

The Ombudsman's

Annual Report and Accounts 2019-2020





The Ombudsman's Annual Report and Accounts 2019-2020

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of the Parliamentary Commissioner Act 1967

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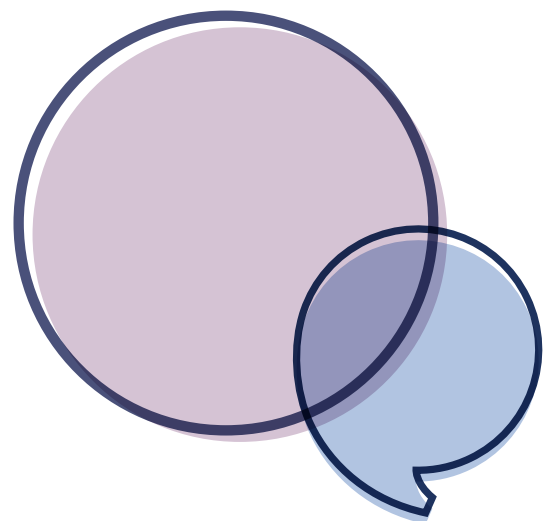
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Performance report

Overview

The overview section provides statements from the Ombudsman and Chief Executive on the performance of the organisation in 2019-20. It sets out the Ombudsman's purpose and role and provides analysis of how we have performed against our strategic objectives and mitigated risk.



Foreword from the Ombudsman and Chair

In 2019-20 the Parliamentary and Health Service Ombudsman (PHSO) made significant strides towards meeting the objectives of our three-year corporate strategy.



An important element of our progress is a combination of developing the skills and professionalism of our case handlers, and using expert opinion and challenge. The portfolio of professional skills development opportunities expands each year. Alongside this, in October 2019, I created a new Expert Advisory Panel to provide the organisation with additional independent advice and feedback. The Panel includes Dr Bill Kirkup, James Titcombe, Suzy Ashworth and Dr Nick Coleman. It is already making an important contribution to improving service quality and the impact of casework.

PHSO has continued to commit to working transparently. Each year we publish increasing numbers of case summaries. Additionally, in October 2019 we held our third Annual Open Meeting for complainants, complaint handlers, national bodies and members of the public. And in February 2020 I published the first Ombudsman's Annual Casework Report. This report illustrates the value and importance of complaining, and how justice for individuals and improving public services can be achieved.

PHSO continues to make an active contribution to the international ombudsman community. We have drawn on this network to learn, to share good practice and to benchmark our performance. Towards these ends I spoke at workshops in Toronto and Barcelona, before the lockdown. In September 2019, I co-hosted a seminar on Peer Reviews with the International Ombudsman Institute (IOI) in London. The subsequent seminar report was developed and published by the IOI as the Guide to Peer Reviews. Together with my Belgian counterpart, I also undertook a Peer Review of the Sindic de Greuges de Catalunya (Ombudsman of Catalonia). Additionally, in partnership with other European Ombudsman schemes, PHSO contributed to the development of the new benchmark for ombudsman independence and effectiveness, The Venice Principles on the Protection and Promotion of the Ombudsman Institution. These Principles will play a key role in the development of PHSO over the next decade.

Following sustained engagement with advocacy groups, regulators and other

stakeholders, PHSO's Complaint Standards Framework for the NHS has now been created and goes out to public consultation as this Report is published. The Framework will help to make front-line complaint handling more consistent and professional and is a cornerstone of improved service delivery in the NHS.

At the very end of the financial year, the COVID-19 pandemic brought substantial changes to the work of PHSO. To avoid placing additional burdens on the NHS at a time of national emergency, and after careful consultation, we took the decision to pause temporarily the consideration of health complaints. This pause is scheduled to finish at the beginning of July 2020. I conclude by thanking all my colleagues, both executive and non-executive, for continuing to work with professionalism and resilience through a challenging time, and for their significant contributions throughout the rest of the year.

Rob Behrens, CBE
Accounting Officer
Ombudsman and Chair
Parliamentary and Health
Service Ombudsman
July 2020

Foreword from the Chief Executive

This year saw a focus on upgrading technology and providing modern and adaptable equipment and systems to help us work in the most efficient and effective way going forward.

Alongside this, we continued to develop casework processes, introducing new mediation capability and quality standards. All of this change was implemented against a backdrop of a sustained increase in demand for our service over the first half of the year.

The high number of complaints brought to us, along with substantial organisational changes, have led to an increase in cases awaiting allocation. In response, we streamlined processes, recruited and trained new caseworkers, and invested in improving the skills of existing staff.

The new casework management system provides colleagues with a more efficient and user-friendly platform, while also enabling better extraction and analysis of information. This will increase our ability to provide insight and learning to help improve public services.

Work continued to embed the 'right decision, right time' approach, with more decisions being taken without the need for a detailed investigation, bringing earlier conclusions for complainants. We also trained a

team in mediation techniques, so that they could facilitate early dispute resolution conversations to enable problems to be resolved. There are encouraging signs that these conversations have helped to rebuild relationships between individual complainants and health care providers.

New pay and grading structures were introduced during the year, replacing a complex and unfair system. The changes were challenging to introduce, but with input and feedback from colleagues and trade unions, we created a simpler and fairer pay structure.

From early March 2020, along with the rest of the nation, PHSO faced the challenge presented by COVID-19. In the space of a few weeks, with incredible work from the technology, security and facilities teams, the organisation went from a minority of staff able to work remotely, to almost all equipped to work from home. As the pandemic took hold, we took the decision to pause consideration of health complaints to avoid placing additional pressure on the NHS at a time of national



emergency. Work on all other complaints continued.

PHSO colleagues responded in an incredibly positive and flexible way to the changes, continuing to work hard to resolve and progress casework where possible, and to maintain a full telephone service to the public throughout the period. My huge thanks go to everyone working at PHSO for their sustained commitment throughout a year of significant change and for their dedication during these very challenging circumstances.

As we look forward to the year ahead, health and Government systems remain under sustained pressure as they consider how to deal with post-pandemic service recovery. Alongside the economic challenges, our nation must also rise to the challenge of creating an equality of opportunity and treatment for all of its citizens. As a champion of tackling injustice, we will do all we can to demonstrably support this aim.

Amanda Amroliwala, CBE
Chief Executive
Parliamentary and Health
Service Ombudsman
July 2020

Vision and strategy

Vision

To be an exemplary public services ombudsman providing an independent, impartial and fair complaints resolution service, while using our casework to help improve public services.

Role

PHSO makes final decisions on complaints that have not been resolved by UK Government departments, the NHS in England and some other UK public organisations. We do this impartially and independently of Government, 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 when it 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, PHSO can be asked to consider it.

PHSO shares findings from casework with Parliament to help it hold organisations that provide public services to account. We also share findings more widely to promote improvements in public services.

PHSO is accountable to Parliament. Our work is scrutinised by the Public Administration and Constitutional Affairs Committee (PACAC).



Vision

PHSO values have been developed in close consultation with staff and stakeholders.



These are:



Independence: from organisations we investigate, holding them to account for service failure



Excellence: learning from engagement with complainants and organisations investigated to improve accessibility, efficiency and effectiveness and the quality of our decisions

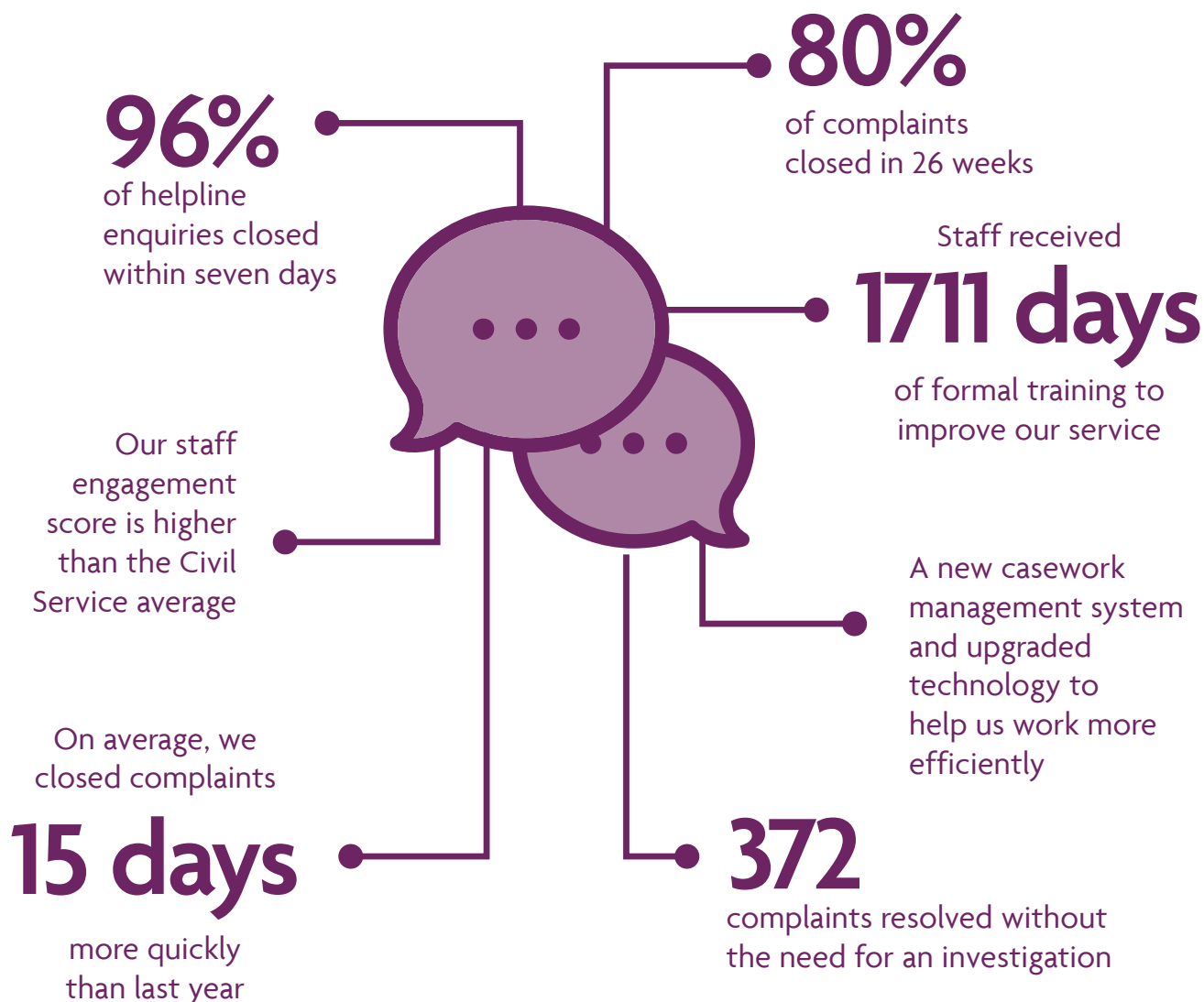


Fairness: listening carefully to complainants and the organisations we investigate and making impartial and fair decisions based on relevant evidence



Transparency: communicating with those who use our service and publishing information about our findings, how we are performing, and how organisations we investigate have implemented our recommendations

Key facts 2019-20



Responding to the coronavirus crisis and its impact on our work

On 26 March 2020, due to the coronavirus pandemic and the resulting pressures on the NHS in England, we took the decision to pause consideration of health complaints.

We believed that we should not place additional burdens on the Health Service during a time of national emergency. This meant that we neither accepted new health complaints, nor progressed existing ones where this required contact with the Health Service or clinical advisers. We communicated these changes to the complainants affected and published a notification on the website.

Consideration of Parliamentary cases received by 26 March continued, where Government departments were able to respond to our enquiries. Following the closure of our offices, arrangements were made to continue to receive referrals from Members of Parliament by email rather than post.

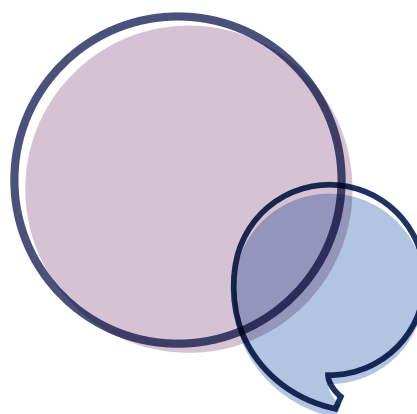
From the beginning of March, our normal ways of operating began to change as we followed Government advice. While the impact on results over the year as a whole has been minimal, figures for March 2020 have seen the following effects as a result of the coronavirus pandemic:

- Unallocated case levels increased
- Unallocated review work increased from 16 cases in February to 45 at the end of March
- Incoming work reduced as we paused health service complaints
- Case closures for March reduced from previous months as it became harder to work with health organisations, gather clinical advice and progress cases
- Cases over 12 months old rose from 242 in February to 254 in March.

In just a few weeks, PHSO went from having 20% of people equipped to work remotely, to almost all employees equipped to work from home.

Frequent communication with all staff throughout this transition included both reference to the national guidance used to inform our decision making, and messages of support and understanding of the pressures that individuals were facing.

Feedback from internal staff surveys suggested that colleagues felt supported and that we were doing the right thing at a time of national emergency.



Strategy 2018-21: Delivering an exemplary ombudsman service

At the beginning of 2018-19, the Ombudsman launched a new three-year corporate strategy with the vision to be an exemplary public services ombudsman. The strategy sets out three key objectives and the activity planned in each year to deliver them.



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

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

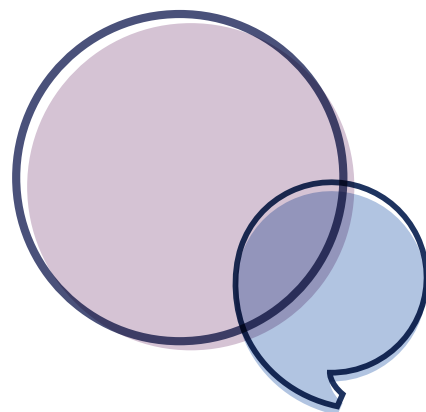
Objective 3: To work in partnership to improve public services, especially frontline complaint handling

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

The aim is to deliver a consistent, high-quality service that makes fair, final, decisions for both complainants and organisations investigated.

In 2019-20, we continued to build on the improvements made to casework since 2017 by:

- Introducing the sector-leading accreditation programme for senior caseworkers that was piloted in 2018-19
- Developing and implementing a quality assurance framework with new quality standards and measures for casework
- Establishing a new Quality and Improvement team to implement continuous improvement across the operation
- Expanding the Service Charter survey to include feedback from organisations we investigate
- Implementing recommendations from the Clinical Advice Review, including sharing clinical advice with complainants and the organisations we investigate, as well as holding multidisciplinary meetings
- Piloting mediation and other early resolution methods with the parties to a complaint to resolve cases without the need for an investigation
- Creating a Training Academy for new caseworkers to learn casework procedures and best practice
- Embedding early resolution following the successful pilot
- Establishing a new Expert Advisory Panel of independent experts who support and challenge us to continually improve the organisation and our service.



Training Academy and accreditation programme

Over the past year, the Learning and Development Team has supported the development of a Training Academy for new caseworkers.

The Academy offers corporate induction and mandatory eLearning modules, as well as classroom training.

After initial training, new caseworkers are assigned to work for a dedicated Academy operations manager to provide high levels of support and guidance. They remain in this environment for a number of months, before moving on to work in operational casework teams.

Following last year's pilot, we are also delivering a sector-leading accreditation programme for senior caseworkers. By the end of March 2020, most senior caseworkers had completed the accreditation process, qualifying them to work with greater autonomy.

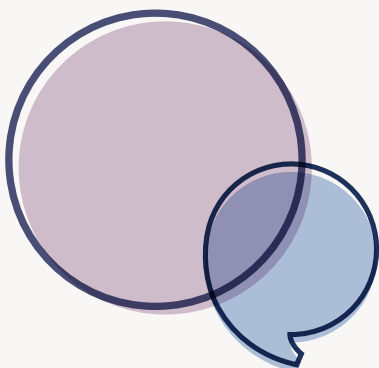


Early Dispute Resolution pilot

In July 2019 the Ombudsman launched a new Early Dispute Resolution (EDR) pilot. Following accredited, professional training, the EDR team uses mediation techniques to resolve complaints without the need for an investigation. This involves bringing complainants and the organisations they complain about together, by teleconference, video conference or in person, and facilitating a resolution-focused conversation between the two.

To date, 14 of the 17 complaints which have gone through the process have been successfully resolved, with high levels of satisfaction from both complainants and organisations for the mediated approach.

EDR will help us to achieve the right decision, tailored to individual complaints, without putting people through the more time-consuming process of an investigation where this is not necessary. Overall, this means we are able to close more cases earlier in our process.



“Prior to the meeting I felt that the complaint was quite minor and was unsure as to why it hadn’t been resolved previously and had got to this stage but I think [when] it was spoken about between us we could then see each other’s point of view. I felt the process was dealt with very professionally by the Ombudsman and they kept independent throughout, and I felt supported through the process. I would happily support trying this process again if required”

A Trust representative involved in an EDR case

“I feel like a weight I’ve been carrying for two years has been lifted”

A complainant’s experience of the EDR process

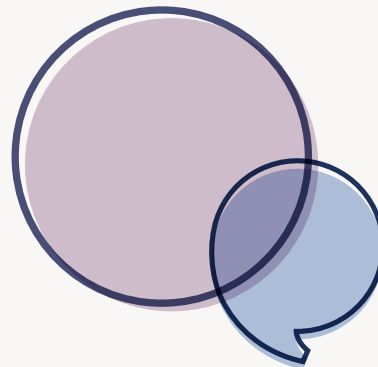
Implementing the Clinical Advice Review

The Clinical Advice Review started in autumn 2018 and was led by Sir Alex Allan, with Sir Liam Donaldson acting as the independent adviser. The Review was published in March 2019, and its recommendations were clustered into five main themes:

- Greater integration of clinical advisers into the casework process
- Better communication with those involved in a complaint
- Balancing evidence and explaining how we reach decisions
- Applying a wider range of appropriate investigatory methods
- Staffing (including the creation of an Expert Advisory Panel).

PHSO has taken these recommendations forward and much of the work has now been completed. In 2019-20 we ran a pilot in which senior caseworkers shared their provisional views on cases with clinical advisers to ensure that their advice was being reflected accurately in these reports. This was successful and will be implemented across all our senior casework teams.

We have also commenced multidisciplinary meetings as recommended by the Review. These are an opportunity for colleagues with expertise in different fields to come together to discuss complex cases and test our thinking before we issue provisional views. In 2019 we also published new information to help complainants understand the role of clinical advice from the outset of an investigation.



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

In 2019-20, PHSO engaged with complainants, organisations we investigate and advocacy groups to learn from their experiences of our service.

We also published insight reports, case summaries and complaints data to share the findings from our casework with the wider public.

Annual Open Meeting



The Ombudsman's annual open meeting took place in Manchester in October 2019.

It attracted a diverse audience of complaint handlers, those who use the Ombudsman service, organisations we investigate and regulators. It was a constructive and engaging event that gave those attending and watching via the livestream internet link the opportunity to hear directly from the Ombudsman, Chief Executive and guest speakers. In addition to answering questions directly, we also published responses to questions that had been submitted but that we did not have time to answer on the day.

Radio Ombudsman

The Radio Ombudsman podcast has reached thousands of listeners since it was launched in 2017.



It has continued to feature insightful conversations between invited guests and the Ombudsman. Guests from the past 12 months included:

- Rebecca Hilsenrath, Chief Executive of the Equality and Human Rights Commission (EHRC), to discuss human rights challenges and opportunities
- Rosemary Agnew, Scottish Public Services Ombudsman, to discuss the benefits of being a Complaints Standards Authority
- Rachel Power, CEO of the Patients Association, to discuss putting patients at the heart of NHS care

Sharing insight to improve public services

Insight work uses important lessons from our casework and systemic reviews to help raise standards in public services.

In June 2019, PACAC held an inquiry following PHSO's report into eating disorder care, 'Ignoring the Alarms'. The Government responded to the inquiry in August 2019, setting out the steps it is taking to act on the recommendations we made. An internal review of failings in our handling of the original investigation was published in January 2020.

Over the course of the year, PHSO published a number of summaries of individual cases where failings had been identified. The cases, published on our website and released to the media, included the avoidable death of an infant, and failure to diagnose and treat cancer quickly enough. We also published the cases of a woman who took her own life after a Trust failed to make regular checks, and of a couple who were left to perform a potentially life-saving manoeuvre on their son after overnight care was rescinded. Publicising these cases provides an opportunity for NHS organisations to learn from the mistakes of others. A single complaint can instigate significant public service improvements.

Throughout the year, the Ombudsman has continued to publish quarterly health complaints data and examples of learning from casework in each period. We also began publishing all recommendations online alongside these reports.

Missed Opportunities

In June 2019, PHSO published and laid before Parliament 'Missed Opportunities', a report looking at the deaths of two vulnerable young men under the care of the then North Essex Partnership University NHS Foundation Trust.

We highlighted a range of concerns stemming from the cases we had seen. In particular, despite numerous warning signals about the standard of care and treatment in the acute mental health facility, the leadership of the Trust had failed to grip the issue.

NHS England and Improvement accepted the recommendation to conduct a review of what happened and the lessons to be learned, disseminating these widely across the NHS. The Chair of this review is now in place and we have submitted further evidence as part of the process.

PACAC held a follow-up inquiry into our report and published its own recommendations in November 2019, which drew on PHSO's findings and supported the review we recommended.

Annual Casework Report

In March 2020, PHSO published and laid before Parliament The Ombudsman's Casework Report 2019, a summary of 30 cases across parliamentary and health remits. This was a key commitment in strategic objective 2.

The range and severity of failings detailed in the report are significant. In one case, the Ombudsman found that a single mother missed out on years of child maintenance because of failings by the Child Support Agency (CSA). The Ombudsman found the Agency missed vital opportunities to ensure that arrears totalling more than £10,000 were paid.

Two of the complaints highlighted were about the Marine Management Organisation (MMO), whose failings led to loss of livelihood for two fishermen.

Other cases concerned poor communication and delays in licensing decisions by the Driver and Vehicle Licensing Agency (DVLA), issues raised previously in the Ombudsman's 2016 report, *Driven to Despair*.

During 2019-20 PHSO implemented new training for casework staff in preparation for publishing decisions by the end of March 2021. This will help make sure reports are written and presented in a consistently clear and accessible way, without disclosing personal information about the complainant or their loved

ones. Publishing more casework will mean organisations we investigate can easily access and use learning to bring about improvements in their services and members of the public can more easily hold organisations to account for learning from mistakes.

Quality and transparency

As part of the 2018-21 corporate strategy, PHSO committed to publishing the majority of our decisions in anonymised form online before the end of March 2021. This will increase the transparency and impact of casework as organisations we investigate will be able to quickly and easily access the learning from decisions to help improve their service. This forms part of PHSO's vision to become an exemplary Ombudsman and leader in good complaint handling.

To work towards this, in 2019-20 we have:

- designed and delivered face-to-face writing skills training to operations colleagues
- delivered workshops with complainants, organisations we investigate and advocacy groups to understand how they would like to use our decisions when we start publishing them
- started developing new templates for publishing our decisions.

While significant progress has been made, the number of reports we publish by the end of March 2021 may be impacted by disruption caused by COVID-19.

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

PHSO is committed to meeting and working with a range of partners and organisations to improve how the public sector responds when things go wrong.

From sharing good practice to developing a Complaint Standards Framework, the improvement of public services is at the core of what we do.

In the last 12 months, PHSO staff have continued to make regular visits to organisations we investigate as well as other stakeholders. The Liaison Team had 111 meetings with organisations, to promote effective working relationships with those on the frontline of complaint handling. These included:

- 19 parliamentary departments agencies and networks
- 30 NHS organisations and networks
- 15 NHS complaint advocacy and defence organisations
- 47 regulators or other stakeholders

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



Imperial College Healthcare NHS Trust



Basildon and Thurrock NHS Trust

A complaint handling framework for the NHS

Complaint handling in the NHS is often excellent, but standards are not consistent and too often we see poor practice. PHSO is committed to helping organisations meet a high standard of complaint handling. Following feedback from frontline complaint handlers in the NHS that there was no shared view of what good complaint handling looks like, we initiated work with health and social care regulators, along with advocacy and other organisations to develop and lead a joint Complaints Standards Framework.

The draft Framework is now ready for public consultation and once the current COVID-19 crisis has concluded we will share it widely to seek further input before the final version is published.

While the Framework was developed initially for those handling complaints across the health system, we are now working with Government departments to make it appropriate for use across all public services.

Working with the international ombudsman community

PHSO continued to be an active participant in the international ombudsman community during the year. This enabled us to share good practice and benchmark performance. The Ombudsman spoke at conferences in Brussels, Toronto, Belfast and Barcelona, sharing experiences with ombuds from around the world.

We continued to build links with members of the Public Sector Ombudsman Group (PSOG) for the UK and Ireland, the Ombudsman Association (OA) where Rob Behrens is Vice Chair of the Board, the European Network of Ombudsmen (ENO), and the International Ombudsman Institute (IOI).

In partnership with European Ombudsman institutions, we contributed to the development of an internationally recognised set of shared principles for good Ombudsman practice by the Council of Europe. These 'Venice Principles' are key benchmarks to help uphold the independence and effectiveness of Ombudsman offices throughout Europe.

In September, in London, we co-hosted a Peer Review Seminar with the IOI, welcoming Ombuds from around the world. This built on the experience of our own peer review, published last year, which informed the development of a best practice guide for the international community.

The Ombudsman was subsequently invited by Rafael Ribó, the Catalan Ombudsman, to conduct a peer review of the Sindic de Greuges de Catalunya (Ombudsman of Catalonia) together with the Belgian Ombudsman, Catherine De Bruecker.

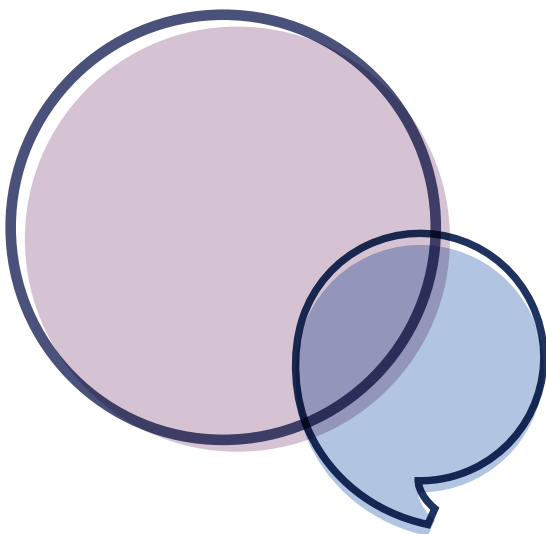
In December, members of the IOI voted Rob Behrens onto its European and World Boards. The IOI is a forum for Ombuds from more than 100 countries, which works to develop good governance and build Ombuds capacity through training and research projects.

NHS Resolution

We continued to strengthen our partnership with NHS Resolution, supporting its work to help NHS staff resolve claims and complaints without recourse to litigation. In return, NHS Resolution made a significant contribution to the development of the Complaint Standards Framework.

We also continued to work with NHS Resolution to develop a joint approach for managing certain types of complaint. This involves PHSO highlighting suitable cases to NHS Resolution to enable it to mediate a resolution, thereby reducing the need for complainants to embark on costly and time-consuming legal proceedings. We are currently piloting this approach.

You can read *Our Strategy 2018-21* on our website: www.ombudsman.org.uk/our-strategy-2018-21



Risks and mitigation 2019-2020

At the beginning of 2018-19 we introduced a revised approach to risk management. We agreed our overall risk appetite and set the level of risk we were prepared to take in pursuit of individual strategic objectives.

We continued to develop our approach to risk management by:

- reviewing our overall organisational risk appetite, as well as our appetite for risk in the pursuit of our individual strategic objectives
- refreshing our risk tolerance measures which, when aligned with performance metrics, allowed us to track our exposure to risk over the course of the year
- commissioning and implementing the recommendations of an independent audit into our Risk Management framework
- creating a new Business Continuity and Disaster Recovery Plan, which sets out the actions we would take to maintain our service in the event of significant disruption.

Aligning risk tolerances with individual key performance indicators (KPIs) enabled us to monitor our performance throughout the year. Any KPIs that exceeded their tolerance threshold were reported to the Board and steps were taken to bring the measures back within tolerance. While we reviewed and refined our risk tolerances during the year to reflect changing circumstances, our overall risk appetite remained unchanged.

The table below summarises some of the strategic risks we managed in 2019-20 and the main actions we took to mitigate them.

Strategic risk 2019-20	Mitigating actions
<p>Future finances</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 strategic commitments. As we monitored and successfully mitigated this risk, it evolved to focus more on funding requirements related to our future strategic ambitions.</p>	<ul style="list-style-type: none"> • Capital funding for major change activity was approved by HM Treasury enabling us to implement a new Casework Management System and transform the IT service, making us more efficient • A Comprehensive Spending Review Working Group was set up to lead on framing future funding requirements, taking into account the current increase in demand for our service and new strategic developments
<p>Strategy and transformation</p> <p>There was a risk that we would be unable to deliver activities from our strategy due to capacity constraints and a lack of relevant project skills required to deliver major change.</p>	<ul style="list-style-type: none"> • Established a Transformation Programme and associated Programme Board with clear project plans in place for each project • Developed a Programme Office with project management leadership delivering to a consistent project management methodology
<p>Strategic IT change</p> <p>There was a risk that the scale of essential IT change would be too great to be delivered simultaneously.</p> <p>This risk was closed in March 2020.</p>	<ul style="list-style-type: none"> • Ensured all Business Plan activity took account of the timing of major projects scheduled throughout the year, including the impact on IT resources • Recruited skilled staff and successfully built and implemented a new casework management system and new IT infrastructure, also bringing IT support in-house
<p>People and change</p> <p>There was a risk that, given the scale and pace of change in the year, we would fail to engage effectively with our staff and maintain the level of engagement of previous years.</p>	<ul style="list-style-type: none"> • Ensured that all projects identified and articulated benefits in terms of how they impacted staff • Engaged staff and managers in the development and testing of changes to ensure their buy-in

Strategic risk 2019-20	Mitigating actions
<p>Casework quality</p> <p>There was a risk that the processes supporting the quality of our casework would not be as robust as they could be, leading to poor quality outcomes and a reduction in satisfaction of users of our service.</p>	<ul style="list-style-type: none"> • Provided training to improve casework quality and report writing • Accreditation of senior caseworkers following a rigorous quality assessment of their casework. • Implemented an improved approach to recruitment and training of newly appointed colleagues
<p>Significant increase in demand</p> <p>There was a risk that the number of enquiries we received would continue to increase beyond our ability to maintain timely service levels. Demand remained higher than 2018-19 throughout the year.</p>	<ul style="list-style-type: none"> • Increased the frequency and detail of demand forecasting • Developed an end-to-end review of the casework process to highlight efficiency improvements • Assessed the financial impact of increased demand for input to future Comprehensive Spending Review submission
<p>Coronavirus COVID-19</p> <p>There was a risk that the delivery of our service would be significantly impacted by COVID-19.</p> <p>This risk was identified in March 2020 and has now become a live issue.</p>	<ul style="list-style-type: none"> • Enacted Business Continuity Plan measures to provide remote working capability to the vast majority of staff • Enabled Intake telephone lines to remain open from home by providing the appropriate telephony software • Paused health casework in order not to place additional burden on the NHS at this time



Performance analysis

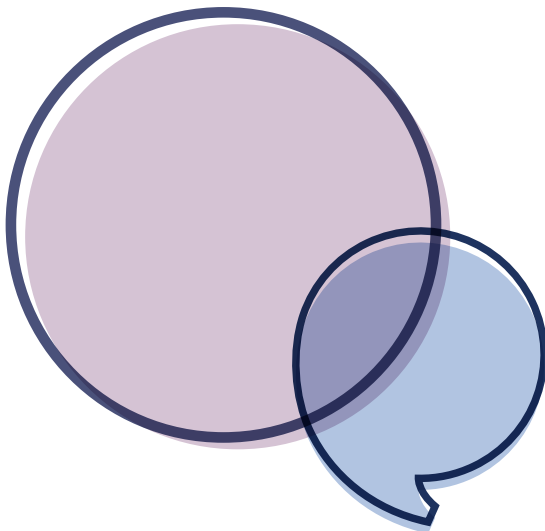
The Ombudsman service

This year PHSO maintained productivity in key areas while continuing to make significant changes to the way we work. This included replacing the main IT system we use to manage casework. Despite external challenges, including a sustained increase in demand for our service and the COVID-19 pandemic, we were able to close many complaints more quickly than in previous years.

The average time taken to close a case reduced to 140 calendar days from 155 days in 2018-19. We continued to look for more opportunities to resolve complaints at an earlier stage in the process, without the need for an investigation.

We started the year with a small queue of complaints waiting to be allocated to a caseworker, but 2019-20 saw a sustained increase in demand for our service. In the short-term this led to more people waiting for their case to be allocated to a caseworker.

We responded by recruiting and training more caseworkers and streamlining our processes. The COVID-19 crisis began to have an impact on work in early March and at year end the queue stood at 1,014 cases.



Updating our Casework Management System (CMS)

During 2019-20 we replaced our main system for managing casework. The legacy system was nearing the end of its support contract and was becoming increasingly difficult to adapt to changing requirements, so we took the opportunity to develop a system that better meets the needs of the organisation.

The new system enables cases to be processed more quickly and efficiently, with better recording, reporting and analysis of data.

The system was delivered with minimal disruption to the casework operation, with positive feedback from staff about its functionality. While there are still improvements to be made, the system is highly adaptable, and we have the capability in-house to continue its development to meet our evolving needs.

Complaint handling in detail

We are the final port of call for people with a complaint about UK Government departments, the NHS in England and other UK public organisations. Not every complaint that comes to us goes through the whole three-step process. Where we can, we seek to resolve complaints earlier and provide complainants with answers quickly. Our aim is to make the right decision at the right time.

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 are not 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. We look 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

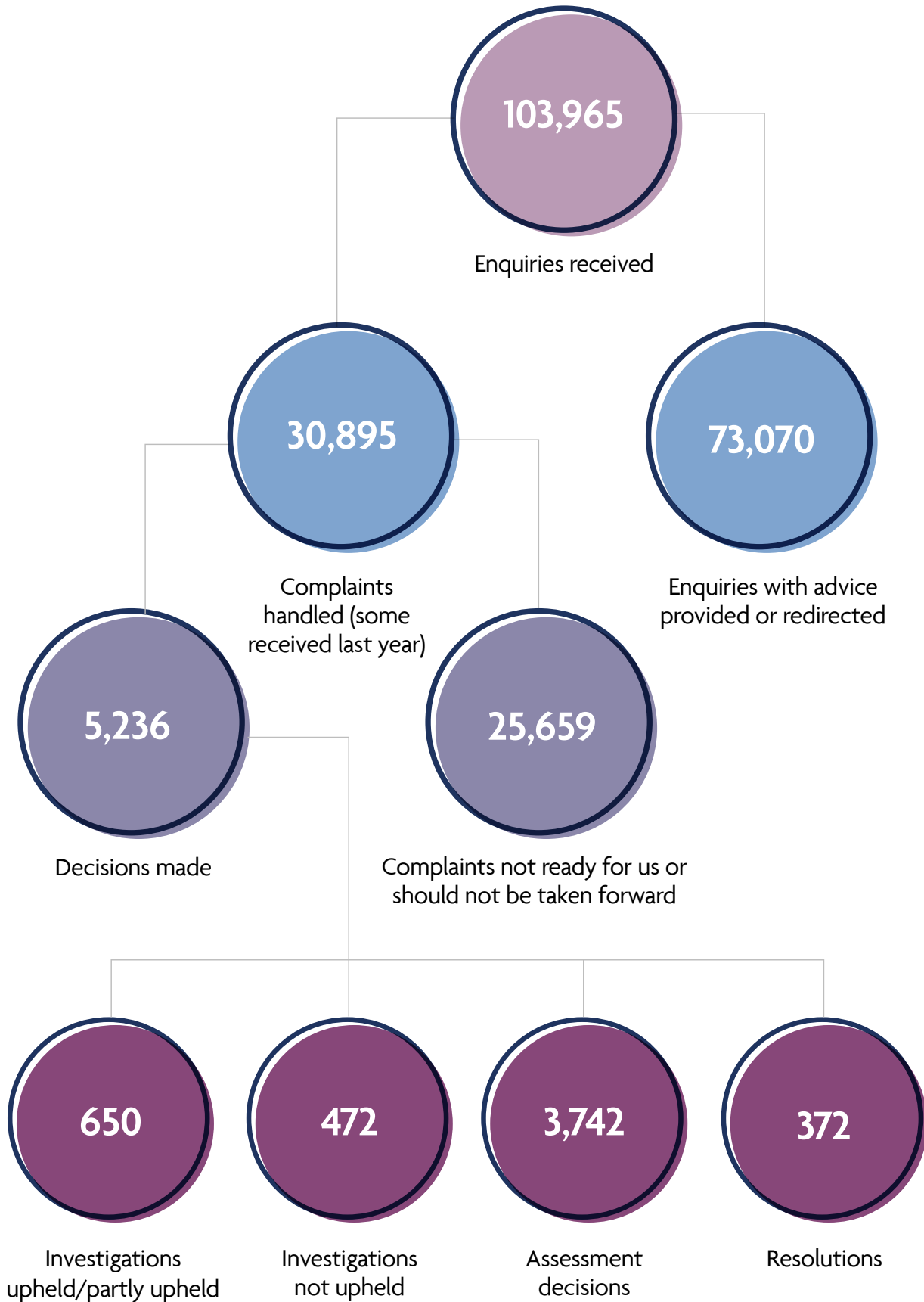


At the start of an investigation, we discuss the scope of what we are going to look at with the complainant. We gather relevant information and evidence from them and from the organisation complained about. For health complaints, we may need to get expert advice from doctors and other health professionals. 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 enquiries into the organisation whether by telephone, digitally or post.
Complaint	We describe an enquiry as a complaint 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 phone and written 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 assess 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. This can include a preliminary examination of the issues raised in the complaint to understand what happened and whether there has been a service failure.
Assessment decision	We have assessed 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 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	Out of jurisdiction refers to those complaints about an organisation that we cannot legally investigate.

The outcome of all enquiries and complaints in 2019-2020



Demand for our service in 2019-20

During the year PHSO, like other Ombudsman services, saw a sustained increase in demand for our service. We could identify no single underlying cause for the increase, not least because the number of complaints we receive can be affected by a range of factors including natural fluctuation, improvements in frontline complaint handling, service improvements across public services and changing public awareness of our service.

In 2019-20, we helped complainants with 103,965 enquiries. Direct year on year comparison of enquiry numbers is not possible due to changes in how we recorded this data on our new CMS from November 2019. However, prior to this, we saw an increase of 13% compared to 2018-2019. The new procedure is more robust, and a better reflection of the number of enquiries we receive.

Our performance in 2019-20

Many of the enquiries that we received at the initial stage of the process were not ready for us to look at, or we were not the right organisation to handle the complaint. We redirected 73,070 enquiries, helping people find the best organisation to resolve a complaint, or offered guidance on what they needed to do before we could look at their complaint.

In total, we handled 30,895 complaints compared with 29,841 last year and 31,084 in 2017-18. This total was a combination of the complaints carried over from previous years and new complaints recorded in 2019-20 (28,103).

When we looked in more detail at these complaints, we found that 25,659 were not ready for us or we could not take them forward. We reached a decision on 5,236 complaints during the year.



Complaints about communication of changes to women's state pension age

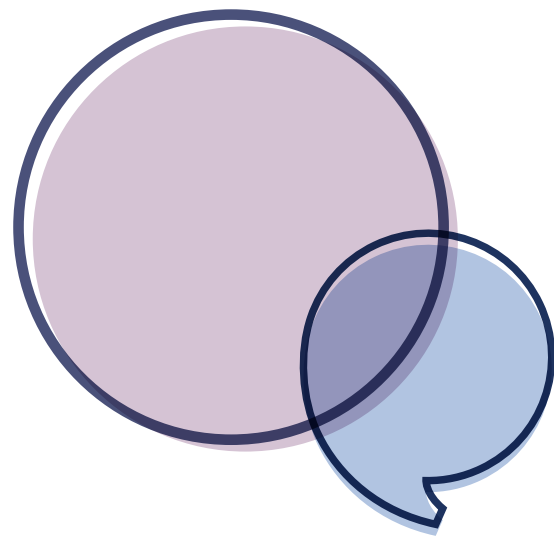
In 2019-20, we received 357 complaints about the Department for Work and Pensions' communication regarding changes to women's state pension age, first introduced by the Pensions Act 1995 and affecting women born after 6 April 1950. This brought the total number of complaints we received on this issue to 638, before we decided to stop accepting new complaints and instead proceed to investigate a representative sample.

Many women have come to us saying the changes have resulted in financial loss and a negative impact on their health, emotional wellbeing or home life. They also raised concerns about how the Department for Work and Pensions (DWP) and the Independent Case Examiner (ICE) have handled their complaints.

Following the High Court ruling in October 2019, we revised our proposal to investigate. The Court ruling made clear that if we find failings, we cannot recommend reimbursing 'lost' pension or that complainants receive their pension earlier than the law allows.

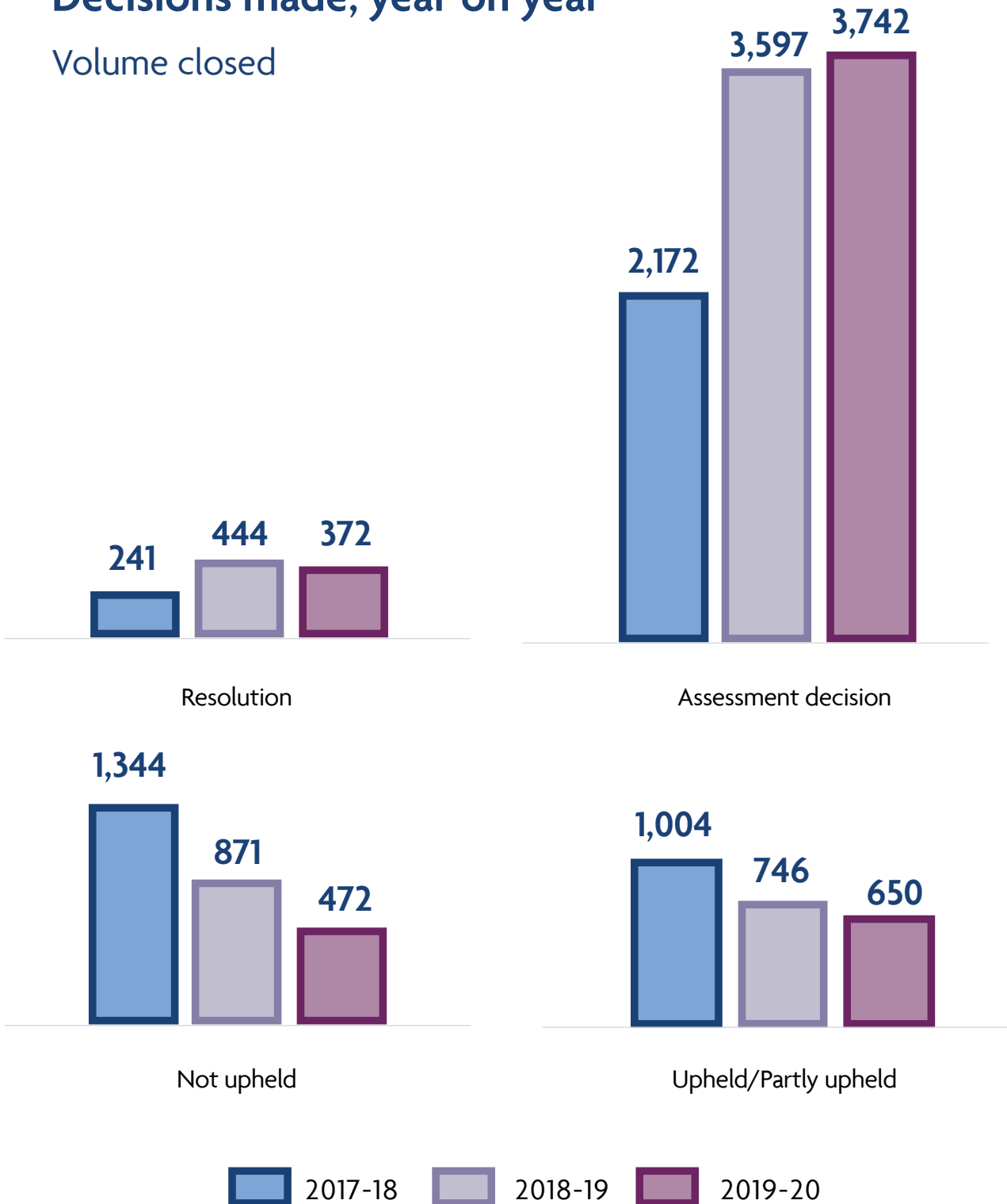
In March 2020, PHSO started investigating a sample of six complaints about the communication of changes to women's state pension age. The sample reflects the range of issues complained about. The complainants are content for us to proceed with our revised scope to investigate.

Because of this approach, complaints about State Pension Age have not been included along with the rest of our complaints data for 2019-20.



Decisions made, year on year

Volume closed



The total number of decisions made each year is affected by a range of factors including overall demand, the number of cases in the queue at the start of the year and the proportion of cases not ready for us. We have continued to see an upward trend in the proportion of decisions made earlier on in the process, with an increasing proportion of decisions made at the assessment stage. By closing cases at the most appropriate point in the process, we aim to enhance public confidence and provide better value for money for the taxpayer.

Early consideration

A new Early Consideration Team was piloted in 2018-19 and this expanded in 2019-20 to include eight staff. The team considers cases that can be decided or resolved quickly, without the need for a more lengthy assessment or investigation.

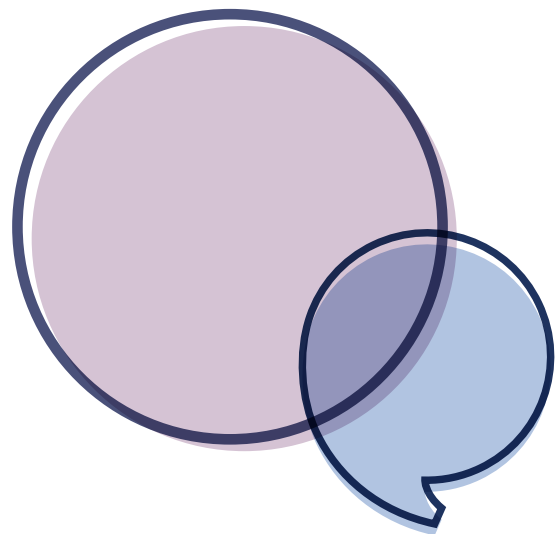
The team closed 1,215 cases during the year.

During the year we saw:

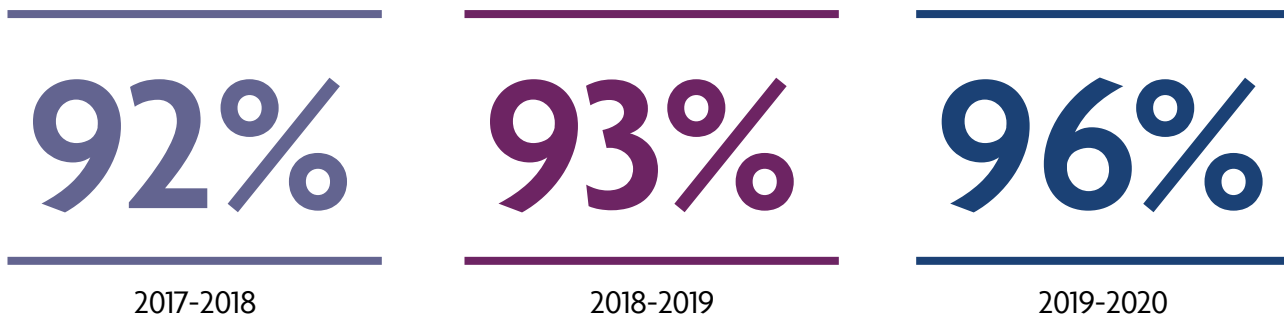
- an increase in the proportion of investigations that were upheld or partly upheld, with 54% of all investigations upheld or partly upheld in 2019-20 compared with 41% in 2018-19
- a similar proportion of resolutions agreed (7% compared to 8% 2018-19). This resulted in 372 complaints (out of 5,236 decisions made) agreed as resolved by the complainant, without the need for an investigation
- an increase in the proportion of assessment decisions, from 64% in 2018-19 to 71% in 2019-20 (3,742 out of 5,236 decisions made). This resulted in complainants receiving an answer to their complaint sooner than they would have previously.

The time it takes

The vast majority of enquiries that we receive are handled by our helpline. They are usually dealt with by a single phone call, email conversation or letter and are not recorded as a complaint on the system. Around 96% (22,143 out of 23,141) of the complaints that are recorded and closed by our helpline are closed within seven days – up from 93% for 2018-19.



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



The small percentage of people whose enquiry or complaint could not be closed within seven days had complaints that took much longer to handle. The timescales below therefore appear much longer than those experienced by the vast majority of people who contact us.

Over the past two years we have focused on closing cases that have been with us for longer than 12 months.

In 2019-20, we closed complaints within the following time frames:

48%

within 13 weeks, compared to 41% in 2018-19 and 46% in 2017-18

80%

within 26 weeks, compared to 72% in 2018-19 and 76% in 2017-18

93%

within 52 weeks, compared to 92% in 2018-19 and 96% in 2017-18



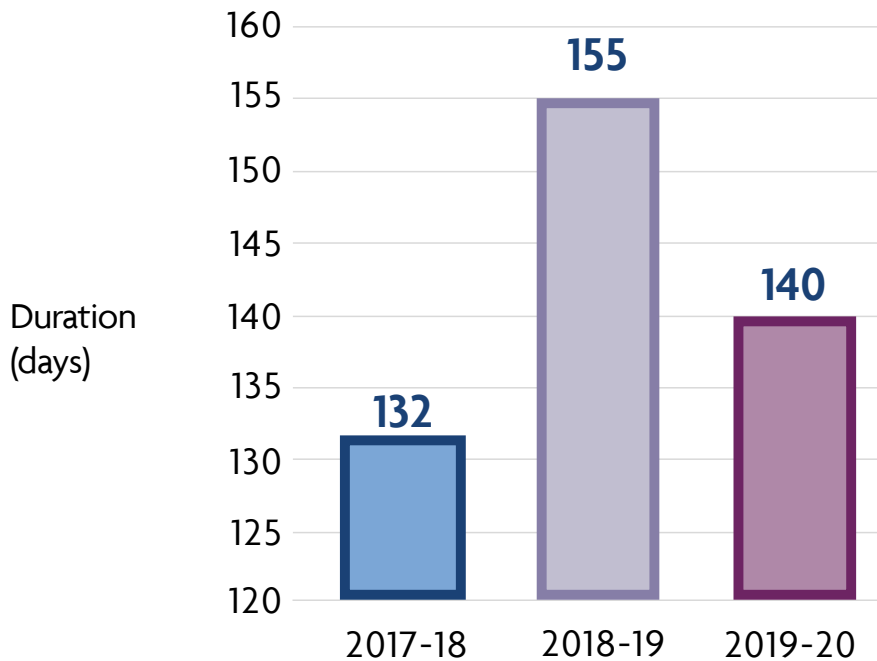
Length of time a complaint is with us year on year*



* To improve the comparability of data please note that figures for 2018-19 have been updated to include cases from the early consideration pilot that took place that year.

Average time taken to close a case year on year

This year we resolved complaints in an average of 140 days – a 15 day reduction on the 2018-19 average of 155 days.



Number of complaints versus organisations investigated 2019-20

Complaints sometimes involve more than one organisation. The table below shows how many complaints we investigate compared to how many organisations were involved in these complaints.

	Number of complaints investigated	Number of organisations investigated
UK Government department or other public organisation	85	96
NHS in England	1,125	1,324
Total	1,210	1,420

Recommendations

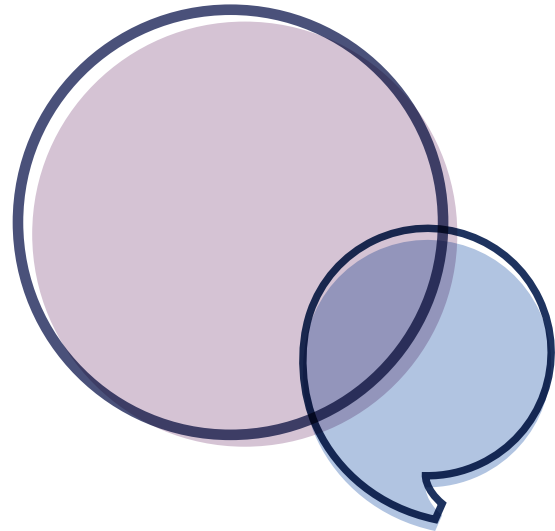
Where we identify that a mistake has been made, we make recommendations to the organisation to put things right. During the year we made the following recommendations:

- 507 formal apologies
- 297 payments to make up for financial loss or to recognise the impact of what went wrong². Payments totalled £568,032.69³ from NHS organisations and £58,255.84 from UK Government departments and other UK public organisations (financial figure broken down by NHS/other), totalling £626,288.53.
- 491 service improvements such as changing procedures or training staff
- 71 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 also closed two cases that involved NHS-funded social care, which led to six-figure sums of financial remedy being awarded to the complainants. One of these cases was closed successfully by working with the complainant and the organisation complained about to agree a resolution without the need for an investigation.

We give organisations a timeframe to implement our recommendations and follow up with them until this happens. A full breakdown of recommendations is published in our quarterly statistics reports. We ask NHS Trusts to share our investigation reports with the Care Quality Commission who can follow up on our recommendations in its inspections.

On the rare occasion that an organisation does not comply with our recommendations, we can lay a report before Parliament. The Public Administration and Constitutional Affairs Select Committee (PACAC) can then establish an inquiry to look into the matter or refer it to another Committee.



²There are five recommendations included in the 297 where we do not yet know the value of the payment pending. This is because we asked the organisations investigated in these five instances to complete work to determine the value of the payments to be made, and this work is currently ongoing.

³This total includes two financial recommendations (£200; £250) where the respective complainants have refused to accept our recommended payment from the NHS organisation we investigated.

Case study – serious failings led to suicide in care

In February 2020 we published the case of Miss L, who died by suicide while receiving treatment at 2gether NHS Foundation Trust and Gloucestershire Hospitals NHS Foundation Trust.

Her sister, Mrs J, complained about the care and treatment Miss L received at the Trusts in November 2015. She said that the Trusts failed to act on the increasing frequency of her sister's epileptic seizures and suicide attempts, and that Miss L was not observed continually as she should have been.

What we found

We found that the Trust failed to:

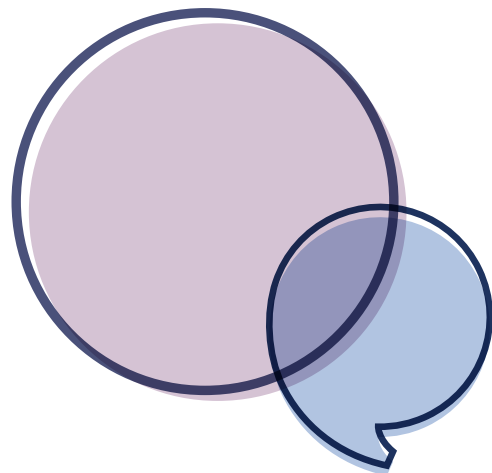
- observe Miss L in line with national guidelines
- act on the consultant psychiatrist's call for a review of medication
- escalate Miss L's risk of self-harm from moderate to severe.

If these failings had not occurred, it is likely that Miss L would have been less likely to attempt suicide,

and any attempt made would likely have been prevented. In these circumstances she would have been observed on a continual basis, her medication would have been reviewed, and the deterioration of her condition would have been noted and acted upon with sufficient urgency. We found that on the balance of probabilities, her final suicide attempt would not have occurred, and it is more likely than not that her death would have been avoided.

Putting it right

We recommended that the Trusts write to Mrs J to acknowledge the failings we identified and apologise for the impact they had. The Trusts should produce action plans to explain how they will ensure that similar failings do not occur in the future. We also recommended that the Trusts pay Mrs J £10,000 in recognition of the injustice suffered.



Service Charter

The Service Charter sets out the quality of the service people can expect when they ask us to investigate a complaint. It makes commitments about the service we provide at different stages of the 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 2019-20 our independently commissioned satisfaction survey collected feedback from users of our service. Overall Service Charter scores have remained similar to the previous year, at a time when we have seen a significant increase in demand for our service. Difficulties in extracting data from our new CMS meant that fewer people could be surveyed in the final two quarters of the year and this will have affected the reliability of the scores.



Giving you the information you need

Commitment	Score 2019-20	Score 2018-19
We will explain our role and what we can and cannot do	79%	79%
We will explain how we handle complaints and what information we need from you	79%	80%
We will direct you to someone who can help with your complaint if we are unable to, where possible	72%	78%
We will keep you regularly updated on our progress with your complaint	79%	81%
Overall section score against a KPI of 84%	77%	79%

Following an open and fair process

Commitment	Score 2019-20	Score 2018-19
We will listen to you to make sure we understand your complaint	72%	73%
We will explain the specific concerns we will be looking into	87%	88%
We will explain how we will do our work	77%	77%
We will gather all the information we need, including from you and the organisation you have complained about, before we make our decision	51%	48%
We will share facts with you, and discuss with you what we are seeing	70%	68%
We will explain our decision and recommendations, and how we reached them	47%	53%
Overall section score against a KPI of 69%	67%	68%

Giving you a good service

Commitment	Score 2019-20	Score 2018-19
We will treat you with courtesy and respect	89%	90%
We will give you a final decision on your complaint as soon as we can	50%	53%
We will make sure our service is easily accessible to you and give you support and help if you need it	65%	67%
Overall section score against a KPI of 71%	68%	70%

Complaints about our service

We value the lessons learned from complaints about people's experience of our service. Feedback from service users helps us to identify where we need to improve our service and where there may be lessons for individual members of staff or teams.

We ask anyone who has a concern about our service to speak to their caseworker in the first instance. If they or their manager cannot resolve the complaint it is then considered by another operational manager, independent of the decision-making process. Some concerns are also referred to our review and feedback team (RaFT) for more detailed consideration.

This year we handled 126 formal complaints about our service, which is less than 1% of the total number of complaints we handled. This compares to 335 (1%) in the previous year. We upheld 56 of the formal service complaints we looked at and took action to put things right. This included an apology, a re-examination of certain issues, an explanation, or changes to our service. In 2019-20, we made 20 compensation payments to complainants due to poor service. These came to a total of £15,977. 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 there are some circumstances in which we will look again at our decision.

We will revisit a decision 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
- there is new and relevant information, not available previously, which might change our decision.

Once we have looked again at our decision, if we think we may have made an error we will take action to put things right.

In 2019-20, we carried out 942 reviews of our decisions and upheld 120 of them. In 2018-19, we completed 1,199 reviews of our decisions and upheld 43 of them.

This year our review and feedback team received 110 pieces of positive feedback from people who had used 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, there is a full court hearing.

We received and responded to 17 pre-action letters in 2019-20. Ten did not convert into legal proceedings. There were a total of 16 new

applications for judicial review of our decisions. Two claims were withdrawn and eight claims were refused permission to go forward to a full hearing. Three of those decisions were appealed but were not successful. Six of those claims have been recently issued and are pending.

County court claims

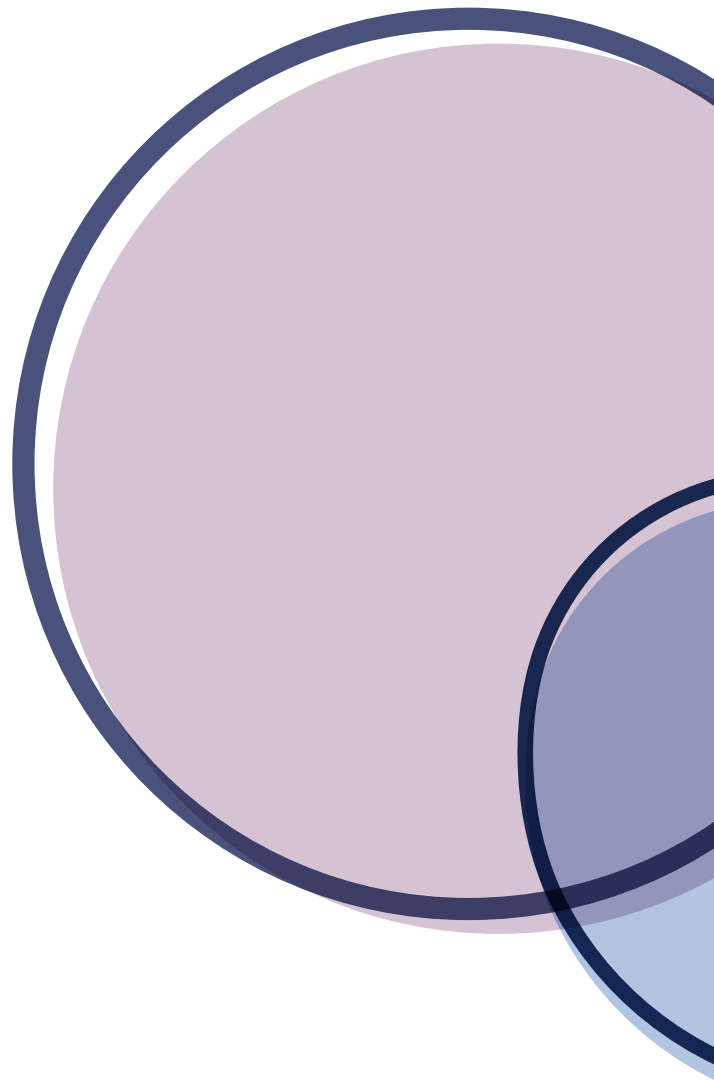
Two county court claims were issued. One was in the small claims track and the other in the fast track.

Employment Tribunal claims

Three new claims were issued in the Employment Tribunal and one case was carried over from 2018-19. Of these, two were resolved and two were yet to be resolved at the end of the financial year.

Data Protection and Freedom of Information

We received 573 Freedom of Information and Data Protection requests compared to 662 in 2018-19 and 577 in 2017-18. We responded to 613 within the statutory time limits. Some of these responses were made to requests received and logged in the previous year.



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 demographic profile of complaints has remained broadly similar to the previous year.

	People who used our service 2019-20	UK census data 2011
Male	47%	49%
Female	53%	51%
18-34	15%	29%
35-54	42%	35%
55-74	38%	26%
75+	4%	10%
People with disabilities	42%	18%
Non-disabled	58%	82%
Black, Asian and Minority Ethnic (BAME)	16%	13%
White	84%	87%

Spending 2016 - 20

The Comprehensive Spending Review (CSR) settlement required us to reduce overall spending from 2016 to 2020.

Our spending plan over the four-year period was:

- 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. In 2019-20, we met this target, having also met the reductions set in 2016-17, 2017-18 and 2018-19. In 2019/20, our resource budget was underspent by £1,346k (5%), of which £761k related to an underspend on depreciation expenditure. In March, the COVID-19 crisis contributed towards the underspent against resource budgets as we were unable to progress planned activities.

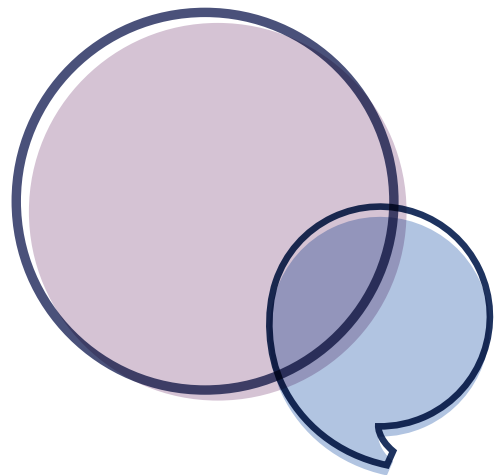
Financial management 2019-20

In 2019-20 we achieved savings committed to as part of the CSR of over £2.1m by changing our approach to the delivery of casework, reducing facilities costs and restructuring a number of Corporate Services teams to adapt to our changing needs. This was a key part of the overall £8.7m of savings that we made over the period of the CSR from 2016-17 to 2019-20.

During 2019-20 we invested £2.1 million in new ICT technical infrastructure and systems, including a new case management system, as part of our ICT strategy.

Changes to our ICT service model will generate savings of £300k per annum that can be reinvested into frontline casework resource.

Through rigorous financial management we have been able to allocate £440k for additional caseworker resources in 2019-20 to manage increases in casework demand and as well as investing £141k in staff training and development.



People and organisation

An exemplary ombudsman has an engaged, high-performing workforce, who are developed, recognised and supported to deliver an excellent service.

People strategy

Our People Strategy for 2018-2021 focuses on five themes:

- 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 to check progress against the objectives in our People Strategy. In 2019 we took part in the Civil Service People Survey for a second time, which enabled us to compare our results with those of other public service organisations. Some 75% of our workforce responded. Employee engagement is the extent to which employees feel positive about their jobs, are committed to the organisation, and put discretionary effort into their work. Our overall staff engagement score was 65%, which was above the 63% average for Civil Service organisations.

Over 90% of respondents said that they were interested in their work, and 84% had a clear understanding of our objectives and how their work contributes to them. 90% added that they felt supported by colleagues.

Developing leaders and leadership skills

In 2019-20, we continued to run Exemplary Leaders and Exemplary Managers, our leadership and management training programmes. These are designed to give staff the tools to manage and lead people effectively. We have continued to focus on self-awareness as well as introducing practical skills covering situational leadership, key conversations and project management.

We have started to see the positive impact of these programmes. Some of our most improved scores in the staff survey related to people management, with more respondents saying that they had received regular feedback on their performance, that they believed they would be supported if they wanted to try a new idea and that their manager motivated them to be more effective in their work.

Developing workforce skills and capability

We have continued to invest in people's development by offering formal and informal training and development opportunities.

This year we delivered 1,711 days of formal training, which equates to an average of four days per person. 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 range of digital learning resources.

A masterclass programme, open to all staff, featured a range of speakers including colleagues from various departments in PHSO, former complainants, and representatives from professional bodies including the National Institute for Health and Care Excellence and UK Visas and Immigration.

Resourcing our organisation effectively

During the year we recruited 42 new members of staff. We ensured our recruitment practices were fair and robust by training hiring managers and introducing diversity targets throughout the various stages of recruitment.

We were also accredited as a Level 2 Disability Confident Employer, validating improvements we have made to our recruitment approach.

Recognising and rewarding performance

In 2019-20 PHSO introduced a new pay and grading framework for staff. The previous approach was complex and lacked transparency, with 150 different pay points and with people in the same role paid at significantly different rates. The new framework provides a much simpler and more transparent approach by streamlining pay rates into seven pay grades. The new structure was designed after listening to feedback from staff and trade unions.

Equality, diversity and inclusion

In 2019 we launched a new Equality, Diversity and Inclusion Strategy, focused on three areas:

- building and maintaining a diverse workforce
- people and culture
- access to our service

We participated in Time to Change, a nationwide initiative that seeks to improve understanding of mental health, and developed an action plan to help foster a culture that is open, understanding and supportive of mental health issues. We made changes to

our recruitment process to recruit talented individuals and to make sure diverse candidates flow through every stage of the recruitment process. We also made changes to the way we consider and record reasonable adjustments for those bringing complaints to us.

We have a number of employee-led initiatives and groups in place, including Pride in PHSO (LGBT+) Network, a Dignity at Work network, an Equality, Diversity and Inclusion Forum and a Break the Stigma (mental health) network. Colleagues receive additional support from trained Mental Health First Aiders, the Employee Assistance Programme and the Occupational Health Service.

In the 2019 staff survey, 89% of respondents said that they were treated with respect by the people they work with.

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 2019 our median gender pay gap was -0.1% in favour of women. This is calculated as the percentage difference between the midpoint hourly salary for men - £16.14 - and the mid-point hourly salary for women - £16.23. We believe this shows that our pay and reward structures achieve an appropriate balance.

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 (CO₂) emissions particularly in the areas of energy use, resource and estate management, and staff travel.

In 2019-2020, we undertook the following environmental initiatives:

- Worked with our cleaning suppliers to reduce the large majority of single use plastics
- Introduced more visible recycling bins and removed all small waste bins to encourage recycling
- Replaced all plastic general waste and recycling bags with clear bio gradable bags
- Moved to reusable batteries and chargers
- Replaced all stationery supplies with recyclable products and/or products made from recycled materials
- Reduced our IT servers from 75 to 17
- Introduced e-tickets for rail travel
- Reduced the heating and air-conditioning running hours at our Manchester office
- Digitalised all Facilities and IT forms via the new service tool
- Encouraged staff to turn off their computers when leaving the office and programmed desktop computers to automatically turn off each evening
- Engaged with our staff to raise sustainability awareness, including publishing articles on sustainability subjects along with tips and ideas to reduce energy, reduce waste and recycle more

- Set up a new Sustainability Task Group that will be responsible for setting 2020-21 targets and action plans for delivering improved environmental performance.

We also continued to:

- recycle plastics, cans, paper, cardboard, toner, and electrical appliances
- encourage paperless working wherever possible
- use environmentally friendly cleaning products
- provide facilities that dispense instant hot and cold drinking water
- allow homeworking wherever appropriate for our staff to reduce CO₂ emissions
- encourage the use of video and tele-conferencing meeting facilities, something which has strongly increased due to COVID-19.

The restrictions imposed by the Government due to the COVID-19 pandemic caused us to move to full working from home. The purchase of more modern IT equipment has enabled increasing capability to video conference from laptops, and telecommunications technology means our full advice line can be operated remotely. We are now considering the longer term positive changes that we can retain from this enforced trial.

Energy Performance

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, but these charges are an apportioned element of the service charges, and specific usage data is not available.

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.

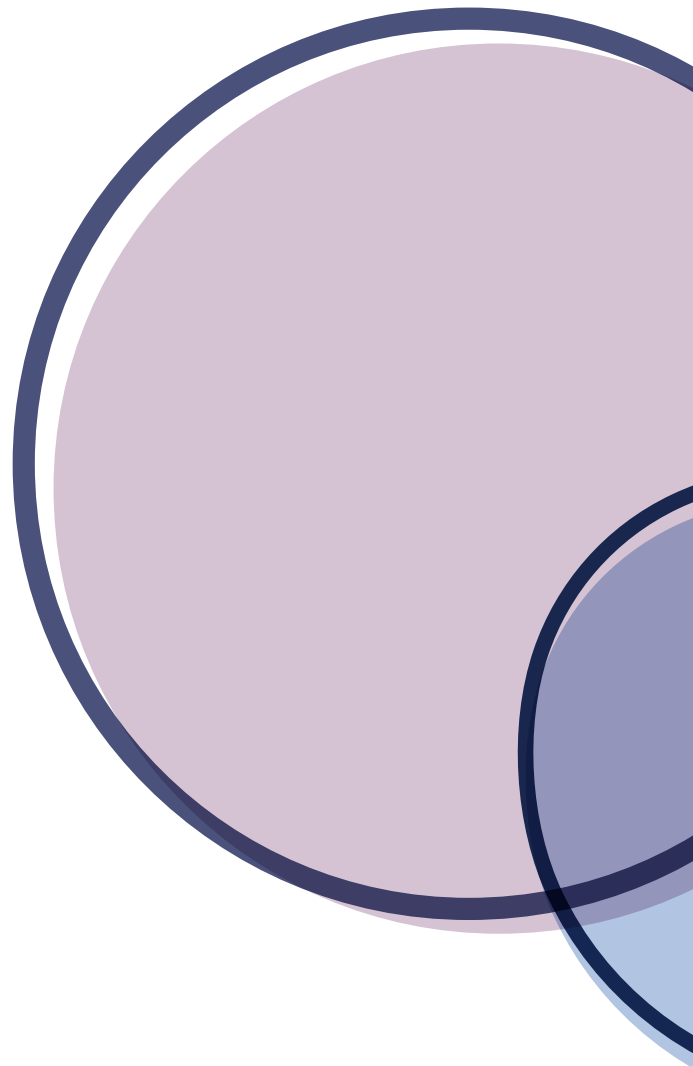
The energy usage for our floors has decreased by 44.8% from since our last comparable reporting figures in 2017-18. which is largely due to reducing our office space in Millbank Tower and reducing our heating and air-conditioning running times at Citygate.

Costs have decreased by 1.4% for the same period.

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 3.7% from 2018-19. Costs have decreased by 18.1% for the same period.



Greenhouse gas emissions

Non-financial information: Emissions (CO ² /tonnes)	2019-20	2018-19	2017-18
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	26	27	37
Total emissions	26	27	37
Normalised comparison per FTE	0.06	0.07	0.09

Non-financial information: Energy (Kwh)	2019-20	2018-19	2017-18
Scope 1: Direct emissions	N/A	N/A	N/A
Scope 2: Indirect emissions	322,558†	130,133*	584,639
Scope 3: Business travel emissions	N/A	N/A	N/A
Total emissions	322,558†	130,133*	584,639
Normalised comparison per FTE	828†	2,606*	1,447

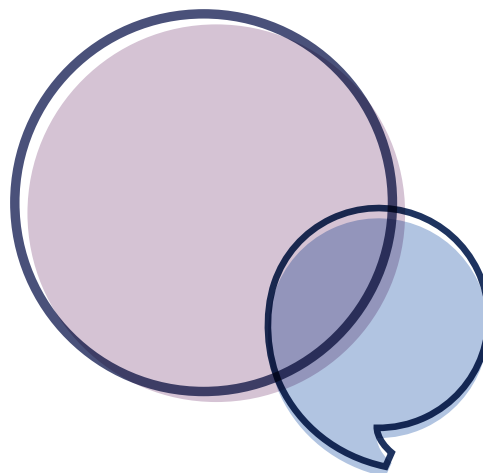
Financial information (£'000)	2019-20	2018-19	2017-18
Scope 1: Direct emissions	N/A	N/A	N/A
Scope 2: Indirect emissions	70†	23*	71
Scope 3: Business travel emissions	140	171	202
Total emissions	210	194	273
Normalised comparison per FTE	0.54	0.47	0.68

*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.

Paper

Paper consumption has decreased since 2018-19 driven by electronic working initiatives including, introducing more technology in meeting rooms.

Paper purchased (A4 reams equivalent containing 500 sheets).

	2019-20	2018-19	2017-18
Reams of paper	2050	2205	2730

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
13 July 2020



Accountability Report

The Board



Chair and
Ombudsman

Rob Behrens, CBE, took up post as Parliamentary and Health Service Ombudsman on 6 April 2017, following a career in higher education and in the UK senior civil service where he was Secretary to the Committee on Standards in Public Life (2003-6). Rob then became Complaints Commissioner at the Bar Standards Board (2006-2008) and the 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 and Vice-Chair of the Ombudsman Association (since 2019). In December 2019, Rob was elected to the International Ombudsman Institute's European and World Boards. He is also a Visiting Professor at University College London (since 2016). Rob is immediate past Chair of the European Network of Ombuds in Higher Education.

Non-executive members

Throughout 2019-20, our non-executive Board members have brought an invaluable external perspective to the organisation. They come from diverse professional backgrounds and bring a wide range of experience and expertise.



Sir Alex Allan, KCB, joined the Board on 2 January 2018. He has many years of experience gained throughout a distinguished career at the highest levels of the senior civil service. Roles included 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 chairman of the Joint Intelligence Committee. Alex has led a number of Government reviews, including two on record management.

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.



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 the charitable and public sectors with a particular focus on dispute resolution and consumer protection. On 1 April 2020, Elisabeth became Chair of the Office for Legal Complaints, the ombudsman for legal services. Elisabeth is also the Chair of the Assurance and Appointments Committee of the General

Pharmaceutical Council, Chair of the Prisoners' Education Trust, Deputy Chair of Support Through Court and the consumer advice member on the Civil Justice Council. She is a former member of the Advisory Panel of the Independent Review of Legal Services Regulation and 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 higher education. He is Professor of Organisational Resilience at The University of Lincoln where he chairs the National Centre for Organisational Resilience and the International Institute for Rural Healthcare. Dean also has 20 years of experience at board level across NHS services including primary, acute, mental health and community care. He has held appointments on the Boards of both NHS Providers and the NHS Confederation Mental Health Network. Dean has also been engaged on several NHS transformational bodies including

the Workforce Race Equality Committee, and the Leadership Academy to help lead significant numbers of staff through transformative change.

Dean is the Chair of GreenKite Associates, a Non-Executive Director of Diagnostic Healthcare, a Board Member of the Greater Lincolnshire Local Enterprise Partnership (where he is also Chair of their Health and Care Enterprise Committee), a member of the Academy of Health and Care Science Regulatory Board and a Member of the Freedom to Speak Up SU Pan Sector Advisory Committee.





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.

Alan is a member of the Board (and Chair of the Audit Committee) of The Insolvency Service, a Trustee of the Motor Neurone Disease Association, a Trustee (and Chair of the Finance Committee) of Peace

Hospice Care, a member of the Football Association's National Disciplinary (Anti-Discrimination) Chairman's Panel, and a Trustee and Member of the Audit Committee of The Masonic Charitable Foundation. 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 and 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. Michael has served as a voluntary trustee for a 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. He is a former Executive Board member of the Ombudsman Association.





Ruth Sawtell, joined the Board on 20 April 2015 and was Chair of the Remuneration and Nominations Committee. Her term with PHSO ended in April 2020. 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, a body which regulates part of the press. She is also a member of the Advertising Advisory Committee, the body which gives advice on consumer 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. Ruth is also a former council member and deputy chair at the Advertising Standards Authority, an adjudication panel member. She has been 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. Julia 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, HealthWatch Pathfinders and

HealthWatch Locals. She served on the National Institute for Health and Care Excellence (NICE) Guideline Development Group for Mental Health in the Criminal Justice System. She has been a Non-Executive Director in the NHS for 20 years, serving on Health and Strategic Health Authorities, Acute Hospitals and Mental Health Boards. Julia has a PhD in Offender Health. Julia's term of office ended in April 2020.





Ram Gidoomal, CBE, joined the Board on 1 April 2018. Ram is a businessman and entrepreneur who over three decades has used his business acumen to support the work of numerous public and charitable organisations and global and local missions. He is Chairman of Traidcraft plc, Allia and CottonConnect and was formerly the UK Chief Executive of the Inlaks Group. He was a former Crown appointee to the Court and Council of Imperial College London and Non-Executive Director and Complaints Convenor of the Epsom and St Helier NHS

Trust. Ram was a Board member at the Food Standards Agency, a member of the Complaints Audit Committee of the UK Border Agency and Chair of the Office of the Independent Adjudicator for Higher Education in England and Wales.

Ram is a freeman of the City of London and a Vice President of the Institute of Business Ethics. He was awarded a CBE in 1997 for services to the Asian business community and to race relations.

Linda Farrant, Linda joined the Board on 1 February 2020. A CIPFA qualified accountant, Linda has a broad experience of non-executive roles in the public and voluntary sectors covering health, housing, criminal justice, and education. She is currently Deputy Chair of East and North Hertfordshire Clinical Commissioning Group and Chair of the Governance and Audit

Committee. She has recently completed two terms on the Board of Ofsted and the Audit and Corporate Governance Committee of the Care Quality Commission. Linda spent much of her executive career in local government working on finance, regeneration policy and practice and developing devolved public services.



Executive members



Amanda Amroliwala, 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 over 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 for 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. Alex left PHSO on 23 June 2020.

Statement of Accounting Officer's Responsibilities

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

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

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

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

I can confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable. I take personal responsibility for the Annual Report and Accounts and the judgments required for determining that they are fair, balanced and understandable.

Rob Behrens, CBE
Accounting Officer
Ombudsman and Chair
13 July 2020

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 2019 to 31 March 2020 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.

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 requirements of good governance. Therefore, I am the Chair of a unitary Board which is in place to improve the governance of the organisation. 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 2019-20.

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 three Deputy Ombuds: the Chief Executive, the Director of Legal and Quality and, with effect from 11 May 2020, the Director of Operations. 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 and Nominations Committee.

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

Role	Committee	Reports to				
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>Audit and Risk Assurance Committee</p> <p>4 Non-executive members</p> <p>Met 6 times in 2019-20 with one informal meeting dedicated to the review of the Resource Accounts</p>		Reports to			
Oversees assurance on the arrangements for assessment of quality, covering casework decisions, process and the experience of people using our service.	<p>Quality Committee</p> <p>4 Non-Executive Members</p> <p>Met 4 times in 2019-20</p>			Reports to	<p>PHSO Board Role: Collective decision making on strategic direction and performance</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>Remuneration and Nominations Committee</p> <p>4 Non-Executive Members</p> <p>Met 4 times in 2019-20</p>				Reports to	<p>Ombudsman, 9 Non-Executive and 3 Executive Members</p> <p>Met 6 times in 2019-20</p>
Oversees operational performance and considers issues affecting delivery, monitors outcomes against objectives and agrees in-year allocation and utilisation of resources.	<p>Executive</p> <p>CEO, 2 Executive Directors and 4 Directors</p> <p>Met 27 times in 2019-20</p>					Reports to

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 staff, ensures visibility and transparency of the decision-making processes of the Board.

Highlights of the activities of the Committees

The Committees of the Board fulfil their responsibilities by receiving and considering reports. The key areas considered by the Committees are set out 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 Procurement Code. The Committee also approved amendments to the Finance and Procurement Codes.
- Assessment of controls put in place to prevent fraud.
- Information Assurance performance and compliance with the General Data Protection Regulations.
- Value for Money: Consideration of how the impact of the organisation's activity could be measured.
- Governance Framework: consideration of compliance with the Governance Framework, which enabled ARAC to provide assurance to the Board on good governance, with a focus on internal controls.
- External audit: consideration of the scope and findings of the National Audit Office's risk-based plan.

- Internal audit:
 - Consideration of the scope of the internal audit plan to ensure that it was appropriate and focussed on risks;
 - having an overview of the developing relationship between the organisation and the auditors in the first year of a new internal audit contract;
 - Consideration of six internal audit reports and monitoring the implementation of the auditors' recommendations.
- Assurance reviews: Four in-depth examinations of specific areas of activity identified as presenting a potential risk to PHSO.

To ensure compliance with accounting standards ARAC held a detailed walkthrough of the draft Resource Accounts, which enabled them to assure the Board that appropriate accounting policies were in place and that the accounts were robust.

At the beginning of the year, the Comptroller and Auditor General provided an unqualified opinion for the 2018-19 accounts, with no recommendations issued.

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 user experience, the Quality Committee reviewed and were assured of the following:

- Casework Quality: By examining data from multiple sources including feedback from service users, internal quality assurance sampling, feedback from the organisations we investigate, and data from the Review and Feedback process.

- **Quality Strategy:** By having oversight of the organisation's emerging Quality Strategy, including the development of approaches to measuring quality and the implementation of a 'Balanced Scorecard' of quality measures.
- **Quality-related projects and special topics:** by having oversight of projects and activities including the Clinical Advice Review; the Early Dispute Resolution project; the Caseworker Accreditation Scheme; and the use of Focus Groups to obtain feedback from service users.
- Additionally, the Committee was involved in a number of other activities, including:
- The use of in-depth examinations to enable detailed scrutiny of performance against selected aspects of the Service Charter;
- Committee members attended a number of workshops and presentations on specific areas of interest, including Transparency, the proposed Complaints Standards Framework, and the work of the Quality Team.

Throughout the year, Equality, Diversity and Inclusion has been an underlying theme in many of the Committee's discussions. The Committee has paid particular attention to understanding what is known about those who use PHSO's services and what additional data will be needed in the future.

Remuneration and Nominations Committee

Chair: Ruth Sawtell

Highlights of Committee Reports

In order to agree pay and performance review arrangements for the Chief Executive and executive directors, and to support the recruitment of senior executives, the Remuneration and Nominations Committee has reviewed and were assured of the following:

- The pay and performance of the Chief Executive and the Executive Directors; and
- The fair and open recruitment process leading to the appointment of three new non-executive Board members.

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 (four meetings)	Quality Committee (four meetings)
Rob Behrens	06 April 2017	N/A	6 out of 6	N/A	N/A	N/A
Non-executive board members						
Sir Alex Allan	02 January 2018	01 January 2021	6 out of 6	N/A	4 out of 4	2 out of 4
Elisabeth Davies	16 May 2016 (15 May 2018)	14 May 2021	6 out of 6	N/A	4 out of 4	4 out of 4 (chair)
Dean Fathers	02 January 2018	1 January 2021	5 out of 6	N/A	N/A	4 out of 4
Linda Farrant	01 February 2020	31 January 2023	1 out of 1	1 out of 1	N/A	N/A
Ram Gidoomal	1 April 2018	31 March 2021	6 out of 6	6 out of 6	4 out of 4	N/A
Alan Graham	07 March 2016 (1 March 2018)	28 February 2021	4 out of 6	6 out of 6 (chair)	N/A	N/A
Michael King	11 January 2017	N/A	2 out of 6	N/A	N/A	N/A

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 (four meetings)	Quality Committee (four meetings)
Ruth Sawtell	20 April 2015 (20 April 2017)	19 April 2020	6 out of 6	6 out of 6	4 out of 4 (chair)	N/A
Julia Tabreham	20 April 2015 (20 April 2017)	19 April 2020	4 out of 6	N/A	N/A	4 out of 4
Independent Audit and Risk Assurance Committee Member						
Alison White	28 April 2015 (reappointed 1 April 2018)	31 July 2019	N/A	3 out of 3	N/A	N/A
Executive Members						
Amanda Amroliwala (Chief Executive)	01 October 2016	N/A	6 out of 6	N/A	N/A	N/A
Gill Kilpatrick (Executive Director of Corporate Services)	01 May 2015	N/A	6 out of 6	N/A	N/A	N/A
Alex Robertson (Executive Director of Strategy and Operations)	05 July 2016	N/A	5 out of 6	N/A	N/A	N/A

The effectiveness of the Board and its Committees

In 2019-20, three new non-executive Board members were appointed. One began her term in February 2020. The remaining two began their terms in April 2020.

The UK Code of Corporate Governance recommends that an independent evaluation of Board effectiveness be undertaken at least every three years. The Board commissioned an external independent review in 2018-19, which reported to the Board in June 2019.

For 2019-20, an internal review of Board effectiveness was undertaken. This consisted of in-depth interviews with executive and non-executive Board members to consider how the Board and its committees are performing and the actions required to improve their impact. As part of this, the Quality Committee and the Audit and Risk Assurance Committee undertook their own effectiveness reviews, both of which fed into the overall Board review.

The findings of the review were presented to the Board in June 2020 and confirmed that the Board operates with good governance. Board members took the view that the Board operates effectively, with a healthy mix of challenge and support. Areas to improve included elevating discussions to be more strategic in focus and convening workshops or informal meetings to allow more penetrating discussions about work in development or emerging issues.

Board Committee evaluation took place by way of completion of a questionnaire by Committee members stakeholders.

Each member of the Board receives an annual competency-based appraisal of their performance.

Performance Reporting to the Board

There are a number of quality assurance processes in place for information considered by the Board, including:

- Consistent reporting on performing against Key Performance Indicators at each Board meeting, including both current and historical information to enable the Board to identify trends over time
- Applying consistent methodologies for collecting and analysing data that are understood by all staff responsible for data input and collection, with clear sign-off processes
- Robust process for checking the accuracy of information being extracted from systems before it is presented to the Board, including a 'double-checking' process for operational data and final sign-off of reports by the senior leadership team
- Reporting on emerging risk

Risk Management

During 2019-20 we continued to refine and embed the Risk Management Strategy. The Board considered the amount of risk it is willing to accept in meeting its strategic objectives. From this the risk tolerance measures used to assess whether the actual level of risk is in line with our risk appetite, were revised. Throughout the course of the year, risk exposure was tracked by monitoring performance against these measures and implementing corrective actions where risk levels were outside of tolerance.

The risk management process is reviewed annually, enabling us to maintain a proactive approach to risk. We also continued to promote the Risk Management Policy and to embed its key aims and objectives among staff through mandatory annual training.

Further, we sought to improve the risk management process by implementing the recommendations of an internal audit into the Risk Management Framework. The audit gave assurance that risk management is clearly established with good practice evident.

This year saw the launch of a new Business Continuity and Disaster Recovery Plan, which details the actions to take in the event of a disruption to our service. Towards the end of the year, this plan was the corner stone of the response to the COVID-19 pandemic. By following the actions set out, the operation was maintained by enabling staff to work from home and by providing guidance and assistance to support staff during this time.

The strategic risks managed during the year are set out on page 24.

Internal Controls

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

Working in partnership with the Local Government and Social Care Ombudsman, we procured and appointed new internal auditors, RSM, from 1 April 2019.

The internal and external audits conducted during the year have provided assurance on governance, financial and risk management arrangements. The internal audit reports provided substantial or reasonable assurance in all areas.

In 2019-20, the NAO audit completion report set out the findings from the audit work, including findings from areas of key risk. There were no material issues or impacts identified within the audit completion report.

Response to COVID-19

Following the Coronavirus outbreak in early 2020, we quickly enacted our Business Continuity and Disaster Recovery Plan and put in place an Emergency Management Team to ensure we could respond and adapt to the rapidly changing situation. The initial focus of the Emergency Management Team was to enable staff to work from home and to provide support and guidance as the situation evolved. This included procuring more laptops, enabling the use of new technology and a significant focus on staff wellbeing.

Despite previously being a predominantly office-based service, we mobilised technology quickly to enable staff, including all public enquiry line call handlers, to work from home.

As the situation evolved it became clear that the pressures on the NHS in dealing with the pandemic would impede our ability to operate as normal. In these difficult and unprecedented times, we did not want to add further pressure into the health system or risk diverting NHS resource away from dealing with the pandemic. To support the national response, we therefore made the difficult decision to pause accepting new complaints about the NHS and to pause work on existing health complaints, which required input from the NHS.

The phone lines remained open to the public during this time and we continued to accept and progress complaints about Government departments and other public bodies where possible. Call handlers also continued to provide advice about the complaint process and signpost people to organisations that can help; an important public service.

Implications of the UK leaving the EU

PHSO plays a crucial role in scrutinising Government. That role will become even more important as the UK Government takes on responsibilities that have previously been carried out by EU institutions. In 2019-20 we started working closely with Government to support the set-up and operation of two new organisations that are designed to do that. Both bodies will come under our jurisdiction. The Office for Environmental Protection (OEP) will be created by the Environment Bill, which is currently passing through Parliament. The OEP will be responsible for investigating breaches of environmental law by public bodies such as local authorities and government departments. PHSO and LGSCO have been working closely with the OEP set-up team at the Department for the Environment, Food and Rural Affairs (Defra) to ensure our organisations will work together effectively, minimising the risk of duplication or gaps.

The Independent Monitoring Authority (IMA), is being set-up by the Ministry of Justice. The EU Withdrawal Agreement Act made provisions for this new body. The IMA will be responsible for investigating systemic failings relating to the rights of EU citizens residing in the UK. The IMA will not look to resolve individual concerns or complaints, but it will use individual issues to initiate its wider, systemic inquiries. We have been working closely with the Ministry of Justice to support the set-up of the IMA and ensure clear roles and responsibilities between our organisations.

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). The commitment to ensuring that information risks are managed and that data is stored and managed securely in line with legal obligations is set out in the Information Promise and our Privacy Policy, both of which are available on the website.

Data security incidents are reported to the Information Assurance Team who manage them in accordance with data protection legislation. All incidents are recorded as are the immediate steps taken to minimise the risk of a repeat occurrence. The SIRO and the DPO consider the wider implications and agree steps to improve overall information security. 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 two potential data breaches to the Information Commissioner's Office (ICO) in 2019-20. One concerned two separate failures with our email encryption solution, which led to emails being sent unencrypted. However, as there was no evidence of unauthorised disclosure, the ICO advised that this would not be formally recognised as a breach.

A Dictaphone containing sensitive data was mislaid. This was reported to the ICO in January 2020. However, the device was later recovered on site following a search. No data was breached. We took immediate action to secure all similar devices to lock down any unencrypted material.

On 5 March 2020, a list of complainants' names and some information about their complaints

was published in error on our website. The names of the caseworkers who worked on these complaints were also published. The data did not include any contact details such as telephone numbers, emails or addresses, nor personal information such as age or date of birth. The data was removed from the website on 26 April 2020.

As soon as we became aware of the situation, we removed the information from the website and reported the data breach to the Information Commissioner. We have investigated the data breach, notified and apologised to affected parties, and have reviewed and changed our processes to make sure this does not happen again. We continue to assist the ICO with its investigation into this matter and will take appropriate action on receipt of its findings.

Governance compliance

The Board monitors compliance with the Governance Framework, which is based on 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 the quarterly governance reports that detail compliance with the Governance Framework and reviews the risk management process set out in the Risk Management Policy, which is approved by the Board. The Committee actively seeks additional sources of assurance on the robustness of the governance and risk arrangements including internal audit reports as well as commissioning 'assurance reviews' into specific areas of risk. In 2019-20 the assurance reviews included business continuity and the organisation's approach to managing transformative changes.

Quarterly reports that consider 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 & Risk Assurance Committee. In 2019-20 all aspects of the Framework were complied with and no departures noted.

Fraud, bribery and raising concerns policies

We have an anti-fraud and bribery policy, and a freedom to speak up policy, with associated response plans in place. The freedom to speak up policy replaces the former Whistleblowing policy and was developed in line with best practice guidance from the National Guardian's Office to encourage and support staff in raising concerns, no matter how small. As part of the policy, we have a freedom to speak up guardian (FTSUG) in post, with whom staff can raise concerns in the first instance. Both policies are available to staff on the 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 2019-20 no action was required under the anti-fraud and bribery policy. Relevant matters raised with the FTSUG were brought to the attention of management and responded to.

Internal Audit reports

The Audit and Risk Assurance Committee approves an internal audit plan based on the risk environment. In 2019-20 internal audit was focussed on areas of high risk or areas that had been through significant transformation and development.

RSM, the internal auditors for 2019-20, undertook seven internal audits that were considered by the Audit and Risk Assurance Committee.

Substantial assurance

- Budgeting and forecast controls
- Implementation of a new casework management system, including security and data migration
- Change Management and Staff Engagement

Reasonable assurance

- ICT change programme
- Risk Management (control framework)
- Payroll
- Casework management policy change implementation review

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 reviewed the implementation of the new casework management system and the arrangements to exit the ICT infrastructure and helpdesk contract with the long-standing supplier. In addition, RSM's Change Management and Staff Engagement review considered the work that PHSO delivered for its people.

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 in regards to risk management, control and governance processes: adequate and effective (Green); adequate and effective with some enhancements required (Green/Amber); Some weaknesses in the framework such that it could become inadequate and ineffective (amber/red); inadequate and ineffective (Red).

The Head of Internal Audit has provided me with their opinion for 2019-20 which is that the PHSO framework for risk management, governance and internal control is 'adequate and effective, with some enhancements required'.

Review of the Year and Looking Ahead

I am confident that effective governance processes are embedded in the organisation. The Audit and Risk Assurance Committee has an annual plan of assurance and has reviewed evidence on the implementation of internal audit recommendations. It has also assured itself of the effectiveness of risk management arrangements, delivery of business continuity and the approach to delivering transformative change. Alongside this assurance, I have taken full account of the National Audit Office's observations and reports.

In 2020-21 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 the organisation by promoting consistent, coherent and transparent frameworks for decision making.

Rob Behrens, CBE
Accounting Officer
Ombudsman and Chair
13 July 2020

Remuneration and Staff Report

Remuneration report 2019-20

Rob Behrens took up his post as the Parliamentary and Health Service Ombudsman on 6 April 2017 following appointment by the Queen and ratification by Parliament. The Ombudsman post comprises two specific roles, 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)

	2019-20				2018-19			
	Salary £000	Benefits in kind (to the nearest £100) £	Pension benefits £000	Total £000	Salary £000	Benefits in kind (to the nearest £100) £000s	Pension benefits £	Total £000
Rob Behrens	165-170	-	-	165-170	160-165	-	-	160-165

PHSO Board executive members 2019-20 (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 Amroliwala	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	26 June 2020

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 Senior 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	Five weeks	One week for every year of continuous service plus one week (maximum of thirteen weeks)
Efficiency grounds		
Disciplinary proceedings		
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 Principal Civil Service Pension Scheme (PCSPS) have a reserved right to draw on their pensions from age 60. This can be done while 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):

	2019-20				
	Salary £000	Non consolidated pay £000	Benefits in kind (to the nearest £100) £	Pensions benefits ⁴ £000	Total £000
Amanda Amroliwala (Chief Executive Officer)*	160-165	10-15	-	73	250-255
Gill Kilpatrick (Executive Director of Corporate Services)	120-125	5-10	-	48	175-180
Alex Robertson (Executive Director of Strategy and Operations) ⁵	120-125	5-10	-	47	175-180

Note *: MyCSP have provided different figures relating to accrued income and lump sum, each purporting to be correct as at 31/3/19. We have used the higher amount until this conflict can be resolved with them.

⁴ 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.

⁵ Alex Robertson has tendered his resignation and his last day in service was on 26 June 2020.

2018-2019					
	Salary £000	Non consolidated pay £000	Benefits in kind (to the nearest £100) £	Pensions benefits ³ £000	Total £000
Amanda Amroliwala (Chief Executive Officer)	155-160	10-15	-	55	225-230
Gill Kilpatrick (Executive Director of Corporate Services)	120-125	5-10	-	47	170-175
Alex Robertson (Executive Director of Strategy and Operations) ⁴	115-120	5-10	-	46	170-175

³ 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.

⁴ Alex Robertson has tendered his resignation and his last day in service was on 26 June 2020.

Fair Pay Disclosure (Audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in PHSO in the financial year 2019-20 was £175,000-£180,000 full time equivalent (2018-19 was £170,000- £175,000) and the lowest paid employee was in the range £20,000 – £25,000 (2018-19 £20,000 - £25,000). The remuneration of the highest paid director was 5.0 times (2018-19 was 4.9) the median remuneration of the workforce, which was £35,719 (2018-19 was £35,275).

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

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 67.

	2019-20		2018-19	
	Salary** £000	Benefits in kind (to the nearest £100) £	Salary £000	Benefits in kind (to the nearest £100) £
Sir Alex Allan	10-15	-	10-15	-
Elisabeth Davies ¹	10-15	-	10-15	-
Dean Fathers	10-15	-	5-10	-
Alan Graham ¹	10-15	-	10-15	-
Ruth Sawtell ¹	10-15	-	10-15	-
Julia Tabreham	10-15	-	5-10	-
Ram Gidoomal ¹	10-15	-	5-10	-
Linda Farrant ¹ (Started 01/02/20)	0-5 (10-15)	-	-	-

Note 1: 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 Non-Executive Board members receive a pension entitlement.

**Salary refers to the remuneration received in the year.

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 2019-20.

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

	Accrued pension at age at 31/03/20 £000	Accrued lump sum at pension age at 31/03/20 £000	Real increase in pension at pension age £000	Real increase in lump sum at pension age £000	CETV at 31/03/20 £000	CETV at 31/03/19 £000	Real increase in CETV £000
Amanda Amroliwala*	75-80	180-185	2.5-5.0	0-2.5	1,517	1,400	46
Gill Kilpatrick	10-15	-	2.5-5.0	-	172	129	27
Alex Robertson	25-30	-	2.5-5.0	-	302	261	19

Note *: MyCSP have provided different figures relating to accrued income and lump sum, each purporting to be correct as at 31/3/19. We have used the higher amount until this conflict can be resolved with them.

Off-payroll engagements

All public authorities who contract members of staff to provide services through an intermediary for more than six months have to report about the financial arrangements to make sure it is transparent and that the worker is paying the right amount of tax and national insurance.

We have reviewed the way we make such contractual arrangements to ensure our processes are robust, and that we receive appropriate assurances regarding tax and national insurance. The tables below outline the off-payroll arrangements for 2019-20. All the members of staff who fall within these arrangements were employed on a temporary basis, to provide specialist skills and recruited through appropriate agencies.

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

No. of existing engagements as of 31 March 2020	3
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.	-

All off-payroll workers are assessed under IR35 guidelines to establish how they should be paid. All employees who are directed by the organisation in their day to day tasks are deemed to fall within the scope of IR35 and must be paid as if they were an employee even if it is via a third party agency or umbrella company. This means that they will pay the correct amount of national insurance and tax.

Contractors who are not directed by the organisation and are providing third party advice and expertise fall outside the scope of IR35 and are paid via a limited company without deduction of tax and national insurance.

One contractor was assessed as falling into the latter category.

No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	4
Of which...	
No. assessed as caught by IR35	3
No. assessed as not caught by IR35	1
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.	4
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.	23

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. 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: three 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 updated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 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

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
13 July 2020

Staff Report

Staff Numbers

At the end of March 2020, the number of staff we employed was 389 full-time equivalents (FTEs). Of these 58% were female and 42% male. In relation to the senior leadership, 50% of the members of the executive team were female and 50% male. The average number of people employed during 2019-20 was 394 FTE. The average age of staff was 40 years.

Senior Managers by Grade (full-time equivalents):

Grade	March 2020
0 (Chief Executive and Executive Directors)	3
1 (Directors)	4
2 (Assistant Directors)	16
Total	23

Average number of persons employed (Audited)

The average number of full-time equivalent persons employed, excluding the Ombudsman, during the year was 394:

	2019-20			2018-19	
	Executive Directors (inc Chief Exec)	Other permanent staff	Others	Total	Total
Full-time equivalent	3	373	18	394	411

Staff Turnover

Staff Turnover was 11% in 2019-20, significantly less than 21% in 2018-19, when a high volume of fixed term contracts came to an end following the organisational restructure in that year. The underlying turnover of permanent staff in 2019-20 was 8%, compared to 15% in 2018-19.

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 Occupational Health arrangements, help to support those absent on long-term sick leave return to work as quickly as possible. There were no reportable health and safety at work incidents in 2019-20 under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

Sickness Absence in 2019-20 increased to 9 days per full time equivalent (FTE) employees, from 7.6 days in 2018-19, due to increased long-term sickness absence. This is the average total days sick per FTE per year. It is calculated by the total day's sickness absence in the last 12 months divided by the average FTE for the year.

Equality, Diversity and Inclusion (ED&I)

Our ED&I strategy for 2020 – 2024 sets out how we will continue to develop and promote best practice in the areas of Equality, Diversity and Inclusion. We encourage an open culture, where individuals can be themselves and perform at their best. Evidence shows that more diverse teams make better decisions and produce better outcomes.

In addition to cross organisational diversity steering and working groups that guide a range of actions, we have a variety of employee-led initiatives in place to promote ED&I. The Pride

in PHSO (LGBT+) Network launched in 2019 and promotes the interests of LGBT+ staff through challenging stereotyping and providing support, mentoring and coaching. Other employee-led initiatives include a Dignity At Work network, an ED&I Staff Forum and the Break the Stigma (mental health) network. Additional support for employees is provided through trained Mental Health First Aiders, the Employee Assistance Programme and the Occupational Health Service.

In 2019-20 we made changes to recruitment processes to ensure we make the most of opportunities to recruit and promote talented individuals and to ensure that our workforce at all levels is representative of our communities. We were also accredited as a Level 2, Disability Confident Employer.



Below are the reported ethnicity and disability statistics of our workforce as at 31 March 2020.

	31 March 2020	31 March 2019	UK population benchmark (where available)
Female	58%	57%	51%
Black, Asian and minority ethnic	13%	15%	13%
Disabled	10%	10%	18%
Lesbian, gay, bisexual and transgender	9%	9%	N/A
Religious belief (those with a religious belief)	49%	49%	N/A
Part time	17%	15%	N/A
Age 50+	20%	18%	N/A

Employee Relations

There were no days lost in 2019-20 due to industrial action or other employee relations disputes.

Consultancy

£8k (£134k in 2018-19) was spent on consultancy in 2019-20.

Staff related costs (Audited)

	2019-20			2018-19	
	Permanently employed staff £000	Fixed term contracts £000	Agency staff £000	Total £000	Total £000
Wages and salaries	14,754	315	1,149	16,218	16,786
Social security costs	1,550	33	-	1,583	1,769
Other pension costs	3,835	45	-	3,880	3,151
Less Capitalised Salary Costs	(401)	-	(557)	(958)	(267)
Sub total	19,738	393	592	20,723	21,439
Ombudsman's salary and on costs	188	-	-	188	185
Consolidated Fund, Total Gross Costs	19,926	393	592	20,911	21,624

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 PCPS as at 31 March 2016.

You can find details in the resource accounts of the Cabinet Office: Civil Superannuation www.civilservicepensionscheme.org.uk

For 2019-20, contributions of £4,671K were payable to the PCSPC (2018-19 £3,956K) including employer's contributions at one of our four rates in the range of 26.6% to 30.3% 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 2019-20 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees who 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 £27k were paid to one or more of the panel of three appointed stakeholder pension providers. Employers 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 £3k.

Exit Packages (Audited)

Exit Package Band	2019-20			2018-19
	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	-	-	-	-
£10,001 - £25,000	2	-	2	-
£25,001 - £50,000	-	-	-	4
£50,001 - £100,000	2	-	2	2
£100,001 - £150,000	-	-	-	-
£150,001 - £200,000	-	-	-	-
£200,001 - £250,000	-	-	-	-
Number	4	-	4	6
Total (£000)	157	-	157	319

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 this table.

Rob Behrens, CBE
Accounting Officer
Ombudsman and Chair
13 July 2020

Parliamentary Accountability and Audit Report 2019-20 (Audited)

Statement of Parliamentary Supply

Summary of Resource and Capital Outturn 2019-20

		2019-20							2018-19
		Estimate				Outturn			
								Voted outturn compared to Estimate: saving/ (excess) £000	
	SoPS Note	Voted £000	Non-Voted £000	Total £000	Voted £000	Non-Voted £000	Total £000		Outturn £000
Departmental Expenditure Limit									
- Resource	1.1	28,435	196	28,631	27,097	188	27,285	1,338	29,737
- Capital	1.2	2,170	-	2,170	2,076	-	2,076	94	1,028
Annually Managed Expenditure									
- Resource	1.1	1,337	-	1,337	(164)	-	(164)	1,501	(2,536)
- Capital	1.2	-	-	-	-	-	-	-	-
Total		31,942	196	32,138	29,009	188	29,197	2,933	28,229
Total Resource		29,772	196	29,968	26,933	188	27,121	2,839	27,201
Total Capital		2,170	-	2,170	2,076	-	2,076	94	1,028
Total		31,942	196	32,138	29,009	188	29,197	2,933	28,229

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

The underspend against the 2019-20 Resource Departmental Expenditure Limit (RDEL) of £1,338k (5%) is mainly as a result of depreciation costs being £761k lower than the estimate. RDEL excluding depreciation was 2% under budget partially due to the impact on spending plans of the Covid 19 crisis.

The non-voted resource expenditure limit was £196k, and funds the cost of the Ombudsman's salary and social security and on costs. There was a small underspend of £8k.

The Annually Managed Expenditure (AME) limit covers the creation and use of provisions. In 2019-20 the AME limit was negative due to the planned utilisation of provisions (principally early departure 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 an £1,501k of the AME allocation being unutilised.

Capital expenditure was £94k (4%) less than estimated mainly due to lower than forecast external costs on IT systems.

Net Cash Requirement 2019-20

	2019-20			Outturn compared to Estimate: saving/ (excess) £000	2018-19
	SoPS Note	Estimate £000	Outturn £000		Outturn £000
Net Cash Requirement	2	29,988	28,404	1,584	30,038

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 2019-20 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

	2019-20				2018-19	
	Outturn		Net	Estimate	Net Total compared with Estimate	Outturn total
	Gross	Income				
	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limits (DEL)						
Voted expenditure	27,227	(130)	27,097	28,435	1,338	29,552
<i>Of which</i>						
A Administration	27,227	(130)	27,097	28,435	1,338	29,552
Non Voted expenditure	188	-	188	196	8	185
<i>Of which</i>						
B Ombudsman's salary and social security	188	-	188	196	8	185
Total	27,415	(130)	27,285	28,631	1,346	29,737
Spending in Annually Managed Expenditure (AME)						
Voted expenditure	(164)	-	(164)	1,337	1,501	(2,536)
<i>Of which</i>						
C Use of Provisions	(164)	-	(164)	1,337	1,501	(2,536)
Total	27,251	(130)	27,121	29,968	2,847	27,201

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

	2019-20				2018-19	
	Outturn			Estimate	Net Total compared with Estimate	
	Gross £000	Income £000	Net £000	Net total £000	£000	Outturn Total £000
Spending in Capital Departmental Expenditure Limit (CDEL)						
Voted expenditure	2,076	-	2,076	2,170	94	1,028
<i>Of which</i>						
Administration	2,076	-	2,076	2,170	94	1,028
Total	2,076	-	2,076	2,170	94	1,028

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
Resource Outturn	SoPS1.1	29,968	27,121	2,847
Capital Outturn	SoPS1.2	2,170	2,076	94
Accruals to cash adjustments:				
<i>Adjustment to remove non-cash items:</i>				
Depreciation, Amortisation & Impairments	5,6	(1,628)	(867)	(761)
Loss on Disposal of Fixed Assets		-	(86)	86
New provisions and adjustments to previous provisions	10	(1,522)	(43)	(1,479)
Other non-cash items	3	(60)	(63)	3
<i>Adjustments to reflect movements in working balances</i>				
Increase/(decrease) in receivables	8	-	123	(123)
(Increase)/decrease in payables	9	1,071	124	947
Use of provisions	10	185	207	(22)
		30,184	28,592	1,592
Removal of non-voted budget items:				
Consolidated Fund	SoPS1.1	(196)	(188)	(8)
Net Cash Requirement		29,988	28,404	1,584

Parliamentary Accountability Disclosures (Audited)

Regularity

There were no irregularities during 2019-20 (nil 2018-19).

Losses and special payments

	2019-20		2018-19	
	No. of cases	£000	No. of cases	£000
Fruitless Payments	-	-	1	2,246
Administrative write offs	4	86	-	-
Other	27	42	44	45
Total	31	128	45	2,291

Other losses and special payments relate to compensation payments. Administrative write offs relate mainly to disposal of IT assets in our data centre that could not be used for any other purpose and were not cost effective to resell.

Fees and Charges

PHSO has not received any income related to fees and charges in 2019-20 (nil 2018-19).

Remote Contingent Liabilities

There are no remote contingent liabilities as at 31st March 2020 (nil 31 March 2019).

Rob Behrens, CBE,
Accounting Officer,
Ombudsman and Chair
13 July 2020

THE CERTIFICATE AND REPORT 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 2020. The financial statements comprise: the 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 2020 and its net operating expenditure 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 2020 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Parliamentary and Health Service Ombudsman's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Parliamentary and Health Service Ombudsman have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Parliamentary and Health Service Ombudsman's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

- Conclude on the appropriateness of the Parliamentary and Health Service Ombudsman'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. If I conclude that a material uncertainty exists, I am required to draw attention in my 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 report. However, future events or conditions may cause the Parliamentary and Health Service Ombudsman to cease to continue as a going concern.

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, but does not include 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 the 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

14 July 2020

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 2020

		2019-20	2018-19
	Note	£000	£000
Operating income	4	130	1,132
Operating expenditure			
Staff costs	3	20,911	21,624
Purchase of goods and services	3	5,344	6,000
Depreciation, impairment charges and adjustments	3	953	656
Provision expense	10	43	53
Total operating expenditure		27,251	28,333
Net operating expenditure		27,121	27,201
Other comprehensive expenditure		-	-
Comprehensive net expenditure for the year ended 31 March 2020		27,121	27,201

Statement of Financial Position as at 31 March 2020

		31 March 2020	31 March 2019
	Note	£000	£000
Non-current assets			
Property, plant and equipment	5	2,000	1,804
Intangible assets	6	2,039	1,111
Total non-current assets		4,039	2,915
Current assets			
Trade and other receivables	8	783	660
Cash at bank	7	284	251
Total current assets		1,067	911
Total assets		5,106	3,826
Current liabilities			
Trade and other payables	9	(1,925)	(2,170)
Provisions	10	(81)	(268)
Other liabilities	9	(372)	(339)
Total current liabilities		(2,378)	(2,777)
Total assets less current liabilities		2,728	1,049
Non-current liabilities			
Provisions	10	(536)	(513)
Other liabilities	9	(592)	(470)
Total non-current liabilities		(1,128)	(983)
Total assets less total liabilities		1,600	66
Taxpayers' equity and other reserves			
General Fund		1,600	66
Total equity		1,600	66

Rob Behrens, CBE,
Accounting Officer,
Ombudsman and Chair
13 July 2020

Statement of Cash Flows for the year ended 31 March 2020

		2019-20	2018-19
	Note	£000	£000
Cash flows from operating activities			
Net operating expenditure	2	(27,121)	(27,201)
Adjustments for non-cash transactions	3,5	1,097	769
(Increase)/decrease in trade and other receivables	8	(123)	842
Increase/(decrease) in trade payables	9	(91)	(1,078)
Movements in payables/receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	9	(33)	62
Use of provisions	10	(207)	(2,589)
Net cash outflow from operating activities		(26,478)	(29,195)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(712)	(564)
Purchase of intangible assets	6	(1,402)	(464)
Net cash outflow from investing activities		(2,114)	(1,028)
Cash flows from financing activities			
From the Consolidated Fund (Supply): current year		28,437	29,976
From the Consolidated Fund (Non-Supply)	3	188	185
Net financing		28,625	30,161
Net increase/(decrease) in cash in the period before adjustment for receipts and payments to the Consolidated Fund		33	(62)
Payments of amounts due to the Consolidated Fund		-	(9)
Net increase/(decrease) in cash in the period after adjustment for receipts and payments to the Consolidated Fund		33	(71)
Cash at the beginning of the period	7	251	322
Cash at the end of the period	7	284	251

Statement of Changes in Taxpayers' Equity for the Year ended 31 March 2020

	Note	Taxpayers' Equity £000
Balance at 31 March 2018		(3,016)
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
Balance at 31 March 2019		66
Net Parliamentary Funding - drawn down		28,437
Net Parliamentary Funding - deemed		251
Consolidated Fund Standing Services	3	188
Supply Payable Adjustment	9	(284)
CFERs Payable to the Consolidated Fund	9	-
Comprehensive net expenditure for the year	2	(27,121)
Auditor's remuneration	3	63
Balance at 31 March 2020		1,600

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 2019-20 issued by HM Treasury, for use within Central Government. Where the Government Financial Reporting Manual 2019-20 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, it is probable that the collectability of the related receivable is reasonably assured.

IFRS 15 has been applied, and income is recognised when PHSO has fulfilled the obligations which give rise to the income.

1.3 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 for a proxy for fair value.

Assets are disposed of once they are confirmed to be no longer in use or the asset is confirmed to no longer exist. The method of disposal will be dependent on the nature of the asset, taking account security and cost factors. Any residual net book value for the asset is charged to the Statement of Comprehensive Net Expenditure.

1.4 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 2019-20, PHSO capitalised the labour costs for staff and contractors who were 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.

1.5 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 – 5 years
- IT software and equipment – three to ten years
- Office machinery – five years
- Building Refurbishment – the lesser of 10 years or the lease term.

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

1.6 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. A threshold of £100 applies for accruals.

1.7 Value added tax

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

1.8 Prepayments

Prepayments represent cash paid by the organisation prior to the reporting date in consideration for goods or services received after the reporting date.

1.9 Leases

Building lease payments are recognised as an expense in the SOCNE and together with any rent free periods are accounted for on a straight line basis over the lease term.

1.10 Accounting estimates

Significant accounting estimates have been made in relation to provisions. Dilapidations have been reviewed and provision made based on estimated costs provided by external professional property advisors in 2019 and uplifted for inflation, in line with the lease agreement. These will be revalued by property consultants in 2021. Provisions in respect of 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.

1.11 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 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 2020-21 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 have reviewed our forecast expenditure as a result of COVID-19 and the net impact on our budgets, taking account of offsetting savings, is not material.

We are satisfied that these matters 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.

1.12 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 have assessed and quantified. Rather than applying a distinction between operating leases and finance leases, Lessees will be required to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for most lease contracts. This will be adopted by the UK Public Sector in 2021-22 due to implementation being deferred for two years. The impact on the SOCNE of lease payments under the current policy for 20/21 would be £1,073k. Under the revised IFRS16 accounting standard this would be replaced by depreciation of £1,031k plus RDEL interest on leases of £134k on the SOCNE. On transition the estimated impact of SOFP is £10,147k in respect of the right of use assets in the Statement of Financial position.

IFRS 17- Insurance contracts, will be effective for reporting periods after 1 January 2023 which replaces IFRS 4. The standard applies to issued insurance contracts and reporting these in the financial statements to provide comparability and increase transparency. It is expected there will be no impact to the 2023-24 accounts.

No new accounting standards or revisions to existing standards have been adopted early by PHSO in 2019-20.

2. Statement of Operating Costs by Operating Segment

For internal reporting purposes, 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.

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
	2019-20		
Staff costs	15,393	5,518	20,911
Other employee expenditure	119	234	353
External casework costs	323	36	359
Other professional advice	-	344	344
Research, media and publications	201	2	203
Accommodation costs	-	2,108	2,108
IT and Telecommunications	1	2,207	2,208
Recruitment	-	81	81
External learning and staff development	-	252	252
Other central overheads	-	389	389
Provisions	76	(33)	43
Early Departure costs	0	0	0
Income	-	(130)	(130)
Total	16,113	11,008	27,121

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

	Operations and Strategy £000	Corporate Services £000	Total £000
	2018-19		
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)
Total	17,317	9,884	27,201

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

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

3. Other Administration Costs

		2019-20	2018-19
	Note	£000	£000
Cash items			
Wages & salaries		16,217	16,786
Less: Capitalised Staff Costs		(958)	(267)
Social security costs		1,584	1,769
Other pension costs		3,880	3,151
Ombudsman's salary and social security		188	185
Early Departure Costs		0	298
Goods & services		3,383	3,496
Accommodation costs		930	1,097
Accommodation operating leases		968	1,049
Total cash items		26,192	27,564
Non-cash items			
Depreciation and amortisation of fixed assets:			
Property, plant and equipment	5	378	366
Intangible assets	6	489	261
Loss on disposal	5	86	29
Auditor's remuneration		63	60
Provisions:			
Provided in year	10	58	367
Provisions not required written back	10	(15)	(314)
Total non-cash items		1,059	769
Total		27,251	28,333

Auditors have received no remuneration for non-audit work.

Staff related costs

	2019-20			2018-19	
	Permanently employed staff £000	Fixed term contracts £000	Agency staff £000	Total £000	Total £000
Wages and salaries	14,754	315	1,149	16,218	16,786
Social security costs	1,550	33	-	1,583	1,769
Other pension costs	3,835	45	-	3,880	3,151
Less: capitalised salary costs	(401)	-	(557)	(958)	(267)
Sub total	19,738	393	592	20,723	21,439
Ombudsman's salary and social security costs	188	-	-	188	185
Total gross costs	19,926	393	592	20,911	21,624

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.

For 2019-20, contributions of £4,671k were payable to the PCSPS (2018-19 £3,956k) including employers' contributions at one of four rates in the range 26.6% to 30.3% 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 2019-20 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 £27,289 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 £2,676.

4. Income

	2019-20	2018-19
Note	£000	£000
Rental income	-	1,129
Recoveries in respect of outward secondments	130	-
Costs relating to visit of South African Ombudsman recharged to Health Education England	-	3
Total	130	1,132

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

2019-20	Furniture and fittings £000	Information technology £000	Office machinery £000	Buildings £000	Assets under construction £000	Total £000
Cost or valuation						
At 1 April 2019	683	2,070	169	1,059	49	4,030
Additions	3	677	17	14	1	712
Disposals	(83)	(1,614)	(6)	(73)	-	(1,776)
Transfers	-	28	-	-	(42)	(14)
Write off*	(22)	-	-	(16)	0	(38)
At 31 March 2020	581	1,161	180	984	8	2,914
Depreciation						
At 1 April 2019	258	1,699	136	133	-	2,226
Charged in year	96	168	9	105	-	378
Disposals	(83)	(1,542)	(6)	(59)	-	(1,690)
Transfers	-	-	-	-	-	-
At 31 March 2020	271	326	138	179	-	914
Carrying amount as at 31 March 2020						
	310	835	42	805	8	2,000
Carrying amount as at 31 March 2019	425	371	33	926	49	1,804

All property, plant and equipment held at 31 March 2020 is owned. There are no leased assets or assets held as non-current assets under PFI contracts. PHSO holds no third-party assets.

Transfers between Property, Plant and Equipment net off with Intangible Assets (the difference is due to rounding). This is a correction of prior year misallocations in Assets Under Construction between Property, Plant and Equipment and Intangible Assets.

Additions and disposals relate mainly to IT infrastructure.

* Write-offs relate to a reversal of an accrual of Assets Under Construction in 2018-19 and is included in Adjustments for Non-cash transactions on the Statement of Cashflows

5. Property, plant and equipment (continued)

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

6. Intangible assets

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

2019-20	Software £000	Assets under construction £000	Total £000
Cost or valuation			
At 1 April 2019	1,925	232	2,157
Additions	1,402	-	1,402
Disposals	(232)	-	(232)
Transfers	247	(232)	15
At 31 March 2020	3,342	-	3,342
Amortisation			
At 1 April 2019	1,046	-	1,046
Charged in year	489	-	489
Disposals	(232)	-	(232)
Transfers	-	-	-
At 31 March 2020	1,303	-	1,303
Net book value:			
Carrying amount as at 31 March 2020	2,039	-	2,039
Carrying amount as at 31 March 2019	879	232	1,111

All intangible assets held at 31 March 2020 are owned rather than leased or held as non-current assets through PFI contracts. PHSO holds no third-party assets.

6. Intangible assets (continued)

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

7. Cash

	31 March 2020	31 March 2019
	£000	£000
Balance at 1 April	251	322
Net change in cash balances	33	(71)
Total cash balances at 31 March	284	251

The following cash balances at 31 March were held:

Cash at bank-Government Banking Service	284	251
Cash in hand	-	-
Total cash balances at 31 March	284	251

8. Trade receivables, financial and other assets

	31 March 2020	31 March 2019
	£000	£000
Amounts falling due within one year:		
Trade receivables within one year	54	6
Deposits and advances	37	49
Prepayments and accrued income	692	605
Total	783	660

9. Trade payables and other current liabilities

	31 March 2020	31 March 2019
	£000	£000
Amounts falling due within one year		
Trade payables	18	64
Taxation and social security	434	437
Other payables	402	324
Accruals and deferred income	1,071	1,345
Trade and other payables	1,925	2,170
Rent-free period accrual	88	88
Amounts issued from the Consolidated Fund for supply but not spent at year end	284	251
Other liabilities	372	339
Sub total	2,297	2,509
Amounts falling due after more than one year		
Rent-free period accrual	592	470
Total	2,889	2,979

10. Provisions for liabilities and charges

	2019-20			2018-19	
	Early departure costs £000	Legal claims £000	Dilapidations £000	Total £000	Total £000
Balance at 1 April	185	83	513	781	3,317
Provided in the year*	-	35	23	58	367
Provisions not required written back*	-	(15)	-	(15)	(314)
Provisions utilised in the year	(185)	(22)	-	(207)	(2,589)
Balance at 31 March	-	81	536	617	781

* The amount shown in the SoCNE comprises the movement in year of £43k 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

	2019-20		2018-19	
	Legal claims £000	Dilapidations £000	Total £000	Total £000
Not later than one year	81	-	81	268
Later than one year and not later than five years	-	121	121	116
Later than five years	-	415	415	397
Balance at 31 March	81	536	617	781

Early Departure Costs

The provision has been utilised in respect of severance costs.

Legal Claims

PHSO has received a legal claim which is expected to be heard in 2020-21 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 lease 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.

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 leases part of the 21st floor at Millbank Tower 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 given in the table below analysed according to the period in which the lease expires.

	31 March 2020	31 March 2019
	£000	£000
Buildings		
Not later than one year	1,035	972
Later than one year and not later than five years	3,321	3,573
Later than five years	6,776	6,930
Total	11,132	11,475
Other		
Not later than one year	10	18
Later than one year and not later than five years	13	16
Later than five years	-	-
Total	23	34

12. Capital and other commitments

There were no contractual capital commitments as at 31 March 2020 (nil 31 March 2019) which were not otherwise included in these financial statements.

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 2020	31 March 2019
	£000	£000
Not later than one year	1,051	1,145
Later than one year and not later than five years	880	916
Later than five years	316	-
Total	2,247	2,061

14. Contingent liabilities disclosed under IAS 37

There were no contingent liabilities as at 31st March 2020 (nil 31 March 2019).

No guarantees, indemnities or letters of comfort have been issued by PHSO.

15. Contingent assets

PHSO had no contingent assets as at 31 March 2020 (nil 31 March 2019).

16. Related-party transactions

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

PHSO has a material transaction with another government department and health service body. 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 2020 that would affect the financial statements.

PHSO have reviewed costs incurred after year end, as well as the net impact of COVID-19 on available budgets (taking account of additional expenditure and savings) and these amounts are deemed not material.

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