Finance Code. This has been corrected from April 2019.

## Fraud and bribery and whistleblowing

We have an anti-fraud and bribery policy and a whistleblowing policy and associated response plan in place. Both policies are available to staff on our intranet and promoted at induction. Additional advice and training on the anti-fraud and bribery policy is provided for staff who manage budgets or undertake procurement. We do not tolerate any form of fraudulent or improper activity and are supportive of those wishing to raise concerns. There is an assurance of anonymity and security by offering alternate routes to raise concerns as well as providing professional and independent support as and when necessary. In 2018-19 no action was required under either policy. We have recruited a Freedom to Speak Up Champion from our staff as part of our commitment to our value of transparency in 2019-20.

## Internal audit reports

The Audit and Risk Assurance Committee approves an internal audit plan based on the risk environment. In 2018-19 we focused internal audit on areas of high risk or areas that had been through significant transformation and development.

KPMG, the PHSO internal auditors for 2018-19, undertook seven internal audits that were considered by the Audit and Risk Assurance Committee.

### Significant assurance

- Equality and Diversity

### Significant assurance with minor improvement opportunities

- Financial and accounting systems, including mid-term planning
- Cyber security
- Data protection and GDPR
- Service Charter
- Transformation Programme and Target Operating Model
- Forensic Investigation

All internal audit recommendations receive a detailed management response and action plan that is monitored by the Audit and Risk Assurance Committee. A detailed assurance examination by the Committee took place for cyber security and data protection.

The significant assurance on equality and diversity reflected the commitment of the Executive to improve performance in this area and in particular issues around ICT accessibility as well as all aspects of equality and inclusion.

The Committee also received a detailed assessment of the progress being made to embed the business continuity plan.

## 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 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 and Risk Assurance 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 2018-19 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.

## Review of the year and looking ahead

I am confident that governance processes are now embedded in the organisation. The Audit and Risk Assurance Committee has an annual plan of assurance and has reviewed evidence on the internal audit recommendations implementation, and has assured itself of the effectiveness of our risk management arrangements and delivery of General Data Protection Regulations, as well as assurance on business continuity and cyber security.

In 2019-20 we will continue to consolidate this activity by ensuring that the Governance Framework and the Strategy for Managing Risk are regularly reviewed and are supporting good governance and active risk management throughout PHSO by promoting consistent, coherent and transparent frameworks for decision making.

**Rob Behrens, CBE,  
Accounting Officer,  
Ombudsman and Chair  
15 July 2019**

# Remuneration and staff report

Rob Behrens took up his post as the Parliamentary and Health Service Ombudsman on 6 April 2017 following approval by Parliament and appointment by the Queen. The Ombudsman post comprises two specific roles, the Parliamentary Commissioner for Administration (PCA) and the Health Service Commissioner for England (HSC), with one salary for the combined post paid directly from the Consolidated Fund. Rob Behrens is not a member of the pension scheme and so does not accrue pension benefits.

## Ombudsman remuneration and pension entitlements (Audited)

	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
Rob Behrens	160-165	-	-	160-165	155-160	-	-	155-160

## PHSO Board executive members 2018-19 (Audited)

Rob Behrens is Executive Chair of the Board, his salary, benefits and pension details are shown on the previous page.

		Commencement date	End date
Amanda Campbell	Chief Executive	1 October 2016	N/A
Gill Kilpatrick	Executive Director Corporate Services	1 May 2015	N/A
Alex Robertson	Executive Director Strategy and Operations	5 July 2016	N/A

All Board members were appointed under fair and open competition.

The Remuneration and Nominations Committee determines the pay and performance review arrangements of the Chief Executive and Executive Directors in accordance with PHSO's pay policy, which includes: comparability with the Senior Salaries Review Policy, Civil Service; public sector pay policy; and appropriate pay market data on external comparison.

## 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 for every year of continuous service plus one week (maximum of thirteen 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 Chief Executive and Executive Directors were (full year equivalents, where applicable, are provided in brackets):

2018-19					
	Salary £000	Non consolidated pay £000	Benefits in kind (to the nearest £100) £	Pensions benefits <sup>2</sup> £000	Total £000
Amanda Campbell (Chief Executive Officer)	155-160	10-15	-	55	225-230
Rebecca Marsh (Executive Director of Operations and Investigations)	N/A	-	-	N/A	N/A
Gill Kilpatrick (Executive Director of Corporate Services)	120-125	5-10	-	47	170-175
Alex Robertson (Executive Director of Strategy and Operations)	115-120	5-10	-	46	170-175

<sup>2</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.

**Executive members' remuneration and pension entitlements (Audited) (continued)**

	2017-18				
	Salary £000	Non consolidated pay £000	Benefits in kind (to the nearest £100) £	Pensions benefits £000	Total £000
Amanda Campbell (Chief Executive Officer)	150-155	10-15	-	97	260-265
Rebecca Marsh (Executive Director of Operations and Investigations)	85-90 (115-120)	-	-	34	120-125
Gill Kilpatrick (Executive Director of Corporate Services)	115-120	5-10	-	46	165-170
Alex Robertson (Executive Director of Strategy and Operations)	115-120	5-10	-	45	165-170

**Fair Pay Disclosure (Audited)**

The banded remuneration of the highest-paid director in PHSO in the financial year 2018-19 was £170,000-£175,000 full time equivalent (2017-18 was £165,000-170,000) and the lowest paid employee was in the range £20,000 – 25,000 (2017-18 £20,000 - £25,000). The remuneration of the highest paid director was 4.9 times (2017-18 was 4.9) the median remuneration of the workforce, which was £35,275 (2017-18 was £33,936).

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)

Non-executive members are appointed to the Board for a term of three years, renewable for one further term. Four Board members were initially appointed for a term of two years when significant changes from the proposed draft Public Service Ombudsman Bill were anticipated. Each was subsequently re-appointed for a further three years. Further extension will be at the discretion of the Ombudsman. The contract appointment dates for non-executive members, dates of extension and end dates are shown in the table on page 62.

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

	2018-2019		2017-2018	
	Salary £000	Benefits in kind (to the nearest £100) £	Salary £000	Benefits in kind (to the nearest £100) £
Sir Alex Allan, KCB	10-15	-	0-5 (5-10)	-
Elisabeth Davies <sup>1</sup>	10-15	-	5-10	-
Dean Fathers	5-10	-	0-5 (5-10)	-
Alan Graham MBE <sup>1</sup>	10-15	-	5-10	-
Ruth Sawtell <sup>1</sup>	10-15	-	5-10	-
Sir Jon Shortridge, KCB	N/A	-	5-10	-
Julia Tabreham	5-10	-	5-10	-
Ram Gidoomal <sup>1</sup>	5-10	-	N/A	-
Helen Walley	N/A	-	0-5 (5-10)	-

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

Non-Executive Board members' remuneration is decided by the Ombudsman, and payments reflect different responsibilities carried out by Board members, such as chairing a Committee. No members receive a pension entitlement.

## Pension Entitlements (Audited)

The pension entitlement of the Ombudsman:

Rob Behrens is not a member of the pension scheme and so the pension entitlement of the Ombudsman was zero for 2018-19.

The pension entitlements of the Chief Executive and Executive Directors were:

	Accrued pension at pension age at 31/03/19 £000	Accrued lump sum at pension age at 31/03/19 £000	Real increase in pension at pension age £000	Real increase in lump sum at pension age £000	CETV at 31/03/19 £000	CETV at 31/03/18 £000	Real increase in CETV £000
Amanda Campbell	70-75	175-180	2.5-5	-	1,400	1,219	29
Gill Kilpatrick	10-15	-	2.5-5	-	129	85	25
Alex Robertson	25-30	-	2.5-5	-	261	198	18

## Off-payroll engagements

The following tables provide details of off-payroll engagements for more than £245 per day and that last for longer than six months.

<b>No. of existing engagements as of 31 March 2019</b>	<b>3</b>
Of which...	
No. that have existed for less than one year at time of reporting	2
No. that have existed for between one and two years at time of reporting	1
No. that have existed for between two and three years at time of reporting	-
No. that have existed for between three and four years at time of reporting	-
No. that have existed for four or more years at time of reporting	-
<b>No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019</b>	<b>4</b>
Of which...	
No. assessed as caught by IR35	-
No. assessed as not caught by IR35	4
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	-
No. of engagements reassessed for consistency/ assurance purposes during the year	-
No. of engagements that saw a change to IR35 status following the consistency review	-
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	1
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year	20

Following the resignation of the Director of Resources, interim cover was required for a period of five months to cover the recruitment process for a replacement and the three month notice period of the successful candidate.

## 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 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **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. 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  
15 July 2019**

## Staff report

### Staff numbers

At the end of March 2019 the number of staff we employed was 402 full-time equivalents (FTEs). Of these, 57% were female, 43% male. 44% of the Executive Team (Chief Executive, Executive Directors and Directors) was female and 56% male. The average number of people employed by us during 2018-19 was 411 FTE. The average age of our staff was 39 years.

### Senior Managers by Grade (full-time equivalents)

Grade	March 2019
0 (Chief Executive and executive directors)	3
1 (directors)	6
2 (assistant directors and heads of departments)	15
<b>Total</b>	<b>24</b>

### Average number of persons employed (Audited)

The average number of full-time equivalent persons employed, excluding the Ombudsman, during the year was 411:

	2018-19				2017-18
	Executive Directors (inc Chief Exec)	Other permanent staff	Others	Total	Total
Full-time equivalent	3	361	47	411	425

## Staff turnover

Staff turnover was 21% in 2018-19; less than that in 2017-18 of 43%. This includes the end of fixed term contracts. The underlying turnover of permanent staff in 2018-19 was 15%.

## Sickness absence

We are committed to the physical and mental health of our staff. We have a comprehensive sickness management policy and our procedures, together with our occupational health arrangements, help to support those absent on long term sick back to work as quickly as possible. There were no reportable health and safety at work incidents in 2018-19 under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

Sickness absence in 2018-19 reduced to 7.6 days per full time equivalent (FTE) employee from 10.5 days in 2017-18. This is the average total days sick per FTE per year. It is calculated by the total days of sickness absence in the last 12 months divided by the total FTE for that month.

## Equality and diversity

We believe strongly in creating a diverse and inclusive workplace, and part of our strategy is to guarantee to interview all disabled applicants who meet the minimum criteria of the job. In such cases, we have a duty to make reasonable adjustments to help overcome disadvantage resulting from disability and to facilitate recruitment and selection by, for example, making adjustments to the arrangements for interviews and selection tests.

We support people who become disabled during their employment to remain in work and achieve their potential. To that end, we seek specialist advice on adjustments that would enable the person concerned to continue in their current post via our occupational health advisers and other specialist partners, and agree a package of reasonable adjustments for the person.

To ensure that all employees have access to learning and development opportunities, reasonable adjustments will include any specific requirements to allow the employee to access suitable learning and development opportunities. When promotion opportunities arise, employees with a disability are encouraged to apply and to discuss any adjustments they would require to the selection arrangements to remove any disadvantage resulting from their disability.

Below are the reported ethnicity and disability statistics of our workforce at 31 March 2019. They are consistent with the composition of our workforce from the previous year.

	31 March 2019	31 March 2018	UK population benchmark (where available)
Female	57%	57%	51%
Black, Asian and minority ethnic	15%	15%	13%
Disabled	10%	9%	19%
Lesbian, gay, bisexual and transgender	9%	10%	N/A
Religious belief (those with a religious belief)	49%	50%	N/A
Part time	15%	15%	N/A
Age 50+	18%	21%	N/A

## Employee relations

There were no days lost in 2018-19 to industrial action or other employee relations disputes.

## Consultancy

£134k (£363k in 2017-18) was spent on consultancy in 2018-19. This spend supported the organisational restructures during the year.



## Staff related costs (Audited)

	2018-19			2017-18	
	Permanently employed staff £000	Fixed term contracts £000	Agency staff £000	Total £000	Total £000
Wages and salaries	14,568	1,606	612	16,786	16,649
Social security costs	1,758	11	-	1,769	1,685
Other pension costs	3,147	4	-	3,151	3,081
Less Capitalised Salary Costs	(119)	-	(148)	(267)	-
<b>Sub total</b>	<b>19,354</b>	<b>1,621</b>	<b>464</b>	<b>21,439</b>	<b>21,415</b>
Ombudsman's salary (paid from the Government Consolidated Fund, including employer's on-costs)	185	-	-	185	181
<b>Total gross costs</b>	<b>19,539</b>	<b>1,621</b>	<b>464</b>	<b>21,624</b>	<b>21,596</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 2016.

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

For 2018-19, contributions of £3,956k were payable to the PCSPS (2017-18 £3,867k) including employer's contributions 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 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees that do not enter the Civil Service Pension Scheme can opt to open a partnership pension account or a stakeholder pension with an employer contribution. Employer's contributions of £32,345 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 £2,906.

## Exit packages (Audited)

Exit Package Band	2018-19			2017-18
	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	-	-	-	15
£10,001 - £25,000	-	-	-	24
£25,001 - £50,000	-	4	4	17
£50,001 - £100,000	-	2	2	10
£100,001 - £150,000	-	-	-	1
£150,001 - £200,000	-	-	-	-
£200,001 - £250,000	-	-	-	-
<b>Number</b>	-	6	6	67
<b>Total (£000)</b>	-	319	319	1,942

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 all contractual terms.

Exit costs are accounted for in full in the year of departure. 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  
15 July 2019**

# Parliamentary Accountability and Audit Report (Audited)

## Statement of Parliamentary Supply

### Summary of Resource and Capital Outturn 2018-19

2018-19									2017-18	
	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			
<b>Departmental Expenditure Limit</b>										
- Resource	1.1	30,208	192	30,400	29,552	185	29,737	656	33,173	
- Capital	1.2	1,116	-	1,116	1,028	-	1,028	88	1,554	
<b>Annually Managed Expenditure</b>										
- Resource	1.1	(2,147)	-	(2,147)	(2,536)	-	(2,536)	389	(3,746)	
- Capital	1.2	-	-	-	-	-	-	-	-	
<b>Total</b>		<b>29,177</b>	<b>192</b>	<b>29,369</b>	<b>28,044</b>	<b>185</b>	<b>28,229</b>	<b>1,133</b>	<b>30,981</b>	
Total Resource		28,061	192	28,253	27,016	185	27,201	1,045	29,427	
Total Capital		1,116	-	1,116	1,028	-	1,028	88	1,554	
<b>Total</b>		<b>29,177</b>	<b>192</b>	<b>29,369</b>	<b>28,044</b>	<b>185</b>	<b>28,229</b>	<b>1,133</b>	<b>30,981</b>	

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

The underspend against the 2018-19 RDEL of £656k (2%) is mainly as a result of depreciation costs being £473k lower than the estimate. The estimate allowed for the potential impairment of the Casework Management IT System, but this was not necessary. RDEL excluding depreciation was 0.8% under budget.

The non-voted resource expenditure limit was £192k, and funds the cost of the

Ombudsman’s salary and social security costs. There was a small underspend of £7k.

The Annually Managed Expenditure (AME) limit covers the creation and use of provisions. In 2018-19 the AME limit was negative due to the planned utilisation of provisions (principally early departure costs, dilapidations and onerous lease costs) exceeding the forecast amount of new provisions being created. The provision

requirements for Dilapidations and Legal costs were less than was estimated, resulting in £389k of the AME allocation being unutilised.

Capital expenditure was £88k (8%) less than estimated mainly due to lower than forecast external consultancy costs for the Casework Management IT System.

## Net Cash Requirement 2018-19

		2018-19			2017-18
	SoPS Note	Estimate £000	Outturn £000	Outturn compared to Estimate: saving/ (excess) £000	Outturn £000
Net Cash Requirement	2	32,147	30,038	2,109	32,905

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

Regularity – the above statement of Parliamentary Supply demonstrates that in 2018-19 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)

### SoPS 1 Net outturn

#### SoPS 1.1 Analysis of net resource outturn by section

	2018-19				2017-18	
	Outturn Administration		Net £000	Estimate Net total £000	Net Total compared with Estimate £000	Outturn total £000
	Gross £000	Income £000				
<b>Spending in Departmental Expenditure Limits (DEL)</b>						
<b>Voted expenditure</b>	<b>30,684</b>	<b>(1,132)</b>	<b>29,552</b>	<b>30,208</b>	<b>656</b>	<b>32,992</b>
<i>Of which</i>						
A Administration	30,684	(1,132)	29,552	30,208	656	32,992
<b>Non Voted expenditure</b>	<b>185</b>	<b>-</b>	<b>185</b>	<b>192</b>	<b>7</b>	<b>181</b>
<i>Of which</i>						
B Ombudsman's salary and social security	185	-	185	192	7	181
<b>Total</b>	<b>30,869</b>	<b>(1,132)</b>	<b>29,737</b>	<b>30,400</b>	<b>663</b>	<b>33,173</b>
<b>Spending in Annually Managed Expenditure (AME)</b>						
<b>Voted expenditure</b>	<b>(2,536)</b>	<b>-</b>	<b>(2,536)</b>	<b>(2,147)</b>	<b>389</b>	<b>(3,746)</b>
<i>Of which</i>						
C Use of Provisions	(2,536)	-	(2,536)	(2,147)	389	(3,746)
<b>Total</b>	<b>28,333</b>	<b>(1,132)</b>	<b>27,201</b>	<b>28,253</b>	<b>1,052</b>	<b>29,427</b>

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 PHSO funding is classified as 'administration' and therefore no such analysis is provided.

## SoPS 1.2. Analysis of net capital outturn by section

	2018-19				2017-18	
	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 Limit (CDEL)</b>						
<b>Voted expenditure</b>	<b>1,028</b>	-	<b>1,028</b>	<b>1,116</b>	<b>88</b>	<b>1,554</b>
<i>Of which</i>						
Administration	1,028	-	1,028	1,116	88	1,554
<b>Total</b>	<b>1,028</b>	-	<b>1,028</b>	<b>1,116</b>	<b>88</b>	<b>1,554</b>

## SoPS 2. 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	28,253	27,201	1,052
<b>Capital Outturn</b>	SoPS1.2	1,116	1,028	88
<b>Accruals to cash adjustments:</b>				
<i>Adjustment to remove non-cash items:</i>				
Depreciation, Amortisation & Impairments	5,6	(1,100)	(627)	(473)
Loss on Disposal of Fixed Assets		-	(29)	29
New provisions and adjustments to previous provisions	10	1,515	(53)	1,568
Other non-cash items	3	-	(60)	60
<i>Adjustments to reflect movements in working balances</i>				
Increase/(decrease) in receivables	8	-	(842)	842
(Increase)/decrease in payables	9	1,923	1,016	907
Use of provisions	10	632	2,589	(1,957)
		<b>32,339</b>	<b>30,223</b>	<b>2,116</b>
<b>Removal of non-voted budget items:</b>				
Consolidated Fund	SoPS 1.1	(192)	(185)	(7)
<b>Net Cash Requirement</b>		<b>32,147</b>	<b>30,038</b>	<b>2,109</b>



### SoPS 3. Analysis of 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).

	2018-19		2017-18	
	£000		£000	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Excess income surrenderable to the Consolidated Fund	-	-	-	9

### Parliamentary Accountability Disclosures (Audited)

#### Regularity

There were no financial irregularities during 2018-19 (nil 2017-18).

#### Losses and special payments

	2018-19		2017-18	
	No. of cases	£000	No. of cases	£000
Fruitless Payments	1	2,246	1	2,524
Administrative Write Offs	-	-	-	-
Other	44	45	30	7
<b>Total</b>	<b>45</b>	<b>2,291</b>	<b>31</b>	<b>2,531</b>

Fruitless Payments relate to the payments on onerous leases on Millbank Tower. These were partially offset by income of £1,129k received from subletting.

Other Losses and special payments relate to compensation payments (£45k) and a debt write off (£48).

## **Fees and Charges**

PHSO has not received any income related to fees and charges.

## **Remote Contingent Liabilities**

There are no remote contingent liabilities as at 31 March 2019 (nil 31 March 2018).

**Rob Behrens, CBE,  
Accounting Officer,  
Ombudsman and Chair  
15 July 2019**

# The Certificate of the Comptroller and Auditor General to the House Of Commons

## Opinion on financial statements

I certify that I have audited the financial statements of the Parliamentary and Health Service Ombudsman for the year ended 31 March 2019. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. 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, and the information in the Accountability Report that is described in that report as having been audited.

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 2019 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 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 2019 and shows that those totals have not been exceeded; and
- the income and expenditure 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.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Parliamentary and Health Service Ombudsman in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parliamentary and Health Service Ombudsman's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to

modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## **Responsibilities of the Accounting Officer for the financial statements**

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.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parliamentary and Health Service Ombudsman's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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.

## Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Government Financial Reporting Manual issued by HM Treasury;
- in the light of the knowledge and understanding of the Parliamentary and Health Service Ombudsman and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports 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; or
- the financial statements and the parts of the Accountability Report 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.

**Gareth Davies**  
**Comptroller and Auditor General**

**17 July 2019**

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 2019

		2018-19	2017-18
	Note	£000	£000
<b>Operating income</b>	4	1,132	1,644
<b>Operating expenditure</b>			
Staff costs	3	21,624	21,596
Purchase of goods and services	3	6,000	8,249
Depreciation, impairment charges and adjustments	3	656	505
Provision expense	10	53	721
Other operating expenditure		-	-
<b>Total operating expenditure</b>		<b>28,333</b>	<b>31,071</b>
<b>Net operating expenditure</b>		<b>27,201</b>	<b>29,427</b>
<b>Other comprehensive expenditure</b>		-	-
<b>Comprehensive net expenditure for the year ended 31 March</b>		<b>27,201</b>	<b>29,427</b>

Purchase of goods and services includes £60,000 for Auditor's remuneration (£60,000 2017-18).



## Statement of Financial Position as at 31 March 2019

		31 March 2019	31 March 2018
	Note	£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	5	1,804	1,636
Intangible assets	6	1,111	907
<b>Total non-current assets</b>		<b>2,915</b>	<b>2,543</b>
<b>Current assets</b>			
Trade and other receivables	8	660	1,502
Cash at bank	7	251	322
<b>Total current assets</b>		<b>911</b>	<b>1,824</b>
<b>Total assets</b>		<b>3,826</b>	<b>4,367</b>
<b>Current liabilities</b>			
Trade and other payables	9	(2,170)	(3,466)
Provisions	10	(268)	(2,927)
Other liabilities	9	(339)	(463)
<b>Total current liabilities</b>		<b>(2,777)</b>	<b>(6,856)</b>
<b>Total assets less current liabilities</b>		<b>1,049</b>	<b>(2,489)</b>
<b>Non-current liabilities</b>			
Provisions	10	(513)	(390)
Other liabilities	9	(470)	(137)
<b>Total non-current liabilities</b>		<b>(983)</b>	<b>(527)</b>
<b>Total assets less total liabilities</b>		<b>66</b>	<b>(3,016)</b>
<b>Taxpayers' equity and other reserves</b>			
General Fund		66	(3,016)
<b>Total equity</b>		<b>66</b>	<b>(3,016)</b>

**Rob Behrens, CBE,**  
**Accounting Officer, Ombudsman and Chair**  
**15 July 2019**

## Statement of Cash Flows for the year ended 31 March 2019

		2018-19	2017-18
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Net operating expenditure	2	(27,201)	(29,427)
Adjustments for non-cash transactions	3	769	1,286
(Increase)/decrease in trade and other receivables	8	842	93
Increase/(decrease) in trade payables	9	(1,078)	1,092
Movements in payables/receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	9	62	(108)
Use of provisions	10	(2,589)	(4,467)
<b>Net cash outflow from operating activities</b>		<b>(29,195)</b>	<b>(31,531)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(564)	(1,425)
Purchase of intangible assets	6	(464)	(129)
<b>Net cash outflow from investing activities</b>		<b>(1,028)</b>	<b>(1,554)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply): current year		29,976	33,021
From the Consolidated Fund (Non-Supply)	3	185	181
<b>Net financing</b>		<b>30,161</b>	<b>33,202</b>
<b>Net increase/(decrease) in cash in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>(62)</b>	<b>117</b>
Payments of amounts due to the Consolidated Fund		(9)	-
<b>Net increase/(decrease) in cash in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(71)</b>	<b>117</b>
<b>Cash at the beginning of the period</b>	7	<b>322</b>	<b>205</b>
<b>Cash at the end of the period</b>	7	<b>251</b>	<b>322</b>

## Statement of Changes in Taxpayers' Equity for the Year ended 31 March 2019

	Note	Taxpayers' Equity £000
<b>Balance at 31 March 2017</b>		<b>(6,743)</b>
Net Parliamentary Funding – drawn down		33,021
Net Parliamentary Funding – deemed		205
Consolidated Fund Standing Services	3	181
Supply Payable Adjustment	9	(313)
CFERs Payable to the Consolidated Fund		-
Comprehensive net expenditure for the year	2	(29,427)
Auditor's remuneration	3	60
<b>Balance at 31 March 2018</b>		<b>(3,016)</b>
Net Parliamentary Funding - drawn down		29,976
Net Parliamentary Funding - deemed		313
Consolidated Fund Standing Services	3	185
Supply Payable Adjustment	9	(251)
CFERs Payable to the Consolidated Fund		-
Comprehensive net expenditure for the year	2	(27,201)
Auditor's remuneration	3	60
<b>Balance at 31 March 2019</b>		<b>66</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.

Deemed funding and supply payable adjustment refer to opening and closing cash balances respectively.

# 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 2018-19 issued by HM Treasury, for use within Central Government. Where the Government Financial Reporting Manual 2018-19 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 PHSO are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.1 Financing

PHSO is 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 Income

#### Revenue Recognition

Revenue has been measured at the fair value of the consideration received or receivable. PHSO recognises income when the amount of revenue and related cost can be reliably measured and performance obligations are met.

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

#### Services to other Ombudsman

Revenue from other ombudsman is recognised when the service is rendered. There has been no income from this source in 2018-19.

### 1.3 Payables

Trade payables are recognised based on invoiced amounts. Accruals for liabilities which exceed a de minimis threshold of £100 are included at the best estimate of the liability. Deferred income is recognised based on the amount invoiced and an assumption that income is earned on a straight-line basis over the period billed.

### 1.4 Property, plant and equipment

Expenditure on property, plant and equipment of £3,000 or more is capitalised. Similar assets costing less than £3,000 may be capitalised if they are acquired at broadly the same time, providing they are capital in nature and there are enough assets to be worth more than £3,000 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 as a proxy for fair value.

## 1.5 Intangible assets

Expenditure on intangible assets, which are software licences and the associated costs of implementation, is capitalised when the cost is £3,000 or more. Intangible assets costing less than £3,000 may be capitalised, providing they are capital in nature and there are enough assets and associated costs to be worth more than £3,000 in total. Licences for one year or less are expensed, not capitalised, regardless of cost.

In 2018-19, PHSO commenced capitalising the labour costs for staff and contractors who are working on capital projects on an ongoing basis for more than 20% of their time.

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

## 1.6 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 – five years
- IT software and equipment – three to ten years
- Office machinery – five years
- Building 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.

## 1.7 Value added tax

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

## 1.8 Accounting estimates

Significant accounting estimates have been made in relation to provisions. Dilapidations have been reviewed and provision made based on estimated costs. Provisions in respect of Early Departures and Legal Costs have been included and are the best estimates of the potential liabilities. No other significant accounting estimates or judgments have been made in preparing these accounts.

## 1.9 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 2019-20 for the Parliamentary and Health Services Ombudsman has been approved by Parliament.

On 5th December 2016 the Government published a draft bill to create a single public service ombudsman, integrating the existing jurisdictions of the Local Government and Social Care Ombudsman and the Parliamentary and Health Service Ombudsman. These proposals were put on hold as a result of the parliamentary pressures created by the decision to exit the European Union. If legislative process recommences, it is estimated that the operational integration of the LGSCO and PHSO schemes would take a further 18 months, during which time the PHSO would need to continue to function as a standalone body.

We are satisfied that these proposals 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.

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

IFRS 16 Leases: This standard replaces IAS 17 and is expected to have a significant impact on PHSO which we are in the process of assessing and quantifying. Rather than applying a distinction between operating leases and finance leases, lessees will be required to recognise lease liabilities reflecting future lease payments and 'right-of-use assets' for most lease contracts. This will be adopted by the UK Public Sector in 2020-21.

No new accounting standards or revisions to existing standards have been adopted early by PHSO in 2018-19.

## 2. Statement of Operating Costs by Operating Segment

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

The two main areas of activity at PHSO are set out below:

**Operations and Strategy:** responsible for the delivery of casework and customer service, media, communications and insight reports. This is the combination of the Operations and Strategy, and External Affairs and Insight segments reported in 2017-18.

**Corporate Services:** responsible for the services which support delivery of our casework, including Finance, Governance, Legal services, Human Resources, Procurement, Information Assurance, Business Planning, ICT, Accommodation and the Executive Office.

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 Strategy £000	Corporate Services £000	Total £000
	<b>2018-19</b>		
Staff costs	16,378	5,246	21,624
Other employee expenditure	118	162	280
External casework costs	275	31	306
Other professional advice	51	534	585
Research, media and publications	193	3	196
Accommodation costs	-	4,652	4,652
IT and Telecommunications	-	2,146	2,146
Recruitment	-	116	116
External learning and staff development	-	244	244
Other central overheads	-	324	324
Provisions*	-	(2,537)	(2,537)
Early Departure costs*	302	95	397
Income	-	(1,132)	(1,132)
<b>Total</b>	<b>17,317</b>	<b>9,884</b>	<b>27,201</b>

\* Includes £1k rounding

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

	Operations and Strategy £000	Corporate Services £000	Total £000
2017-18 (reclassified)			
Staff costs	16,737	4,859	21,596
Other employee expenditure	161	206	367
External casework costs	348	440	788
Other professional advice	21	716	737
Research, media and publications	163	1	164
Accommodation costs	-	6,137	6,137
IT and Telecommunications	-	1,996	1,996
Recruitment	-	421	421
External learning and staff development	-	305	305
Other central overheads	-	274	274
Provisions	-	(3,745)	(3,745)
Early Departure costs	1,609	422	2,031
Income	(36)	(1,608)	(1,644)
<b>Total</b>	<b>19,003</b>	<b>10,424</b>	<b>29,427</b>

The Operations and Investigations and External Affairs and Strategy segments reported separately in 2017-18 have been combined into Operations and Strategy in the table above.

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 Operations and Strategy.

All assets and liabilities are held within Corporate Services and are not recharged to Operations and Strategy.



### 3. Other Administration Costs

		2018-19	2017-18
	Note	£000	£000
<b>Cash items</b>			
Wages and salaries		16,786	16,649
Less: capitalised staff costs		(267)	-
Social security costs		1,769	1,685
Other pension costs		3,151	3,081
Ombudsman's salary and social security		185	181
Early departure costs		298	578
Goods and services		3,496	4,615
Accommodation costs		1,097	1,382
Accommodation operating leases		1,049	1,614
<b>Total cash items</b>		<b>27,564</b>	<b>29,785</b>
<b>Non-cash items</b>			
Depreciation and amortisation of fixed assets:			
Property, plant and equipment	5	366	307
Intangible assets	6	261	196
Loss on disposal	5	29	2
Auditor's remuneration		60	60
Provisions:			
Provided in year	10	367	1,071
Provisions not required written back	10	(314)	(350)
<b>Total non-cash items</b>		<b>769</b>	<b>1,286</b>
<b>Total</b>		<b>28,333</b>	<b>31,071</b>

Auditors have received no remuneration for non-audit work.

## Staff related costs

	2018-19			2017-18	
	Permanently employed staff £000	Fixed term contracts £000	Agency staff £000	Total £000	Total £000
Wages and salaries	14,568	1,606	612	<b>16,786</b>	16,649
Social security costs	1,758	11	-	<b>1,769</b>	1,685
Other pension costs	3,147	4	-	<b>3,151</b>	3,081
Less: capitalised salary costs	(119)	-	(148)	<b>(267)</b>	-
<b>Sub total</b>	<b>19,354</b>	<b>1,621</b>	<b>464</b>	<b>21,439</b>	<b>21,415</b>
Ombudsman's salary and social security costs	185	-	-	<b>185</b>	181
<b>Total gross costs</b>	<b>19,539</b>	<b>1,621</b>	<b>464</b>	<b>21,624</b>	<b>21,596</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 2016.

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

For 2018-19, contributions of £3,956k were payable to the PCSPS (2017-18 £3,867k) including employers' contributions 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 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees that do not enter the Civil Service Pension Scheme can opt to open a partnership pension account or a stakeholder pension with an employer contribution. Employers' contributions of £32,345 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 £2,906.

## 4. Income

	2018-19	2017-18
Note	£000	£000
Recovery of direct and overhead costs from the provision of clinical advice to :		
Public Services Ombudsman for Wales	-	17
Scottish Public Services Ombudsman	-	13
Northern Ireland Ombudsman	-	5
Gibraltar Ombudsman	-	1
Rental income	1,129	1,608
Costs relating to visit of South African Ombudsman recharged to Health Education England	3	-
	1,132	1,644
<b>Total</b>		

Operating income relates directly to the operating activities and management of property, which is within the PHSO Ambit.

The level of income that may be used in support of our activities is set out in the Parliamentary Estimates. 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 PHSO's activities, and is required to be paid over to the Consolidated Fund as excess income.

## 5. Property, plant and equipment

2018-19	Furniture and fittings £000	Information technology £000	Office machinery £000	Buildings £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2018	531	2,042	447	2,264	-	<b>5,284</b>
Additions	288	99	32	124	21	<b>564</b>
Disposals	(136)	(43)	(310)	(1,329)	-	<b>(1,818)</b>
Transfers	-	(28)	-	-	28	-
<b>At 31 March 2019</b>	<b>683</b>	<b>2,070</b>	<b>169</b>	<b>1,059</b>	<b>49</b>	<b>4,030</b>
<b>Depreciation</b>						
At 1 April 2018	319	1,553	435	1,342	-	<b>3,649</b>
Charged in year	69	189	11	97	-	<b>366</b>
Disposals	(130)	(43)	(310)	(1,306)	-	<b>(1,789)</b>
Transfers	-	-	-	-	-	-
<b>At 31 March 2019</b>	<b>258</b>	<b>1,699</b>	<b>136</b>	<b>133</b>	<b>-</b>	<b>2,226</b>
<b>Carrying amount as at 31 March 2019</b>	<b>425</b>	<b>371</b>	<b>33</b>	<b>926</b>	<b>49</b>	<b>1,804</b>
Carrying amount as at 31 March 2018	212	488	14	922	-	<b>1,636</b>

All property, plant and equipment held at 31 March 2019 is owned. There are no leased assets or assets held as non-current assets under PFI contracts. PHSO holds no third-party assets.

## 5. Property, plant and equipment (continued)

2017-18	Furniture and fittings £000	Information technology £000	Office machinery £000	Buildings £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2017	657	1,751	457	1,883	5	<b>4,753</b>
Additions	218	291	-	916	-	<b>1,425</b>
Disposals	(344)	-	(10)	(540)	-	<b>(894)</b>
Transfers	-	-	-	5	(5)	-
<b>At 31 March 2018</b>	<b>531</b>	<b>2,042</b>	<b>447</b>	<b>2,264</b>	-	<b>5,284</b>
<b>Depreciation</b>						
At 1 April 2017	608	1,373	427	1,825	-	<b>4,233</b>
Charged in year	53	181	16	57	-	<b>307</b>
Disposals	(342)	-	(10)	(540)	-	<b>(892)</b>
Transfers	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>319</b>	<b>1,554</b>	<b>433</b>	<b>1,342</b>	-	<b>3,648</b>
<b>Carrying amount as at 31 March 2018</b>	<b>212</b>	<b>488</b>	<b>14</b>	<b>922</b>	-	<b>1,636</b>
Carrying amount as at 31 March 2017	49	378	30	58	5	<b>520</b>

## 6. Intangible assets

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

2018-19	Software £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2018	1,438	254	1,692
Additions	232	232	464
Disposals	-	-	-
Transfers	255	(255)	-
<b>At 31 March 2019</b>	<b>1,925</b>	<b>232</b>	<b>2,157</b>
<b>Amortisation</b>			
At 1 April 2018	785	-	785
Charged in year	261	-	261
Disposals	-	-	-
Transfers	-	-	-
<b>At 31 March 2019</b>	<b>1,046</b>	<b>-</b>	<b>1,046</b>
<b>Carrying amount as at 31 March 2019</b>	<b>879</b>	<b>232</b>	<b>1,111</b>
Carrying amount as at 31 March 2018	653	254	907

Accumulated rounding differences in the table above have been taken in the assets under construction column. All intangible assets held at 31 March 2019 are owned rather than leased or held as non-current assets through PFI contracts. PHSO holds no third-party assets. There were no intangible asset disposals during the year.

## 6. Intangible assets (continued)

2017-18	Software £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2017	1,384	179	1,563
Additions	54	75	129
Disposals	-	-	-
Transfers	-	-	-
<b>At 31 March 2018</b>	<b>1,438</b>	<b>254</b>	<b>1,692</b>
<b>Amortisation</b>			
At 1 April 2017	589	-	589
Charged in year	196	-	196
Disposals	-	-	-
Transfers	-	-	-
<b>At 31 March 2018</b>	<b>785</b>	<b>-</b>	<b>785</b>
<b>Carrying amount as at 31 March 2018</b>	<b>653</b>	<b>254</b>	<b>907</b>
Carrying amount as at 31 March 2017	795	179	974

## 7. Cash

	2018-2019	2017-2018
	£000	£000
Balance at 1 April	322	205
Net change in cash balances	(71)	117
<b>Total cash balances at 31 March</b>	<b>251</b>	<b>322</b>

The following cash balances at 31 March were held:

Cash at bank-Government Banking Service	251	322
Cash in hand	-	-
<b>Total cash balances at 31 March</b>	<b>251</b>	<b>322</b>

## 8. Trade receivables, financial and other assets

	31 March 2019	31 March 2018
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade receivables	6	50
Deposits and advances	49	69
Prepayments and accrued income	605	1,383
CFERs receivable from the Consolidated Fund	-	-
<b>Total</b>	<b>660</b>	<b>1,502</b>



## 9. Trade payables and other current liabilities

	31 March 2019	31 March 2018
	£000	£000
<b>Amounts falling due within one year</b>		
Trade payables	64	83
Taxation and social security	437	476
Other payables	324	347
Accruals and deferred income	1,345	2,560
<b>Trade and other payables</b>	<b>2,170</b>	<b>3,466</b>
Rent-free period accrual	88	141
Amounts issued from the Consolidated Fund for supply but not spent at year end	251	313
<b>Other liabilities</b>	<b>339</b>	<b>454</b>
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:		
Received	-	9
<b>Sub total</b>	<b>2,509</b>	<b>3,929</b>
<b>Amounts falling due after more than one year</b>		
Rent-free period accrual	470	137
<b>Total</b>	<b>2,979</b>	<b>4,066</b>

## 10. Provisions for liabilities and charges

	2018-19				2017-18	
	Early departure costs £000	Legal claims £000	Dilapidations £000	Onerous lease £000	Total £000	Total £000
Balance at 1 April	98	210	764	2,245	3,317	7,063
Provided in the year	185	59	123	-	*367	1,071
Provisions not required written back	-	(24)	(290)	-	*(314)	(350)
Provisions utilised in the year	(98)	(162)	(84)	(2,245)	(2,589)	(4,467)
<b>Balance at 31 March</b>	<b>185</b>	<b>83</b>	<b>513</b>	<b>-</b>	<b>781</b>	<b>3,317</b>

\* The amount shown in the SoCNE comprises the movement in year of £53k being made up of the sums marked with an asterisk above.

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 not material.

## 10.1 Analysis of expected timing of liabilities and charges

	2018-19				2017-18	
	Early departure costs £000	Legal claims £000	Dilapidations £000	Onerous lease £000	Total £000	Total £000
Not later than one year	185	83	-	-	268	2,927
Later than one year and not later than five years	-	-	116	-	116	-
Later than five years	-	-	397	-	397	390
<b>Balance at 31 March</b>	<b>185</b>	<b>83</b>	<b>513</b>	<b>-</b>	<b>781</b>	<b>3,317</b>

### Early Departure Costs

The provision has been created in respect of anticipated severance costs.

### Legal Claims

PHSO has received a number of legal claims which are expected to be heard in 2019-20 and for which provision has been made in respect of potential costs and damages.

### Dilapidations

PHSO occupy leased office accommodation in London and Manchester. The leases 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. The dilapidation provisions are based on estimates provided by surveyors.

### 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 vacated the 15th, 19th and 24th floors in 2017-18 and the provision was increased to include these floors. These floors, apart from the 15th and 19th, were 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. The leases for all these floors terminated in December 2018 and the provision brought forward of £2,245k has been fully utilised in 2018-19. Income received in respect of the subletting of 13th, 14th, 23rd & 24th floors at Millbank Tower in 2018-19 was £1,129k (£1,608k 2017-18). With the exception of the Local Government Boundary Commission for England (who vacated early at the end of June 2018), all other tenants remained until the end of the leases in December.

## 11. Commitments under leases

### 11.1 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.

PHSO leases office accommodation in London and Manchester.

In London, PHSO leased the 13th, 14th, 15th, 19th, 21st, 23rd and 24th floors of Millbank Tower. The leases for these floors ended on 25 December 2018.

A new lease for part of the 21st floor at Millbank Tower was agreed from 26 December 2018 for the period until 24 March 2022 with the option to break at any time on or after 28 September 2020 (subject to giving six months' notice).

In Manchester, from October 2017 the 1st to 4th floors of the Citygate building have been leased. The Citygate lease is for 15 years with break clauses at 5 and 10 years.

Total future minimum lease payments under operating leases are set out in the table below.

	31 March 2019	31 March 2018
	£000	£000
<b>Buildings</b>		
Not later than one year	972	2,728
Later than one year and not later than five years	3,573	3,261
Later than five years	6,930	7,745
<b>Total</b>	<b>11,475</b>	<b>13,734</b>
<b>Other</b>		
Not later than one year	18	18
Later than one year and not later than five years	16	34
Later than five years	-	-
<b>Total</b>	<b>34</b>	<b>52</b>

## 11.2 Lease income

PHSO no longer sub-lets any accommodation and does not have any committed income.

	31 March 2019	31 March 2018
	£000	£000
Not later than one year	-	769
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>-</b>	<b>769</b>

## 12. Capital and other commitments

There were no contractual capital commitments as at 31 March 2019 (£57k 31 March 2018) which were not otherwise included in these financial statements.

	31 March 2019	31 March 2018
	£000	£000
Building refurbishments	-	13
Intangible assets (software)	-	44
<b>Total</b>	<b>-</b>	<b>57</b>

### 13. Other financial commitments

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

	31 March 2019	31 March 2018
	£000	£000
Not later than one year	1,145	719
Later than one year and not later than five years	916	65
Later than five years	-	-
<b>Total</b>	<b>2,061</b>	<b>784</b>

### 14. Contingent liabilities disclosed under IAS 37

There were no contingent liabilities as at 31st March 2019.

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

### 15. Contingent assets

PHSO had no contingent assets as at 31st March 2019.

### 16. Related-party transactions

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 sub-let three floors of the Millbank building to The Green Investment Bank PLC, Home Office and the Local Government Boundary Commission for England (LGBCE). LGBCE exited their lease at the end of June 2018. The other leases ran until 25 December 2018 when PHSO's lease ended.
- (b) Since April 2015 PHSO has been working in partnership with the Local Government and Social Care Ombudsman with a joint team investigating complaints which involve both health and social care provision.

### 17. 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. This is interpreted as 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 2019 that would affect the financial statements.









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