



Local Government &  
Social Care  
**OMBUDSMAN**

Commission for Local  
Administration in England

***Making Complaints  
Count -***  
**Annual report &  
Accounts 2019-2020**

# Commission for Local Administration in England

## **Local Government and Social Care Ombudsman**

### Annual Report & Accounts 2019-20

(for the year ended 31 March 2020)

Accounts presented to the House of Commons pursuant to Section 7 of the Government Resources and Accounts Act 2000

Annual Report presented to Parliament pursuant to Section 23A(3A) of the Local Government Act 1974 as amended by Section 170(1)(5) of the Local Government and Public Involvement in Health Act 2007; and pursuant to Section 34S(5) of the Local Government Act 1974 as amended by Section 35 of the Health Act 2009

Accounts presented to the House of Lords by Command of Her Majesty

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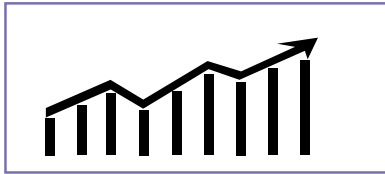
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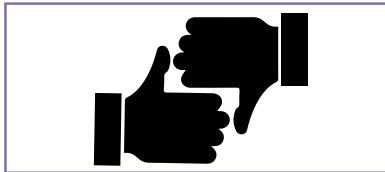
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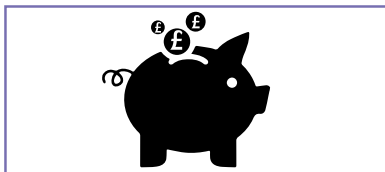
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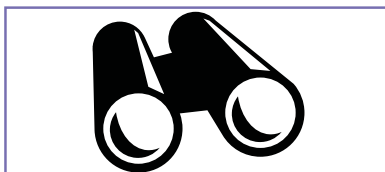
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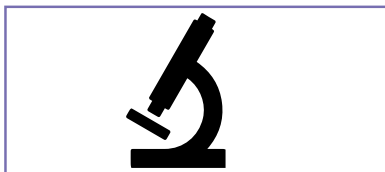
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# Foreword



I present the Annual Report and Accounts for the Commission for Local Administration in England (also known as the Local Government and Social Care Ombudsman) for the year ended 31 March 2020.

We have performed well against our targets, and I want to thank our staff for making this happen.

This year we have continued to focus on the wider learning opportunities our investigations offer. A key milestone in this journey was the launch of our [Your Council's Performance](#) interactive map.

I am proud to be the first UK ombudsman to present our complaints data in such an

extensive and user-friendly way. It is helping to increase public scrutiny and accountability of councils, by opening up a wealth of data and intelligence from our complaints. Via a simple tap of a screen, citizens can now see what mistakes their council has made, the improvements it has promised to make, and how it is faring against similar councils.

The additional information we started publishing this year – especially the recommendations we make to improve local services for everyone – place the spotlight on the wider value our investigations have. I'm pleased to see councils and care providers agreed to make 1,769 service improvements this year.

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This significant amount is partly attributed to our cases becoming increasingly complex. In more and more instances, we are finding procedural or policy problems lurking in the background of peoples' complaints. The changes councils have implemented in response to the perfect storm of diminishing resources and increased demand (which we documented before in our Under Pressure report), have played a big part in this.

Despite these challenges however, the majority of councils and care providers are to be commended for taking a positive approach to putting things right and seeking to learn from our investigations. Compliance with our recommendations remains exceedingly high at 99.1% and we have seen a huge uptake in our complaint handling training courses – especially from care providers.

A good example of this positive approach to learning came when we approached a number of councils about a tailored support package from us to help improve their complaint handling. We worked closely with Tower Hamlets council and were able to help the council cut its average response times to our enquiries by more than 40%. A key driver for this was the council's buy-in to the initiative from a senior level downwards.

This year we also published a greater number of public interest reports, and Adverse Findings Notices against care providers. These are another means by which we hold bodies to account and promote learning for others.

Cases included subjects as diverse as a 10-year planning dispute over a village green application, a number of councils disadvantaging people with 'hidden' disabilities in making their complaints, and a care provider threatening to evict a care user if a 25% fee increase wasn't paid.

Sadly, the battles families face in navigating the Education, Health and Care (EHC) plan process remains one of our major concerns. Our latest thematic report on this subject suggests the situation has worsened since our previous report two years ago.

The Education Select Committee also published its damning findings from its 18-month long enquiry into special educational needs and disabilities (SEND) provision. I welcome one of its key recommendations was to increase independent scrutiny of services by giving us additional powers to investigate matters beyond the school gate, where our jurisdiction currently ends. We stand ready to work with the Government to take this forward when appropriate.

We also published a national report highlighting the human cost of poor housing benefit practice. We fed back learning to help avoid some of the extreme cases we have seen, such as people losing their homes due to mistakes in administering the benefit.

One of our key objectives is to ensure our service remains easy to find and use. This year we took an important step forward in improving the experience for people using our service online. We launched the first phase of our customer portal by updating our complaint submission form on our website. The complete version of the portal will provide a more secure and convenient way for people to access their case documents and engage with us.

For our staff survey this year, we used a system which allows us to benchmark ourselves against a wide range of leading businesses. I was encouraged to see the levels of trust our staff have in their colleagues, at 73%, puts us close to some of the highest performers. Evidence shows high trust and engagement levels go hand in hand with high performing,

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innovative and resilient organisations. So, these results give us a fantastic base to build on.

The flexibility and commitment of our staff was witnessed again in the final weeks of this year, when the COVID-19 (coronavirus) outbreak struck. At a time when the entire nation had to adapt rapidly, I was impressed by the speed at which our teams came together to adapt to new ways of working. *See page 44 for more information.*

It led us to, at first, restrict the intake of new complaints then take the unprecedented step in our 45-year history, to temporarily halt all investigative work which required bodies in jurisdiction to do something. We did not take this decision lightly, but it was in the wider public interest to give councils and care providers space to deliver crucial frontline services. We re-introduced our normal service at the end of June.

During the peak, we explained to bodies in jurisdiction that we still expected them consider what complaint handling arrangements could be maintained, and they should respond to the most urgent and high-risk concerns from the public. To help with this, we recommended principles of good administration for councils to use during those difficult times. We also made it clear to the public that nobody would miss out on their right to justice because of our pause in casework.

We worked quickly to set up a specialist team to handle the complaints we would receive about the actions of bodies in jurisdiction specifically in relation to COVID-19. By closely monitoring the coronavirus emergency legislation, adapting how the team shares knowledge and altering how we register cases, we can carry out consistent and proportionate investigations into COVID-19 issues. We are also well-positioned to feed back the learning from these cases and play a valuable part in the wider public scrutiny of the local response to the pandemic.



**Michael King**  
**Chair, Commission for Local**  
**Administration in England**  
**Local Government and Social Care**  
**Ombudsman**



# Who we are, what we do

The Local Government and Social Care Ombudsman (LGSCO) investigates individual complaints about councils, all adult social care providers (including care homes and home care agencies) and some other organisations providing local public services.

We help to make sure these organisations are accountable, by ensuring they put things right for service users when things have gone wrong.

For adult social care, we are the one-stop-shop for complaints about publicly and privately funded services. This means the public does not have to navigate complex processes in what is often a confusing social care system.

We are independent, impartial and free to use. Because we provide an impartial view on complaints, we are neither a consumer champion nor a representative for service providers.

Our service is at the final stage of the complaints process. Therefore, the body concerned must be given the chance to respond to the complaint before we can look at it.




During the course of investigating complaints, we uncover significant evidence of public experiences of service delivery. We feed this back to help capture the learning from complaints in many ways, including publishing our complaints information; issuing public reports of investigations and guidance documents for bodies in jurisdiction; and informing public policy debates.

Our Executive Team is responsible for the day-to-day management of our operations. Its work is overseen by the Commission for Local Administration in England (“the Commission”), which is chaired by the Local Government and Social Care Ombudsman, Michael King. The Commission operates as the board of the LGSCO. It sets our strategic priorities and provides scrutiny and challenge on our performance against those priorities.



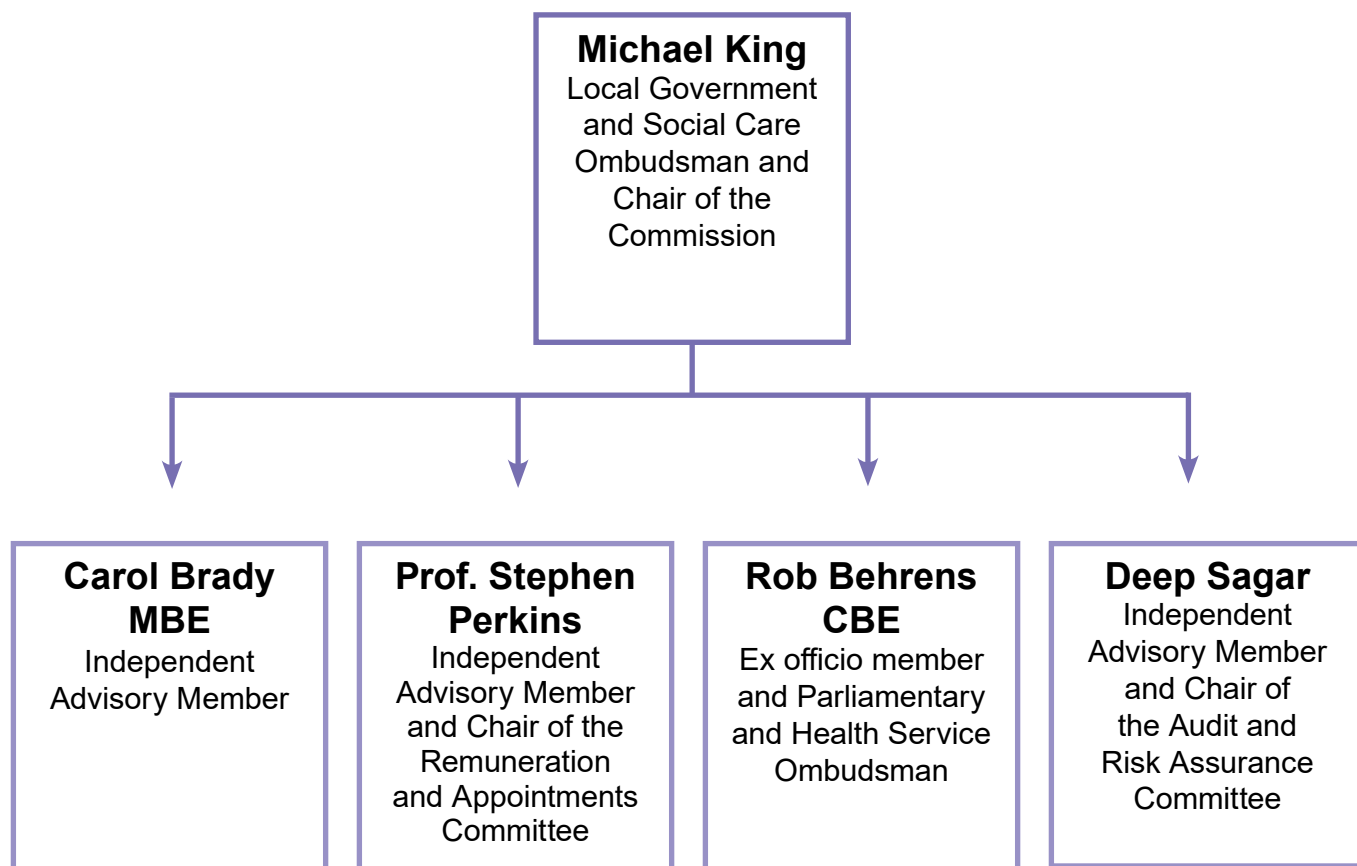
# Who we are, what we do

## How we investigate

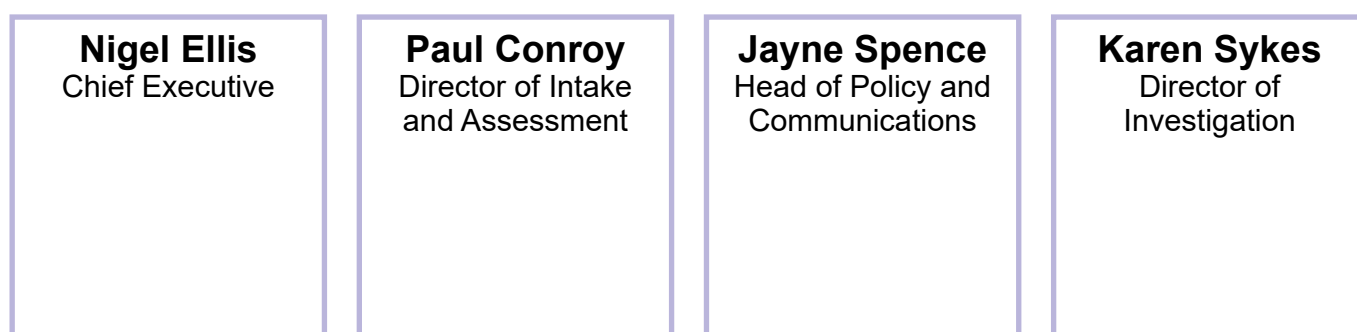
		
<p><u>Step 1</u> Initial Check</p>	<p><u>Step 2</u> Initial investigation (<i>assessment</i>)</p>	<p><u>Step 3</u> Detailed investigation</p>
<p>We carry out some basic checks, like whether:</p> <ul style="list-style-type: none"> <li>! the council or care provider has had the chance to consider the complaint</li> <li>! it looks like we might be the right people to help at this stage</li> </ul>	<p>We decide whether to investigate the complaint by checking if:</p> <ul style="list-style-type: none"> <li>! the issue is something the law allows us to look into and;</li> <li>! there is good reason for us to formally investigate</li> </ul>	<p>We make a decision on whether the organisation was at fault by:</p> <ul style="list-style-type: none"> <li>! investigating what happened, and what should have happened, according to the laws and policies in place at the time</li> <li>! making recommendations to put things right if necessary</li> </ul>

# Membership of the Commission

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## The Executive Team



# Key numbers 2019-20

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**1,769**

recommendations  
to improve services

**118**

complaint handling  
training courses  
delivered

**99.1%**

recommendations  
implemented

**63**

public interest  
reports issued

**>60%**

councils using our  
reports to review  
practices

**>3/4**

cases completed  
within three  
months

# Chief Executive's performance report

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## Performance Overview

We are pleased to report strong performance against our four Strategic Objectives.

### Strategic Objective 1: our service is easy to find and easy to use

We exceeded or met our time targets for the speed of our investigations:

- > 78% of investigations were completed within 13 weeks (against a target of 65%)
- > 89% of investigations were completed within 26 weeks (against a target of 85%)
- > 99% of investigations were completed within 52 weeks (against a target of 99%).

Therefore, more than three quarters of our cases are completed within three months.

We made good progress in reducing the number of complaints we had waiting to be allocated to an investigator. While they remain higher than we would like, a number of initiatives, including deploying newly recruited investigators to work on the backlog, started to bear fruit by the close of the year.

Our customer satisfaction survey results were in line with previous years. There were 21% of respondents who remained happy with the service received, despite being unhappy with the outcome of their case (target: 20%), and 94% of those happy with the outcome were also happy with the service (target: 95%).

We launched the first phase of our new online customer portal. This was a new online complaint submission form that guides people, in a more sophisticated way, through the process of using our service.

We received 240 complaints about our service and acknowledged we could have done something better in 77 cases. These are similar levels to the previous year.

### Strategic Objective 2: we remedy injustice through impartial, fair and rigorous investigations

The vast majority of our decision statements met our key standard for being reasonable and defensible. Between 90% and 96% of cases met this standard in the various review exercises we did.

We saw a decrease in the amount of people asking us to review their decision this year (688 requests). In just 8% of requests (57 in number), we did further work to bring them up to the standard we expect.

Councils and care providers implemented 99.1% of our recommendations. We did further work to pursue compliance on the small number of cases with recommendations not agreed. There were just two instances of us reaching the final stage of our process, which is to issue a formal notice of non-compliance. These were both against independent care providers.

### Strategic Objective 3: we use what we learn from complaints to help improve local services

We published two Focus Reports on important topics from our casework, including a report on one of our major concerns – Education, Health and Care plans for pupils with special educational needs and disabilities.

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We gave evidence to the Education Select Committee on this subject, and we featured heavily in the Committee's resulting report, which recommended the extension of our powers to investigate complaints about matters within schools.

We issued considerably more public interest reports than the previous year (63 in total), and we received more news coverage of the decisions published weekly on our website.

Our effective complaint handling training courses grew in popularity, with us delivering 118 courses – two thirds more than the previous year. We also ran our two-yearly seminars with councils, which shared and encouraged best practice in using the learning from complaints.

Our annual surveys of councils and care providers gives assurance bodies in jurisdiction are committing to using our casework to support learning and service improvement. More than 60% of councils who responded say they use our focus reports and annual reviews to reassess their practices.

#### **Strategic Objective 4: we are accountable to the public and use our resources efficiently**

We spent within budget by managing our finances effectively and operating good financial controls. This sees us continue to offer good value to the public purse.

Our IT systems remained secure against security breaches and downtime was limited to normal levels of tolerance.

Our accounts have been prepared on a going concern basis.

## **Managing Risk**

The Executive Team leads how we monitor and mitigate against risks that impact our ability to meet our strategic objectives. This is overseen by the Commission and the Audit and Risk Assurance Committee.

We have seven risks on our strategic risk register. Using a Red/ Amber/ Green system, five of these were marked green at the close of year.

One risk was marked amber: the risk we don't have the resources or people needed to do our job effectively. The reason it was amber is because of the uncertainty, like all public bodies, of funding beyond the current spending review – however, we did agree a business case for additional funding for 2019-20, during the year.

The only risk marked red was the continued high level of cases waiting to be allocated to an investigator. At the close of the year, however, we were able to reduce the number of unallocated cases significantly from a mid-year peak.

In the final weeks of the year, we took the unprecedented decision to temporarily suspend all investigations requiring councils and care providers to do something, so as not to distract them from delivering vital frontline services during the Covid-19 (coronavirus) outbreak. We are closely monitoring the situation with regards to the risks this poses to our strategic objectives for future years.

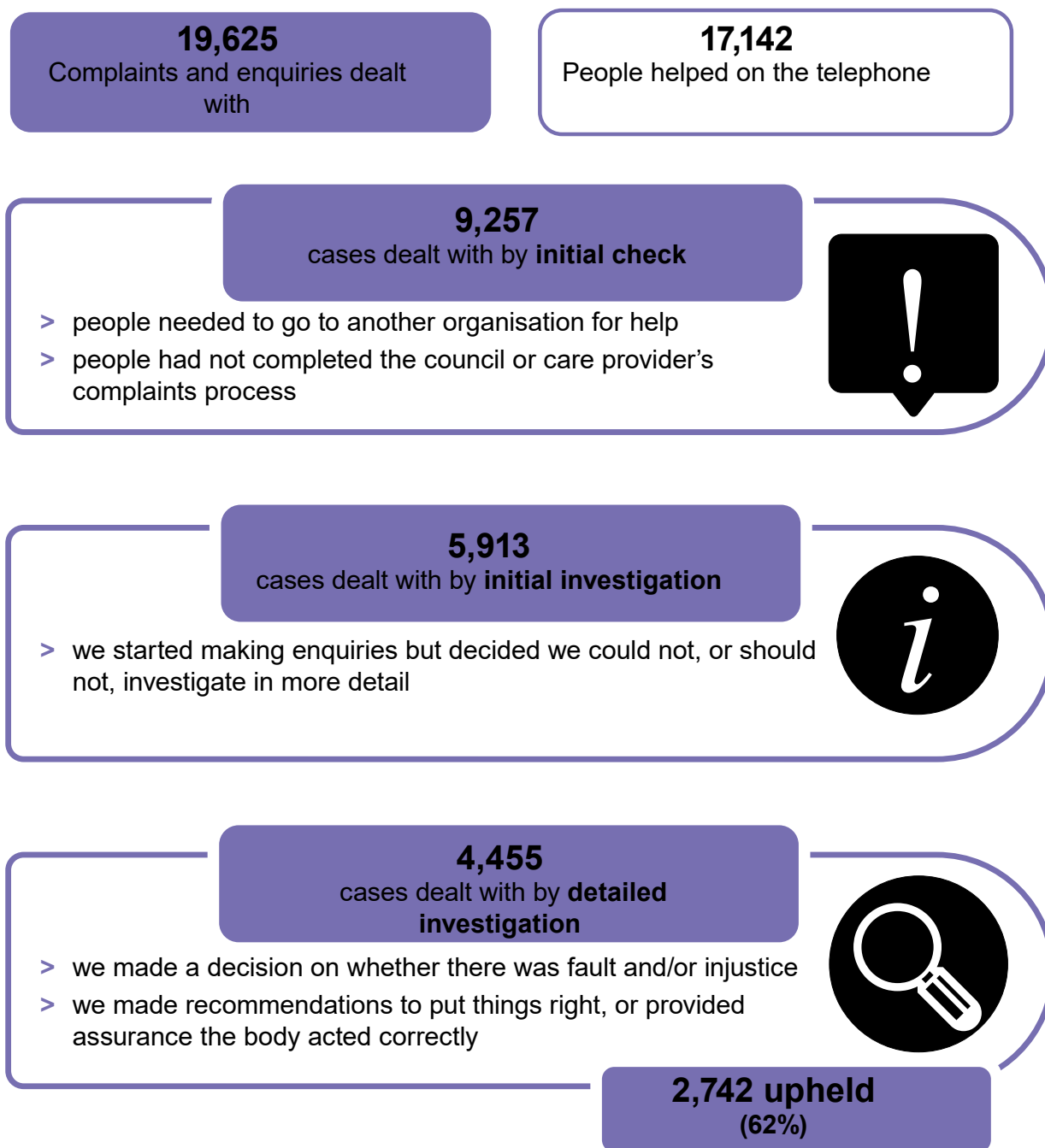
# Strategic Objective 1:

our service is easy to find and easy to use

## Contextual data: Casework trends

We monitor the amount and composition of complaints we receive and investigate. We do not control these, so they are not performance measures, but we include them in this report to provide context to our performance.

### Complaints and enquiries dealt with in 2019-20

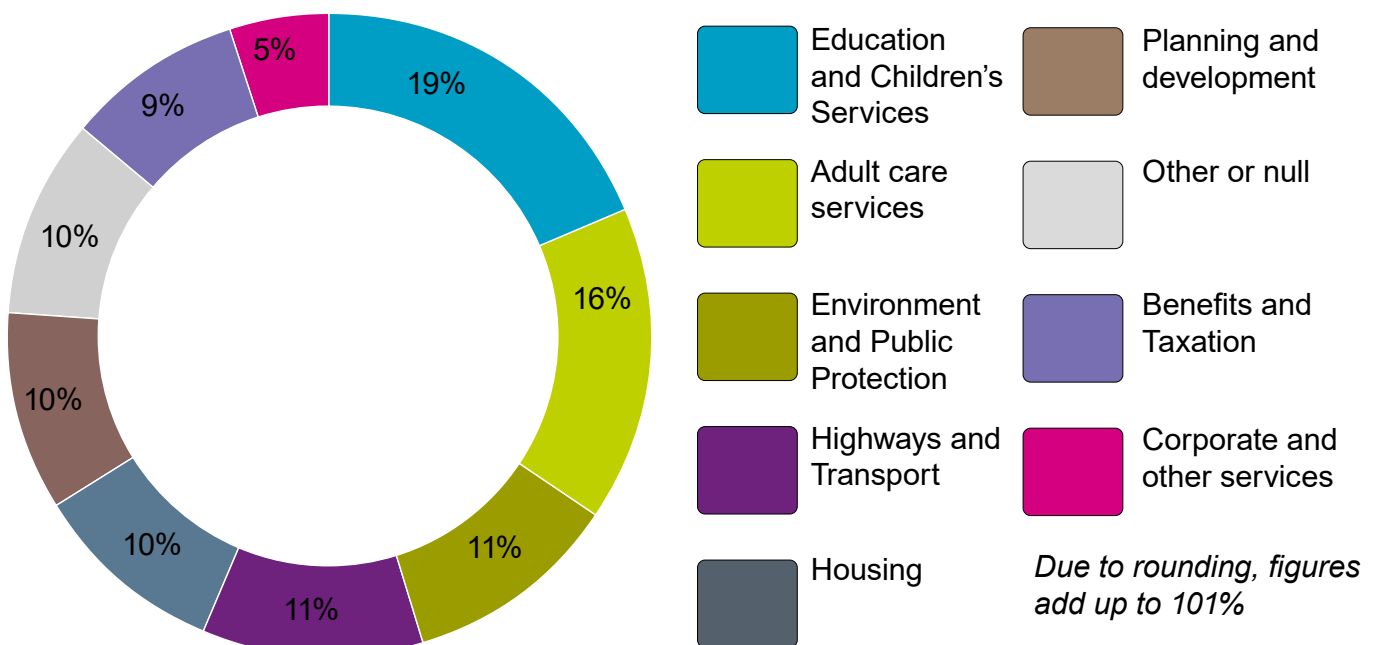


## Strategic Objective 1: our service is easy to find and easy to use

### Comparisons with the previous year

Measure	2019-20	2018-19	Change
Complaints and enquiries received	19,518	18,896	3% ↑↑
Decisions made	19,625	18,482	6% ↑↑
- Cases dealt with by initial check	9,257	8,709	6% ↑↑
- Cases dealt with by initial investigation	5,913	5,315	11% ↑↑
- Cases dealt with by detailed investigation	4,455	4,458	-
Uphold rate for investigations	62%	58%	4% points ↑↑

### Composition of complaints and enquiries received in 2019-20



As a proportion of our total work, Education & Children's Services became more clearly our most complained about subject matter. In previous years the gap between that and adult social care was smaller. The proportion of complaints and enquires about Planning and Development reduced to 10% of our total work, from 12% last year.



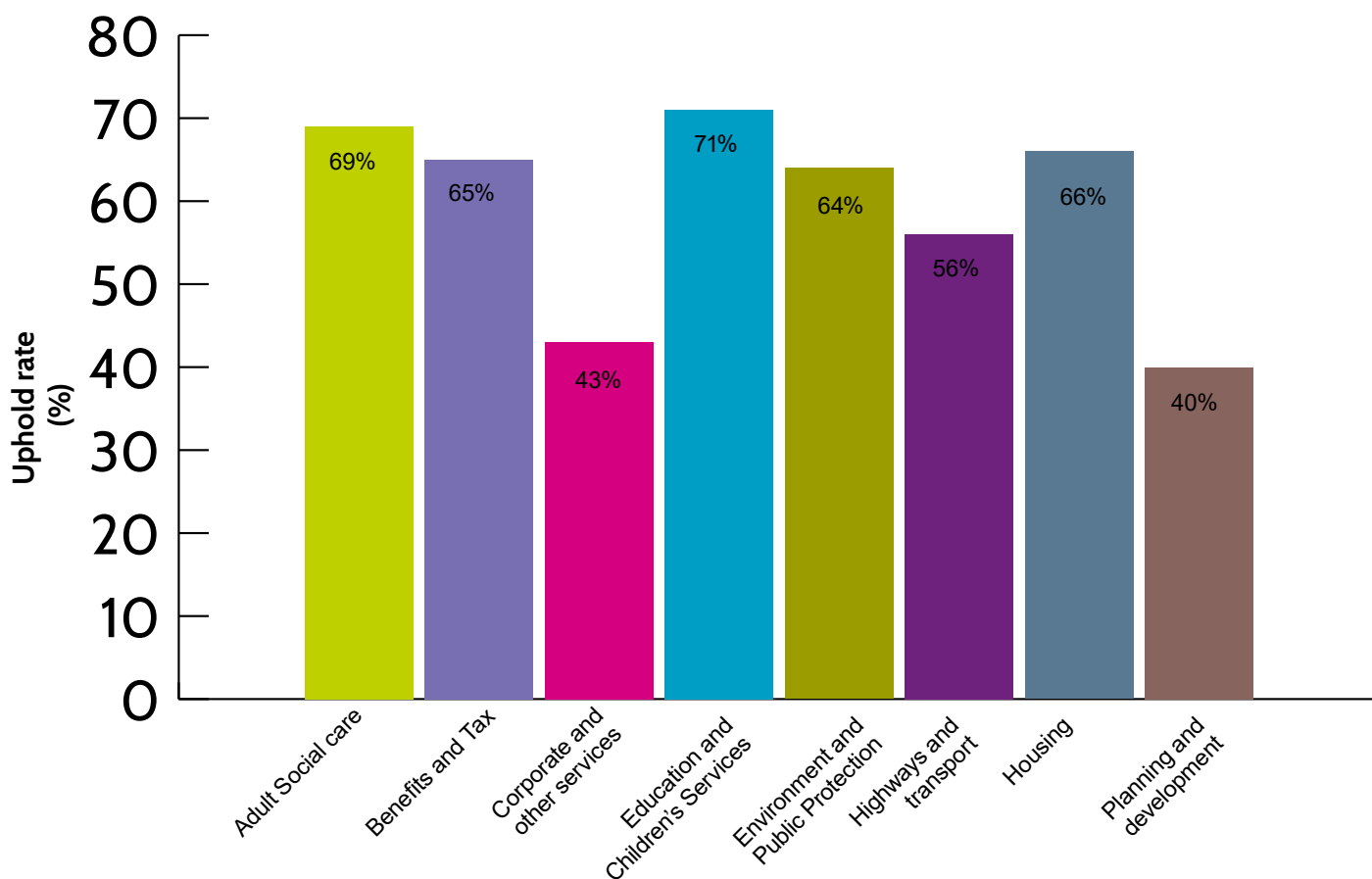
# Strategic Objective 1:

our service is easy to find and easy to use

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## Uphold rates for complaint types

Our uphold rate (the proportion of detailed investigations upheld) for all cases was 62%. This comprises of different rates for the complaint types we investigate.



## How we measure our performance

We look at:

- > The speed of our investigations, based on casework management system reports
- > Results from our customer surveys on satisfaction with our service
- > The outcomes from complaints about our service

### Speed of investigations

We continued to meet targets for the overall speed of our investigations.

Cases completed by	Target	Actual	Performance
13 weeks	65%	78%	Exceeded
26 weeks	85%	89%	Exceeded
52 weeks	99%	99%	Met

The table above shows we complete more than three out of four investigations in three months. We also have a target to minimise the number of our ongoing oldest investigations. Over the course of the year this number reduced from 72 to 49. We also processed more than 99.6% of incoming complaints and enquiries within 24 hours.

One of our biggest challenges continues to be reducing the time for complaints to be allocated an investigator. We measure this by counting the total number of cases that are unallocated at any given period.

We did a range of things this year to address our backlog of unallocated cases. This included developing a new forecasting model to better allocate investigative staff across

the organisation. We also spent a day at our Leadership Team conference focusing on this area, resulting in a detailed action plan at an organisational, team and individual level.

We developed new training on workload management and proportionate decision-making for investigative staff and reviewed how corporate teams could best support casework decisions. In particular, we deployed newly recruited investigators into our Assessment Teams to work on the backlog.

These initiatives paid dividends because, by year-end, we had reduced the number of unallocated cases we had at mid-year by almost 40% (2,096 to 1,302). While it remains a priority to minimise the time where no progress is being made on cases, we are confident we are using our available resources as efficiently as possible and our waiting times are favourable to many comparable organisations.

## Strategic Objective 1:

our service is easy to find and easy to use

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### Complaints about our service

We received 240 complaints about our service in 2019-20. In 77 of these cases, we acknowledged we could have done something better and apologised. This compares with similar numbers the previous year (235 complaints received and 74 upheld).

Our External Reviewer independently reviews a sample of complaints about our service (see page 57 for more details). He did not highlight any significant areas of concern this year, only some minor procedural improvements limited to the cases reviewed.

There were no rulings from the Information Commissioner's Office that required us to take action over a data loss. It made two decisions requiring us to take action about Subject Access/ Freedom of Information requests.

### Improving our user experience

This year we completed the first stage of our web-based customer portal, by launching a new online complaint submission form. The new form makes life easier for people choosing to complain to us online, by guiding them through the process and providing more help signposting to other organisations if we are not the place to help at that time.

When completed, the online portal will be a more accessible and convenient digital service where complainants, and eventually bodies in jurisdiction, will be able to access all their case files in one place and engage with us through the system.

# Strategic Objective 1: our service is easy to find and easy to use

## Customer satisfaction with our service

Evidence shows the level to which our complainants are satisfied with the service we provide, is closely linked to how happy they are with the outcome of their case. In other words, someone who is not happy with our decision is much more likely to be unhappy with the level of service we provided.

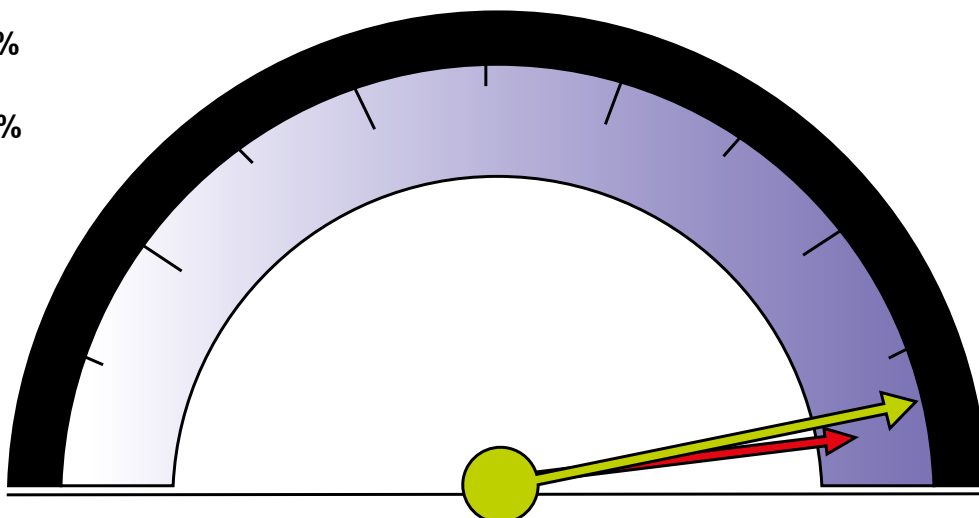
To enable us to assess customer satisfaction objectively, regardless of the outcome, we set two customer satisfaction targets: one for people who are unhappy with their complaint outcome (20%) and one for those neutral or happy with our decision (95%). This year our results were in line with previous years.

## Customer satisfaction survey results

***Percentage of customers who were satisfied or neutral with the service we gave, and satisfied or neutral about the outcome of their complaint***

Target = 95%

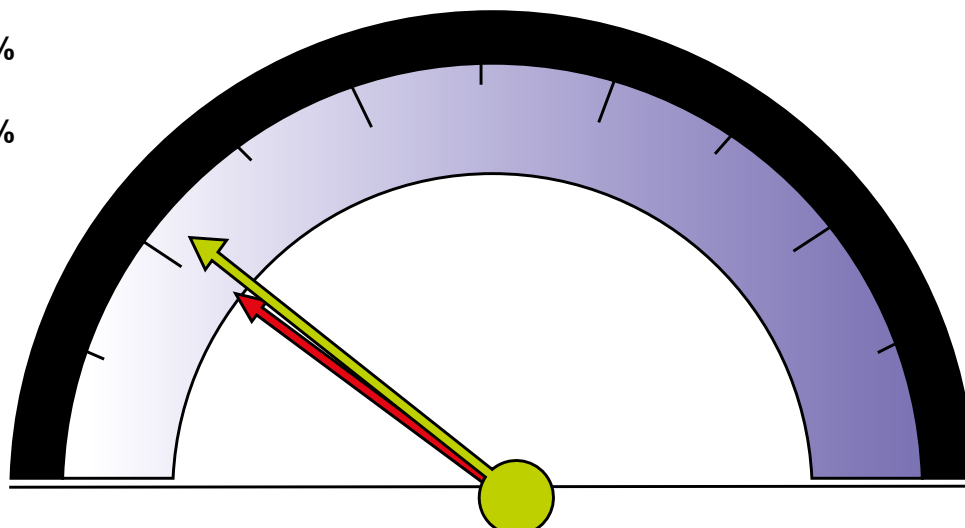
Actual = 94%



***Percentage of customers who were satisfied or neutral with the service we gave, but dissatisfied about the outcome of their complaint***

Target = 20%

Actual = 21%



## Strategic Objective 2:

we remedy injustice through impartial, fair and rigorous investigations

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### How we measure our performance

We look at:

- > The quality of our decision statements, based on management reviews
- > Results from our customer surveys on satisfaction with our decisions
- > The outcomes from requests to review our decisions
- > How we achieve remedies to our satisfaction

#### Quality of our decision statements

We monitor a sample of our decision statements every four months to gauge the quality of the decision making, the consistency of our outcomes, and the clarity of the language.

In the reviews done in 2019-20, between 90% and 96% of decisions met our key standard for being reasonable and defensible. This shows we came to a sound decision in these cases.

Our intentionally more challenging target measures whether our statements meet every one of our written standards and is designed to identify areas for improvement. For example, it marks down statements not following our standard structure or including superfluous information. This year, between 79% and 80% of statements met this standard.

#### Review requests

We will review someone's decision if they show it was based on inaccurate facts or new evidence has arisen that would have affected what we decided. We give people the opportunity to comment on a draft decision, so the number of review requests we receive is relatively small.

In 2019-20 we received 688 requests to review our decisions. This was a decrease from last year (752). We found our decision not up to the expected standard in 57 cases. While this is a small increase on the previous year (39 cases), it still represents just 8% of all review requests.

In these cases, we apologised and did further work to bring the decisions up to the expected standard. Only in very rare circumstances does this work result in us coming to a substantially different conclusion. Decision reviews are carried out by a manager unconnected with the case.

#### Achieving remedy

When we find fault, we recommend ways for councils and care providers to remedy the individual situation and make improvements to avoid similar problems reoccurring. While these recommendations are not legally binding, it is rare for them not to be implemented.

In recent years we have developed a robust way of monitoring and recording the rate of compliance with our recommendations. This involves us asking bodies in jurisdiction, on every recommendation, to provide evidence of its actions before we will formally acknowledge our satisfaction (or not) with them being implemented. This is then published on our new councils' [performance map](#).

In 2019-20, 99.1% of our recommendations were implemented. On every case which wasn't, appropriate follow-up action was taken to pursue compliance. This involved either opening a new investigation based on non-compliance or publishing a further report on

## Strategic Objective 2: we remedy injustice through impartial, fair and rigorous investigations

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cases originally decided by a public interest report.

On only two occasions this year, did we reach the final step in our process with the powers available to us. This is to publish a statement holding the body to account for formally refusing to implement a recommendation. Both cases involved independent adult social care providers, where we published Adverse Findings Notices against each, and shared the cases with the regulator, Care Quality Commission.

Foxley Lodge Care Ltd in Deal, Kent, had not responded to our investigation after we asked it to stop demanding a 25% fee increase from a care user, retract its threat to evict them if payment was not received, and review its complaint handling processes.

The Hawthornes Care Home, run by Burlington Care in Yorkshire, refused to accept our recommendation to waive the care fees for a woman with dementia for the few months she was in their care. Our investigation found the care she received was well below expected standards. After we secured national media coverage for the case, the provider reflected on its actions and committed to refund the amount.

## Strategic Objective 3:

we use what we learn from complaints to help improve local services

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### How we measure our performance

We look at:

- > The impact of our casework in the media and with stakeholders
- > Analysis of the type of recommendations we make
- > The popularity of our effective complaint handling training programme
- > Our annual surveys of bodies in jurisdiction about how they learn from our investigations

#### Impact of our casework

##### **Public interest reports**

The aim of public interest reports is to highlight serious issues and help share examples where all councils can learn. They also trigger a formal accountability process where councils must consider the report and our recommendations at full council or another appropriate scrutiny meeting, and place public notices in the press.

We decide to publish a public interest report about a council when there is one or more of the following:

- > Recurrent fault
- > Significant fault, injustice or remedy
- > High volume of complaints about one subject
- > Significant topical issues covered (e.g. new legislation)
- > Systemic problems and/or wider lessons to be learnt
- > Non-compliance with a recommendation

This year we issued 63 public interest reports to councils (including four that were further reports on previously published reports, and one that was not published to preserve the anonymity of the people involved). We also published two Adverse Findings Notices against care providers (the equivalent of a public interest report for this part of our jurisdiction; see 'Achieving remedy' section for more details of these). This was considerably more than last year (44); it represents our continued commitment to hold councils to account and help encourage learning from the mistakes of others.

More than half our public interest reports were about problems with education and children's services, and adult social care. The remainder concerned a wide range of public services. Many of our reports achieved significant media coverage, helping to raise considerable awareness of these issues to the public outside of the localities concerned.

##### **Investigation decisions**

We publish all our investigation decisions (except the small number of cases where to do so would compromise anonymity of the people involved). We hold five years' worth of decisions on our website – some 43,000 – which is a valuable asset for public scrutiny and learning.

We continued to receive increased media coverage of our decisions this year with Local Democracy Reporters, especially, finding our email alerts to the latest published cases a useful tool to help them hold councils in their area to account to a wide audience.

## Strategic Objective 3:

we use what we learn from complaints to help improve local services

### Thematic reports

#### Focus Reports

When our investigations find systemic issues, we publish thematic Focus Reports based on major topics. This year we published:

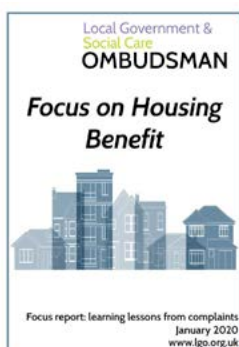
#### [Not going to plan? - Education, Health and Care plans two years on](#)



Two years on from our first 100 hundred investigations about Education, Health and Care (EHC) plans for children with special educational needs and disabilities, our evidence suggested a system in crisis which was getting worse. We were upholding an unprecedented 9 out

of every 10 investigations. We also raised new concerns about authorities gatekeeping services by changing eligibility criteria and basing some decisions on financial cost rather than meeting assessed need. Serious issues we highlighted included severe delays of up to 90 weeks – and regularly more than a year – when issuing an EHC plan, not anticipating local needs, poor communication and preparation for meetings, and a lack of oversight by senior staff.

#### [Focus on Housing Benefit](#)



We highlighted the human cost of poor administration of housing benefit, with some families at risk of losing their homes in the most extreme examples. Despite being replaced by Universal Credit, with some

3.6 million of our most vulnerable households still relying on housing benefit, our report also reminded councils not to take their eye off the ball in properly administering the service. We shared good practice points, which included ensuring families are properly advised of their appeal rights, and asking councils not to progress recovery action before appeal deadlines have expired.

#### Guidance for Practitioners

Our programme of shorter documents share lessons from our cases directly with practitioners, on issues that don't warrant an expansive Focus Report. This year we published guidance on:

#### [Council Tax Reduction](#)



We shared insight from our investigations about complex council tax reduction complaints. These schemes replaced the centrally administered council tax benefit in 2013. They can be susceptible to inconsistent processes and providing unclear public advice, exacerbated by

there being no national regulations to comply with for these locally administered schemes. Our good practice points were aimed at ensuring cases are dealt with consistently and fairly by local authorities.



## Strategic Objective 3:

we use what we learn from complaints to help improve local services

### Armed Forces Covenant



This guidance helps councils to meet their obligations in the Armed Forces Covenant, which is an agreement between the people, the Government and all those who serve or have served in the armed forces, and their families. The covenant pledges that servicemen and women,

and their families, will not be disadvantaged by their roles compared to others, when applying for council services. Our document highlights a number of learning points from our complaints, particularly around school admissions, school transport and housing.

### Recommendations to improve services

Where we find fault, we always look for opportunities to make recommendations which will help bodies in jurisdiction improve services for everybody. This year we made 1,769 service improvement recommendations.

These service improvement recommendations will often include making changes to systems, processes or policies when we find these at the root of the problem. We might also recommend staff training, changes to public information or raising awareness of something internally or externally.

### *Stakeholder engagement*

We share evidence from our investigations with Parliament, government departments and others to help drive improvements in local services. By sharing the insight from people who have experienced service failures, we can help to inform public policy decisions. We also

talk regularly with bodies in jurisdiction and listen to the views of relevant stakeholders, to ensure a two-way flow of information.

This year we gave oral evidence to the Education Select Committee inquiry into the special education needs and disabilities (SEND) system. Amongst its top recommendations, when the Committee's findings were published, was for us to be given extended jurisdictional powers to investigate complaints about internal school matters. There is currently a lack of independent oversight in this area.

We contributed to several Government consultations, including: the Chartered Trading Standards Institute consultation on their Care Home Complaints Business Guidance, the two Department for Education consultations on Reforms to unregulated provision for children in care and care leavers and Home to school travel and transport statutory guidance, and the Government of Jersey consultation on a Jersey Public Services Ombudsman.

We have also significantly contributed to the drafting of the Environment Bill in the pre-legislative scrutiny stage, and continue to engage with the Department for Environment, Food and Rural Affairs about the set-up of the Office for Environmental Protection.

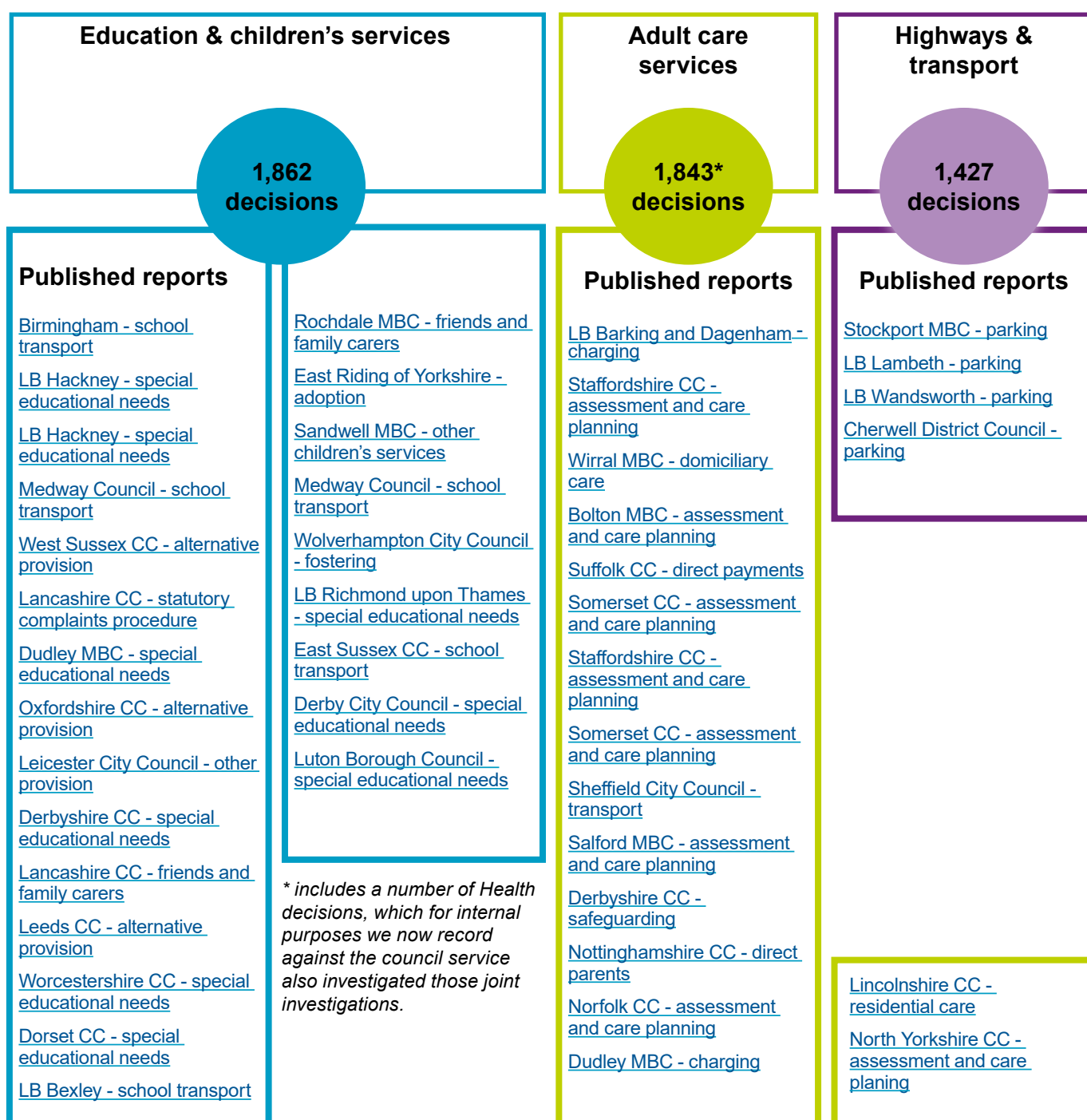
***“This year we made 1,769 service improvement recommendations.”***

# Strategic Objective 3: we use what we learn from complaints to help improve local services

## Decisions and reports

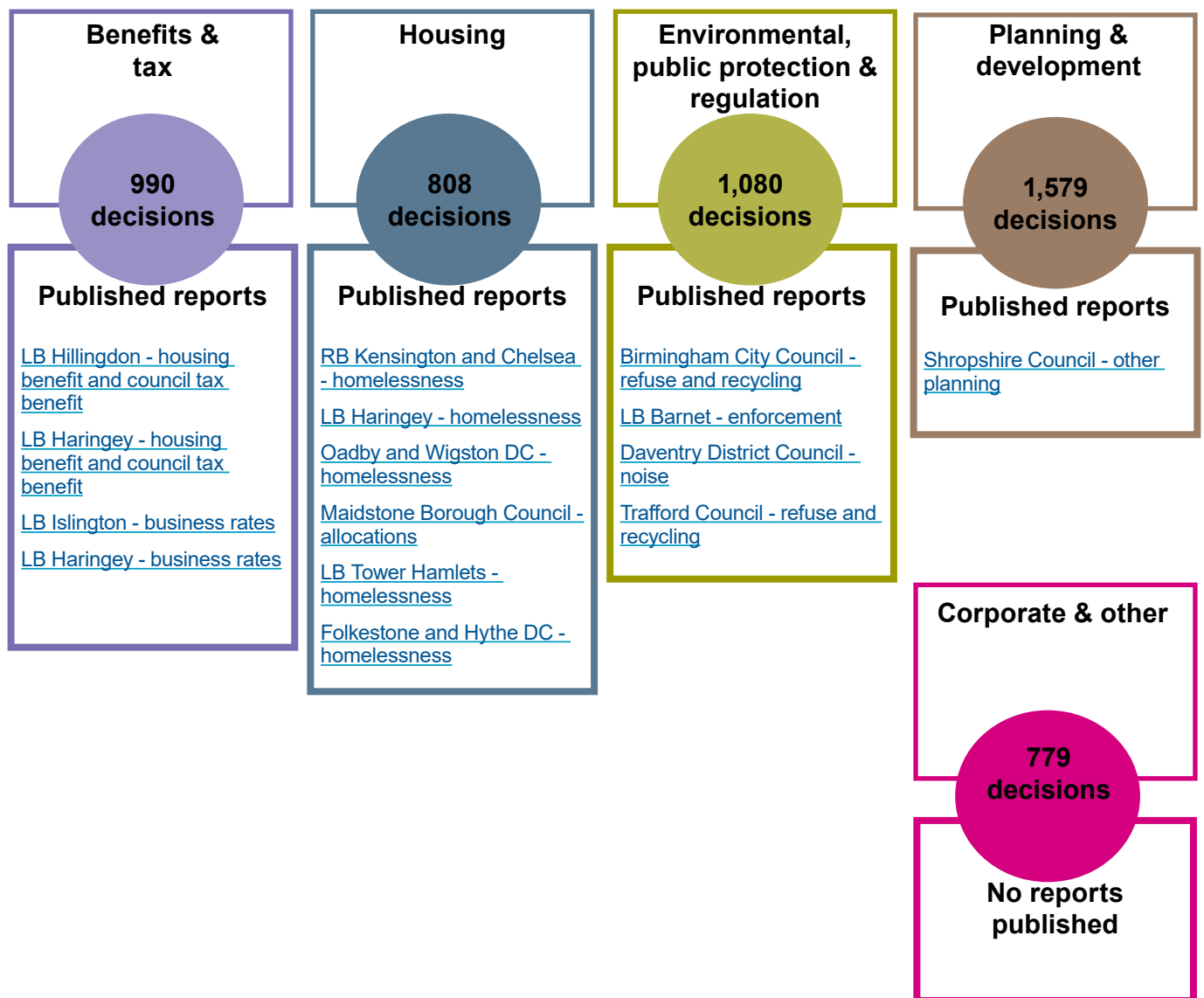
Our decisions are published at [www.lgo.org.uk/decisions](http://www.lgo.org.uk/decisions) and can be searched by theme, key word, category, decision outcome, date and organisation. Our press releases to highlight our public interest reports can be found at:

[www.lgo.org.uk/information-centre/news](http://www.lgo.org.uk/information-centre/news)



# Strategic Objective 3:

we use what we learn from complaints to help improve local services



## Strategic Objective 3:

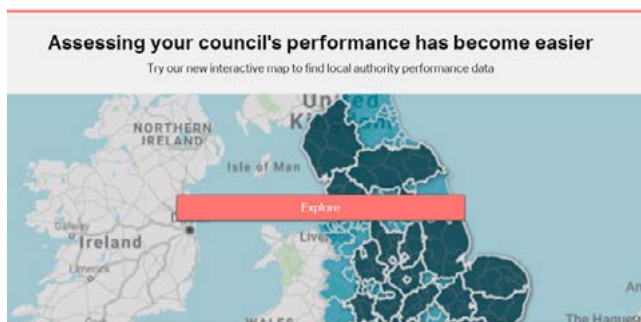
we use what we learn from complaints to help improve local services

### Scrutinising complaints data

This year we launched our council performance map, which for the first time places all our council complaint statistics in a single, interactive hub.

It is a mine of searchable information that can be used by council officers to learn from complaints, by councillors to scrutinise decisions about their authorities, and by residents to hold their local authorities to account.

We also published our statutory report on our adult social care jurisdiction in our [Annual Review of Adult Social Care Complaints](#). This painted a challenging picture of the sector, with us finding fault in two out of every three complaints. In some casework areas we upheld nearly three quarters of investigations – such as complaints about fees and charging. We also noted complaints from people who privately funded their care remained lower than expected, and we called on the independent care provider sector to do more to tell people about our service.



We also published new data this year on top of the extensive information we already make available. This included publishing the annual rates of compliance for implementing our recommendations, the full detail of each service improvement recommendation agreed to (refreshed every week), and benchmark average statistics for the different types of councils.

Alongside the new map, we published English councils' data together in one place in our [Annual Review of Local Government Complaints](#) report. This gives a national overview of the trends we are seeing in our work investigating local authorities. It is an addendum to the annual letter we send to every council, feeding back on an individual basis about its performance in responding to our investigations.

## Strategic Objective 3:

we use what we learn from complaints to help improve local services

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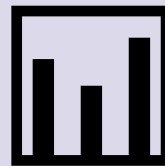
### Providing excellent value

Beyond remedying injustice for people through our investigations, we produce a wealth of resources to encourage learning from our work. These include:



#### [Decisions database](#)

An online resource holding five years' worth of our cases, easily searched and filtered by theme, area, issue and more



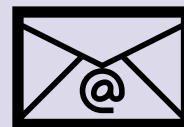
#### [Publishing data](#)

Publishing complaints data about councils and care providers



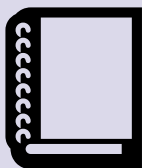
#### [Focus Reports and Guidance Notes](#)

Sharing the intelligence from our cases where we find systemic problems in certain areas, or useful learning for service practitioners



#### [Newsletters](#)

Subscription service to stay in touch with our latest news and cases published on our website



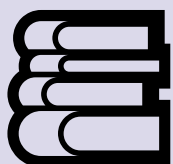
#### [Complaint handling training](#)

How to learn from our experienced investigators to improve complaint handling, with specialist courses for care providers and in key subject matters



#### [Influencing policy](#)

We proactively contribute to public consultations and developing policies when we can add value by sharing useful insight of peoples' experiences of public services



#### [Care provider resources](#)

Template complaint procedures and documents for providers to adapt for their own use



#### [Your Council's Performance](#)

Our interactive map which places all council complaints statistics at your fingertips

## Strategic Objective 3:

we use what we learn from complaints to help improve local services

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### Complaint handling training

Our well-established training programme, which helps councils and care providers improve their complaint handling, continues to grow in popularity. In 2019-20 we delivered two-thirds more training courses (118) than we did the previous year (71). In particular, we saw an increase in uptake from care providers who filled a quarter of those courses.

We received universally positive feedback from our courses with over 85% of delegates saying it improved their practice and directly contributed to their work.

We also carried out a pilot project, working with a few local authorities in which we communicated areas of complaint handling 'under performance' in their previous year's annual letter. The aim was to evaluate the impact a more targeted and tailored approach to support could have. It proved that, where there is sufficient buy-in from the authority, we were able to help them reduce their response times to our enquiries significantly. It is an approach we can consider for other authorities in the future, where circumstances are appropriate.

In 2019-20 we held our two-yearly seminars for council Link Officers (the designated person acting as the main link between ourselves and the council) across four locations. There were 178 link officers from 143 local authorities who took part in sessions focused on 'Making Complaints Count'. These included making sure the right people within councils get involved in complaint responses at the right time, how to overcome common challenges, and how local authorities can manage the complaint handling of third parties acting on their behalves.

## Strategic Objective 3:

we use what we learn from complaints to help improve local services

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### How bodies in jurisdiction learn from our investigations

We carry out a survey of councils and care providers each year, to help evaluate the extent to which they use our reports and resources to drive service improvement.

These are the significant findings from the responses we received this year.

#### Councils

**98%**

think our investigations had some impact on improving services

**84%**

shared their annual letter with councillors or scrutiny committee

**34%**

said our visibility had increased since the last year

**8.5/10**

(average score) said our investigations were impartial, fair and rigorous

**61%**

review practices on the back of our guidance and reports

*[your council performance map is] "really good and full of information"*

**Strategic Objective 3:**  
we use what we learn from complaints to help improve local services

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**Care Providers**

**44%**

used our Annual Review of Complaints to reassess their practices

**85%**

referred people to us in their complaints processes

**7.9/10**

(average score) said our investigations were impartial, fair and rigorous

**86%**

think our investigations had some impact on improving services

*“your information... gives an opportunity to reflect on our approaches and learning”*

*“We have displayed your details in all homes and... write to them [service users] so they can contact you”*



## Strategic Objective 4:

we are accountable to the public and use our resources efficiently

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### How we measure our performance

We look at:

- > Our financial performance and control frameworks
- > Our value for money
- > Continuity of our IT services
- > How we remain transparent and open to public accountability
- > Our impact on the environment

#### Financial performance

We maintained sound governance and ensured efficient and effective delivery of our core business throughout 2019-20. Full details of performance against these measures are contained within the Accountability Report and Financial Statements later in this document. Our Executive Team monitors financial performance against individual budgets on a monthly basis and reports variances to the Commission. Our net expenditure for 2019-20 was £14.527m (see page 71) which was an increase of £1.251m compared to 2018-19.

We have been working with our sponsor department, the Ministry of Housing, Communities and Local Government (MHCLG), in a manner consistent with the approach set out in the Framework Agreement, which was last updated in December 2017. The Chair, Chief Executive and Head of Finance continue to meet MHCLG officials on a regular basis.

Like all public bodies, we were allocated funding for the current 2016-20 spending review period. Within this period, our funding has been subject to a proposed 30% cut to reflect anticipated savings from the creation of a single public service ombudsman. The delay

in introducing legislation, however, has meant these savings are not possible in this spending review period. Following discussions with the sponsor department, where we assessed all potential savings and funding alternatives, the department initially confirmed a 'status quo' budget for 2019-20 but during the year increased our funding following a business case request for additional funds to increase investigative capacity to satisfy increased demands. The 2020-21 Budget has been agreed on the same basis. This is on the basis we will continue to operate as a standalone body.

#### Value for money

We continue to offer value for money by constantly looking for efficiency savings. Our cost per complaint – at £923 – comes out low, when benchmarked against comparable public sector ombudsmen.

#### Continuity of IT systems

This year our IT systems remained sufficiently secure. They were not breached by any cyber-attacks. No personal data was compromised through IT failures. We had minimal systems downtime during the year, and this remained within our usual tolerance levels.

Thanks to the investment in new technologies in recent years, the organisation managed to continue running during the coronavirus outbreak. The use of cloud technologies such as a virtual telephone system and robust VPN connections coupled with collaboration software such as Skype enabled all staff to work effectively from home with minimal disruption.

## Strategic Objective 4:

we are accountable to the public and use our resources efficiently

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### Ensuring accountability

Our budgets and business plans are set by our board – the Commission for Local Administration in England – and the Commission’s work is scrutinised by the Audit and Risk Assurance Committee, and the Remuneration and Appointments Committee (see pages 51-56 for more detail on the work of these committees).

Minutes and non-confidential papers for these meetings are published on our website for independent scrutiny. We also publish our staff procedural manuals and guidance so the public can understand the processes we follow in coming to a decision.

Our publication scheme explains the information we publish. We assess it annually against the Information Commissioner’s Office (ICO) requirements, and this is reported to our Executive Team.

The act of laying our Annual Report and Accounts in Parliament is an important way we remain publicly accountable. This year’s accounts have been audited by the National Audit Office without qualification.

### Environment and sustainability

The majority of our carbon footprint is from the energy consumed to operate the three offices we occupy. These are shared Government buildings, with designated facilities providers, and the host department is responsible for monitoring and reporting the environmental performance of these sites.

Despite this, we do a number of smaller things that are within our control, to help reduce our impact on the environment. For example, this report – like all of ours – is web-based and not printed.

In the last year, we have replaced approximately 300 monitors of IT stock, which were up to 10 years old, with new ones producing less heat and featuring energy saving functions. We use a UK-based recycling service for our old IT equipment, which avoids the use of landfill or exporting waste elsewhere, while ensuring the kit is disposed of securely.

We encourage recycling in our offices and all confidential paper waste is recycled through a closed loop scheme, where it is re-used. Any paper we buy is from a recycled source and we are increasingly purchasing plastic-free stationery or that which can be easily recycled.

Our business travel policy encourages rail as the preferred mode of transport over car. Where a hire vehicle is required, we make use of hybrid vehicles over those using fossil fuels. We also have schemes in place to promote commuting that is kinder to the environment such as our cycle to work scheme and season ticket loans for public transport.

### Equality, diversity, inclusion and staff matters

We are fully committed to removing any barriers to people finding and using our service. We tell people upfront that we will consider reasonable adjustments to help them use our service, and remind them at stages throughout their contact with us.

We fully support the principles of equality, diversity and the respect of human rights in our own employment. All staff, regardless of age, disability, gender, race, religion or belief, sexual orientation, or any other irrelevant distinction, receive equal pay for the same or broadly similar work, for work rated as equivalent and work of equal value. We use National Joint Council pay scales.

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We work with the staff trade union and have an elected staff committee which considers and makes recommendations on matters affecting staff. This ensures regular communication between the Executive Team and staff representatives.

We have a dedicated workstream, given authority through our business plan, which looks at initiatives for staff wellbeing. This year these included a programme of visits to all our home-based workers, improving our internal communication of wellbeing activities and fundraising efforts, installing more sit/stand desks in our offices and scoping work for a mental health in the workplace group.

### The status of the LGSCO in the year ahead: explanation of the adoption of the going concern basis

On 5 December 2016, the Government published a Draft Public Services Ombudsman Bill. This Bill set out proposals to create a single public services ombudsman which integrated the existing jurisdictions of the Local Government and Social Care Ombudsman (LGSCO) and the Parliamentary and Health Service Ombudsman (PHSO).

However, in response to a recent Select Committee enquiry, Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office, Michael Gove MP, said the Government does not have any plans to introduce legislation to merge the two organisations in the foreseeable future.

The Commission's accounts have therefore been prepared on a going concern basis. Further details are provided in Note 1.5 on page 76.



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**Nigel Ellis**  
**Chief Executive Officer**

**9 December 2020**

# Accountability report

## Directors' report

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### Leadership and direction

The work of the LGSCO is overseen by the board – the Commission for Local Administration in England – which meets on a regular basis, to advise senior staff, inform the strategic direction of the organisation and provide constructive challenge. This includes agreeing the strategic objectives and monitoring progress against the three-year corporate strategy. The Commission also has oversight of the annual business plan and adherence to the annual budget. The Commission is chaired by the Ombudsman, Michael King. It has three independent advisory members: Carol Brady MBE, Deep Sagar and Prof. Stephen Perkins. In addition, the Parliamentary and Health Service Ombudsman, Rob Behrens, attends meetings as an ex officio member of the Commission. The Secretary to the Commission is Nigel Ellis, LGSCO's Chief Executive and Accounting Officer, who has prepared this report on behalf of the Commission.

The leadership and operational management of the LGSCO is carried out by the Executive Team, whose primary purpose is to ensure that LGSCO fulfils its statutory functions and remains focused on its core strategic purpose: 'to remedy injustice and help improve local services'. The Executive Team is responsible for making key decisions about staffing, operational policy, risk, business planning, finance, accommodation, technology, data, and the development of the organisation's workforce. The team meets regularly: on a monthly basis to conduct formal business and also for regular development sessions. It brings together the most senior managers responsible for the LGSCO's casework and its impact. The Executive Team is chaired by the Chief Executive and includes the Ombudsman, the Director of Intake and Assessment, the Director of Investigation and the Head of Policy and Communications.

While the Executive Team maintains oversight of all LGSCO's work, many important operational decisions are delegated to committees and project groups which involve staff from across the organisation. This provides the opportunity for staff to be involved in key decisions and improves the flow of information. For example, separate committees meet regularly to focus on: casework policy; performance and quality; delivering efficient corporate support; disseminating learning from investigations; information security; how we use technology to best effect; and how we look after the health, safety and wellbeing of our staff.

In addition, all our managers come together over the course of the year for learning and development, and to disseminate key messages. The Leadership Team is a large group of managers from all parts of LGSCO, which helps to shape the future direction of our work but is not primarily a decision-making body. The Leadership Team's role is to share information and to act as a forum for cross-cutting management discussions, consultation, and the development of ideas. Meetings provide an important opportunity for in-depth discussion between managers, which helps to bring about a consistent approach.

### Staffing

Over the course of the year LGSCO has had an average of 177 staff to carry out its functions. Each month, we review any changes in the actual number of staff in post, comparing this to the agreed staffing establishment allowed for in the budget. The variance in the actual number of staff against the "fully staffed level" has been kept to an absolute minimum over the year, through quick responses to workforce changes and early planning of recruitment programmes. At the end of the year, we were 98.1% staffed, which is very similar to the position over the course of the

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year. With a limited budget available it is vital LGSCO ensures it makes the most of available resources whilst at no time over-spending the total staffing budget.

Turnover of staff has been 5.9% over the year, well below the sector average. Even though turnover is relatively low, the organisation still needs to respond rapidly as soon as any vacancies arise. This will initiate recruitment quickly and avoid losing staff cover for any significant period, because we know from experience how much this can affect performance in such a challenging environment.

The percentage of days lost due to sickness was 3.2%, which is the same as the average for comparable organisations in the public sector. Both long-term and short-term sickness rates are monitored on a regular basis and our wellbeing initiatives are focused on ensuring the overall working experience at LGSCO is as positive as possible, taking staff feedback into account.

## Accommodation

We have three office locations, in Coventry, York and London. Each of these is in shared accommodation in government owned buildings. This provides cost-effective office space without the need for private leases. We also have a small number of staff in the joint working team located in Manchester. Having multiple sites, and a proportion of staff working from home, we are heavily reliant on technology and modern, flexible, working arrangements to conduct our day-to-day operations effectively and deliver our services to the public. These arrangements stood up extremely well at the end of the year when all the offices were unavailable and all staff were working from home due to the coronavirus outbreak.

## Sponsorship arrangements

LGSCO works with a sponsor department in the Ministry for Housing, Communities and Local Government (MHCLG). The details of the working relationship are set out in a Framework Document, the latest version of which was agreed in December 2017 and is published on our website. The Framework Document recognises the personal authority of the Ombudsman in relation to complaints and investigations and makes it clear that no restrictions are imposed on the independent exercise of the Ombudsman's statutory functions. The document also informs the nature of the arms-length relationship, emphasising the independence of the LGSCO scheme but also ensuring that governance arrangements are appropriate.

The Chair and Accounting Officer, staff and members of the Commission have all continued to act in accordance with the terms of the Framework Document throughout the course of the year and we have ensured the working arrangements with MHCLG have remained clear.

As usual, we have participated in meetings with officials at MHCLG on a regular basis, including quarterly Accounting Officer meetings, providing an update on progress and any particular issues which may arise from time-to-time. We have also contributed to panel discussions looking at areas of mutual interest, shared information to promote learning within the sector, and exchanged regular correspondence.

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## Budget

Following significant budget reductions in recent years, LGSCO operates an extremely lean business model. Management and corporate support costs are stripped back and resources are focussed on operational staff, delivering core statutory functions. The vast majority of expenditure is incurred on staffing and accommodation. The remaining spend, only a small part of which could be considered discretionary, amounts to around 10% of the budget. As a result, we have limited resilience to respond to unexpected pressures arising from changes in demand for our service, fluctuations in our capacity to meet that demand, or disruptions in core systems such as network availability.

We have recognised that, even with the fundamental redesign of our service delivery, the significantly reduced budget now available is simply insufficient to deliver our statutory functions in the long term. With this in mind, we submitted a detailed business case to MHCLG during the previous year, asking for a modest annual increase of core funding of just below £700,000, in order to avoid backlogs building up. In November 2019, MHCLG awarded an additional budget of £233,000 for the remainder of 2019-20 (or £700,000 on an annual basis). Confirmation has been received from MHCLG that this increase is on a permanent basis. A Budget of £12,388,000 has been agreed by MHCLG for 2020-21 (2019-20: £11,325,000).

## Pension arrangements

LGSCO staff are eligible for a defined benefit pension provided by the Local Government Pension Scheme. Most staff have chosen to be members of this scheme, which is operated on behalf of LGSCO by the Local Pensions Partnership (LPP).

The funding position of the scheme at any point in time can be estimated but the results (as to whether the scheme is assessed to be in deficit or surplus) can be extremely volatile as the estimate can be done on different bases, and is very sensitive to changes in assumptions, for example on life expectancy, asset returns, and future levels of inflation.

The Directors estimate that at 31 March 2020 the scheme has a surplus of approximately £9.6 million when measured on the basis used for the purposes of calculating future contribution rates (at 31 March 2019 there was an estimated surplus of approximately £14.2 million on this basis).

The Commission remains committed to managing and funding the pension liabilities through working with MHCLG, who are the ultimate guarantor of the LGSCO scheme. The scheme continues to admit new members.

In the Financial Statements, the pension deficit is calculated on a different basis using a range of assumptions chosen by management, with advice from the actuary, in accordance with International Accounting Standards (IAS 19). These assumptions are more conservative than those used for the purposes of calculating future contribution rates, and they result in a significant increase in the estimated liabilities of the scheme. Under this basis, the scheme has a deficit of £25.4 million at 31 March 2020 (2019: £22.9 million). This deficit is shown in the Statement of Financial Position on page 72 and more details are available in Note 13 to the Accounts on page 85.

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Employer payments to fund the ongoing scheme and reduce any deficit are determined every three years by the scheme actuary and are calculated on the basis used for the purposes of calculating future contribution rates that will target a funding level of 100% in the medium term. The scheme actuary most recently completed a triennial valuation at 31 March 2019 and issued a schedule of payments covering the three years from 2020-21. The actuary determined that the contributions only needed to cover the normal ongoing liability and did not need to include any element of deficit repayment. For 2020-21 to 2022-23 the rate of Employer contributions is 15.7% of pensionable salaries (previously 13.76% for 2017-18 to 2019-20). The increase in contribution rate is primarily due to the adoption of more cautious assumptions concerning the growth of the pension liabilities. This increase is included in the Budget agreed by MHCLG for 2020-21 and subsequent years.

The scheme is a multi-employer scheme with employers from the education, charity, local government and private sectors. As many unrelated employers participate in the scheme, there is an orphan liability risk where employers leave the scheme but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

In the unlikely event that the Commission withdrew from the scheme, or the scheme was wound up, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary. The Executive Directors estimate that the Commission's liability (and ultimately MHCLG's liability) would be approximately £62m (2019: £68m) in this event.

## Procurement

LGSCO regularly reviews its arrangements for services and contracts. Managers who are responsible for contracts are informed to start a procurement process at the agreed trigger date. We continue to make use of the procurement opportunities available through the Crown Commercial Service, where it is appropriate to do so.

Significant activity in 2019-20 has included the procurement of a supplier to work with us to develop a web-based portal for our casework interactions with the public and bodies in jurisdiction, including the associated support services. This was advertised through the Crown Commercial Services Contracts website, resulting in 40 expressions of interest, all of whom received the Invitation to Tender documentation. There were four face-to-face presentations before the contract was awarded to develop the portal and provide associated support services for an initial three years.

## Payment of suppliers

LGSCO has continued its commitment to ensuring prompt payment to its suppliers; demonstrated by its desire to adhere to an agreed target to pay 98% of suppliers within 30 days. Performance against this standard is reported at each meeting of the Audit and Risk Assurance Committee. This year LGSCO narrowly failed to meet its target, making 97% of supplier payments on time (98% in 2018-19). It should be noted, however, that supplier's invoices that are in dispute are included as a late payment.

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## Legal and litigation

We continue to try to address any complaints or concerns about our decisions in the first instance, to ensure we offer the best service possible while avoiding unnecessary and costly litigation. But in certain circumstances, it is possible for both complainants and bodies within jurisdiction to pursue judicial review if they feel our decisions are procedurally wrong. This is not an appeal against the Ombudsman's decision, as the Court will not exchange its view for ours. However, if people are successful, it has the effect of quashing the decision and requiring us to re-take it.

In 2019-20, LGSCO was notified of 20 potential judicial reviews through pre-action protocols (a process that the Court expects parties to use before lodging an application for judicial review). Of these, eight claimants went on to issue proceedings. There were an additional eight judicial review claims lodged with the Administrative Court where the pre-action protocol had not been followed. In all cases considered, permission was refused for a substantive hearing, as the Ombudsman's decision was considered to be sound. Some aspects of one of our decisions were subsequently deemed to be arguable following an appeal, but that case has yet to be heard.

We were also dealt one County Court claim where an individual was seeking compensation for purported negligence. This was subsequently withdrawn as it was procedurally incorrect. In all cases where we successfully defend such actions, we look to recover our reasonable costs.

LGSCO has continued to receive external legal advice and representation from Bevan Brittan LLP, based on an annual retainer agreement. This arrangement, which is reviewed on a regular basis, continues to work well for investigators and managers alike.

## Corporate strategy

We have now completed the second year of our three-year corporate strategy aimed at achieving our four strategic objectives:

- > Our service is easy to find and easy to use
- > We remedy injustice through impartial, fair and rigorous investigations
- > We use what we learn from complaints to help improve local services
- > We are accountable to the public and use our resources efficiently

The strategy is published on our website and sets out how we are innovating and modernising our service, without losing sight of the core casework responsibilities or compromising our defining principles of independence, impartiality and fairness.

Important themes within the corporate strategy include transparency - with commitments to publish more information and create even greater openness about the way we work, our processes, and our decisions and recommendations - and investment in our staff and our supporting technology to create a modern, accessible service with a learning culture that helps our staff do a tough job with confidence and pride, working in collaboration with other bodies.

The strategy also emphasises the importance of moving the national conversation about our work away from a simplistic focus on complaint volumes. Instead it turns the spotlight on the value we can add for the wider public, through recommendations to improve services and by sharing learning from our investigations.

As we begin to develop our thinking about our next corporate strategy, LGSCO has recently set out some important principles about how



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we interpret the role of the organisation, and how this influences the way we work. These observations are important for staff and service users to understand how we work today. They are also an important contribution to the debate about how ombudsman services might be modernised and reformed in the future, without compromising the essential essence of the current model. We will be inviting others for their views on these principles over the coming months.

## Business plan

Our [2019-20 Business Plan](#) continued to address the aims and objectives set out in our Corporate Plan 2018-21. We were especially keen during the year not only to maintain momentum and make progress with our longer-term objectives but also to consolidate the things we had delivered in 2018-19.

We now have a mature and robust business process to identify, develop and deliver initiatives through our business plan. It is an approach that has evolved over several years. In 2019-20 we conducted an internal audit of our end-to-end business planning approach and processes which concluded very positively. We have introduced GDPR assessments for all our development work.

The business planning process begins by requesting initiatives from across the business. These are then considered by members of the Leadership Team and Commission members, before being formed into draft proposals which are finalised and agreed formally by the board. The Executive Team commissions more detailed development work, which is undertaken by allocated delivery leads. This is when the work is defined, structured, funded and resourced. Critical to this is having a clear statement of the business benefits we expect each initiative to deliver. All initiatives have a

Senior Responsible Officer, whose role is to oversee the work and ensure it continues to serve our corporate goals and direction.

The Executive Team is responsible for ensuring the business plan is implemented and monitors progress at its monthly meeting. It also provides additional support or reallocates resources where necessary, and provides detailed updates to the Commission every quarter, with an overall status for each piece of work.

The 2019-20 Business Plan contained a mixture of core activities, covering casework and our external impact work, and development projects, which focus on the changes and improvements we want to make. It also incorporated some longer-term and ambitious programmes of work, such as our Learning Organisation and Digital Challenge work. Most of the work was delivered to schedule, which exemplifies the effort, determination and focus of all staff engaged in this work.

By the end of the year we had completed the large majority of the 17 initiatives in the plan and succeeded in moving the business forward through the combination of internal and external facing initiatives.

In addition to delivering a substantial programme of activity and events, to both promote our casework and extend the understanding and awareness of our role and service, we worked with the Special Educational Needs and Disability Tribunal to agree a new protocol, which will help both services work better together. We also ran a pilot with volunteer local authorities, to explore how we could better target our training programme with them. This followed another successful pilot with local authorities to ensure that a range of key data and information we

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held about complaint numbers corresponded with their local records.

In 2019-20 we also completed several initiatives which sought to reinforce and strengthen how we manage our business and its information. We reviewed and updated a large segment of our specialist guidance, to provide better support and improve confidence in caseworkers. We rationalised our file management practices and how we manage corporate records, ensuring we maintain the security and integrity of our data. The roll out of new Windows based technologies across the business now provides greater opportunities and scope for staff to work more collaboratively and remotely.

As part of our Learning Organisation programme we introduced new training packages for investigative staff and created better access to skills-based training resources using newly available technology. We modelled a new induction training plan and improved our tool kit of resources for new and existing caseworkers. We also delivered some key aspects of our Leadership Development Programme, which will both strengthen and develop our managers and ensure there is a consistent view of our goals and values across the business.

In July 2019 we completed the Remedies Project. This was a high-profile and complex project involving staff from all parts of the business. In parallel to the launch of a new online interactive data map, we published our new format annual letters. Together these made a significant amount of additional data available to the public about each council's performance in complying with our recommendations. The initiative brought some direct and immediate benefits to the business. It also helped deliver on our strategic objectives of greater openness and

transparency, and on our commitment to share a greater amount of data and information online.

## **LGSCO as a learning organisation**

Over the year we have continued to coordinate our efforts to develop as a "learning organisation": a place where people work collectively to enhance their capacity to create results they really care about. The main areas we focused on during the year were:

### **Recruitment and induction**

We have reviewed our approach to recruitment and induction, to ensure we recruit in the most thoughtful way and that people know what's expected of them, and what we can offer, before the interview stage. We prepare our new starters in the best possible way, providing practical hands-on support, as well as making the most of their skills and ideas from the moment they join us. During the year, we consulted with around 100 staff to help describe the "total reward" offer from LGSCO, summarising the full range of benefits involved in working for the LGSCO. This is now being used to further improve our recruitment.

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## Reward and recognition

We are committed to recognising and rewarding the many individual contributions made across the organisation and ensuring that people feel valued as part of our overall team, whatever they do. During the year we continued to publicise positive contributions and celebrate when things went well, and we piloted and formally adopted a second staff recognition scheme which enables us to recognise and celebrate achievements more immediately as they happen over the course of the year.

## Professional and personal development

Underpinning our efforts to improve performance is the support we provide to staff to undertake their work and further develop in their roles. An important part of this is ensuring all staff have access to quality skills-based training. Following an audit and gap analysis, we developed a suite of training and development courses for caseworkers which underpin each of the main competencies as set out in our Behaviours Framework and the Ombudsman Association's Core Competency Framework. This is designed to support staff in reaching timely and defensible decisions with increased confidence, and to help managers to provide targeted intervention and support where needed. We have just begun rolling out training modules on effective workload management and proportionate decision making, following successful pilots at the end of last year.

## How we manage

At the start of the year we committed to improving our shared understanding of how we manage and promote behaviours we expect within the organisation, as well as how we behave as a Leadership Team. A small management development group led this work, resulting in

regular Leadership Team meetings changing from a primarily transactional business agenda to structured activities and workshop discussions aimed at tackling various real-life management challenges, learning from one another and becoming more consistent in our approach.

We undertook a brief survey of managers asking what support they would find most valuable to help them develop as leaders. They told us they wanted to focus on the practical skills required to lead and motivate small teams, and how we can support them in taking a consistent approach to managing individual performance. So, we brought all managers together for a workshop focused on developing leadership skills in a team setting. This was based on an understanding that the psychology of shared identity creates a feeling of togetherness which drives collaboration, engagement, commitment, trust and performance. Managers were encouraged to work with their teams, using a guided process, to agree what gives the team its unique identity and how this can be used to foster engagement and success.

An important way of bringing consistency to the way we manage across the organisation is to agree a shared statement between managers. Our statement was updated in order to capture recent changes and to be used in a new induction session for managers. It has helped to convey the principle of earned autonomy: that our management of individuals will be deliberately different and will depend upon the contribution each individual is making. We aim to be consistent and fair in applying this principle but that does not mean we treat everybody the same. There are certain basic parameters that apply to all staff but our focus as managers should be on trusting, supporting and encouraging our staff to use their skills and initiative, and only intervening where there is a need to do so.

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## Knowledge Management

Since last year we reviewed and revised all our intranet subject guidance, so caseworkers have the most up to date resources they need to make confident and robust decisions. To further support this aim, we now routinely add relevant legal advice to our subject guidance intranet pages. We also produced guidance on integrating equality and human rights issues into our casework. We will shortly commence a review of our Guidance on Remedies so that our staff, the individuals who use our service and the bodies in our jurisdiction are all confident that our remedies remain appropriate and proportionate in the changing landscape of local democracy.

We also embarked on a project to review all our subject specific factsheets for the public to ensure we provide complainants with accurate, timely and consistent information about our role and powers in relation to the various types of cases we deal with.

## Wellbeing at work

During the year we undertook a programme to “promote wellbeing at work, encouraging staff to flourish and achieve their full potential”.

As part of this, we visited all our home-based workers, to ensure they are working in safe environments and to discuss broader issues of wellbeing at work in a remote setting away from the office. Most of this group of staff have worked in this way for over ten years. We were able to learn from their experiences in a number of ways. A key aspect was how important the personal relationship with their line managers is and using available resources to stay in touch. Alongside this was the need to separate work and home life and ensuring regular opportunities to do other activities to break up the day and support good mental health.

This learning has been brought sharply into focus as we moved quickly to provide equipment, support and guidance to facilitate homeworking for all staff as we responded to the coronavirus emergency.

Other wellbeing activities have included improving our internal communication on activities, resources and opportunities available to staff. We have created a wellbeing brand and collated and organised information on our intranet and disseminated information every one or two weeks.

We have worked alongside staff to review and shape mental health at work support. To achieve this, we formed a group of volunteers from across LGSCO. This group worked to set out why supporting good mental health is important, to learn from other organisations, and to explore the role mental health first aiders and wellbeing champions could play in future support in the workplace.

We have responded to feedback from staff this year by investing further in adjustable sit/stand workstations across all our offices. This means 35% of our workstations now enable staff to work in different ways, promoting movement and helping to avoid problems associated with sedentary working. Similarly, we have provided height adjustable desk platforms to home based workers enabling them to benefit from a sit/stand workstation in their home office.

The health, safety and wellbeing committee reports annually to the Commission. Its priorities are to use the learning and feedback from the staff survey, continue to improve awareness and encourage open conversations about mental health and the support available when staff are struggling, and to ensure our staff who work remotely for some or all their working week have an appropriate level of support in place to meet their needs.

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## Development of technology

As a modern, responsive organisation, we are always looking to develop and improve the way we communicate with our service users and to make it as easy as possible for them to communicate with us. To achieve this, we looked at introducing a self-service web-based portal, which allows members of the public to submit and track complaints.

We worked with staff, and with our Advisory Forum to look at how a portal could improve our current methods of contact. We launched the initial phase of the project towards the end of the year and in doing so we replaced our existing online complaint form.

The advantages of the new form are significant. For the service user it is easier to complete, signposts them to the correct organisation if we are not able to help, guides them if they are trying to submit a case too early in the process and assists users through the complaints process. For LGSCO, the portal will provide a more accurate set of data which reduces manual processes in our Intake Team and makes sure the user's email is verified, reducing the chance of a data breach.

The next phases of development will allow notifications and messages to be sent and received via the portal, and provide updates on the status of complaints. In a later phase we are looking to provide a portal to allow more efficient, direct communication between us and authorities we investigate.

## Joint working with other bodies

There are many ways in which we have collaborated with other bodies, to disseminate new ideas, share intelligence and resources, encourage innovation, and help to develop professional practice. We have also continued to liaise with other ombudsman schemes and similar bodies working in similar areas, to improve access and signposting to services, which can be difficult for many members of the public to negotiate their way through.

We have an approach in place to track, monitor and report on our stakeholder engagement with bodies across the breadth of our jurisdiction. Split into three 'tiers' the engagement work varies according to tier and is reported to Executive Team twice a year to agree actions and any reprioritisation. During this year our engagement was split between set-piece activities such as Annual Reviews and Focus Reports and regular relationship management that included specific items. Examples include engagement with Select Committees, providing written and oral evidence from our casework, and with government departments around recommendations to address gaps in our jurisdiction, and to follow-up on recommendations about our possible role in local government standards. We maintained effective engagement with the relevant regulators, including ongoing information sharing to inform inspection regimes.

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Specific examples of joint work are highlighted below.

### ***The Care Quality Commission***

We continue to send CQC copies of each of our investigation statements, at the time of issue, where we find there has been a potential breach of fundamental standards of care. On receipt, actions taken by CQC inspectors include: contacting the provider; noting for the next inspection or consideration to bring forward an inspection.

We send CQC data each month on all adult social care complaints including decisions about services provided directly by registered providers and where a provider is acting on behalf of a council. This information is used as valuable insight by CQC to identify risk factors and themes to inform inspections. It is also used to evaluate upheld complaints against other factors.

Complaint handling and the culture of learning from a complaint to improve the quality of the service and address the concerns of the complainant to their satisfaction are key priorities for both organisations. During the year CQC have encouraged some providers to pursue our training on complaints handling.

Systems remain in place to transfer telephone calls between the LGSCO and the CQC or to signpost callers to the other organisation if more appropriate.

### ***Ofsted***

We have continued to maintain and build our relationship with Ofsted during the year. Our focus has particularly been on ensuring our decisions on special educational needs and disability (SEND) are used by Ofsted to best effect given the unprecedented rate at which

we uphold complaints in this subject area, and the wide-ranging systemic issues we are seeing. We particularly welcomed the proposal made by the Education Select Committee, following its inquiry into special education needs and disabilities, that our role should be extended to include schools. We would welcome this extension to our jurisdiction. It would help ensure parents, carers and young people have a full route of redress, enable us to look at complaints holistically and ensure all bodies responsible for the provision and delivery of special educational needs can be held properly to account.

### ***The Special Educational Needs and Disability Tribunal***

As part of our business plan this year, we have been involved in a pilot developing the understanding and relationships between Ombudsmen schemes and Tribunals. We have worked with the SEND Tribunal (responsible for handling appeals against local authority decisions regarding special educational needs), to increase the knowledge and understanding of the staff within our respective organisations of the work and remit of the other body. We have also developed an information sharing protocol to enable us to share information if complainants or appellants approach the wrong body to try and ease the pressure on those attempting to navigate and access the correct route of redress.

### ***The Housing Ombudsman***

The Housing Ombudsman Service is set up by law to look at complaints about certain housing matters. This includes complaints about local authorities acting as a landlord of social housing. LGSCO works together with the Housing Ombudsman through an agreed memorandum of understanding, which is published on our website. This sets out a

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common approach to how we interpret the jurisdictions of the two organisations, early handling and signposting of complaints, and other forms of joint working. We continue to redirect people to the Housing Ombudsman wherever their enquiry is more relevant to that service, to work together to ensure housing complaints are made to the correct Ombudsman scheme and to check whether cases may be suitable for joint investigation.

### ***The Parliamentary and Health Service Ombudsman***

For some years, LGSCO and the PHSO have recognised that there is a particular challenge faced by those individuals whose complaint spans across both the health and social care systems, where the apparent failings are not limited to one body but involve two or more different bodies who should be working together to support service users. We do not want to replicate any divisions between health and social care by treating the different elements of such a complaint separately. Therefore, our two organisations have created a single team of professional staff and allocate any such “joint complaint” to a single investigator who has been trained to look at both sets of issues in one joint investigation. This specialist team is hosted and managed by LGSCO but has the delegated authority of both Ombudsmen to look at matters whether they relate to health or social care. This year we have reviewed and re-focused the way we undertake this important work, which helps some of our most vulnerable citizens navigate through problems which have had a significant impact on their lives. As a result, we are now dealing with cases more rapidly and ensuring we focus on those issues which matter most.

### ***External advisory forum***

LGSCO has established an independent advisory forum, comprised of a range of individuals who are invited to comment on their own experience of our service and give views on proposed changes, providing additional challenge and feedback about our work. The forum is made up of members of the public who have used our service and also benefits from the inclusion of representatives from the advice and advocacy sector and from councils. Membership is generally for a year, during which face-to-face meetings are held, and individuals are also consulted by email to invite their views and suggestions about specific issues or proposals.

We have refreshed the membership of the forum recently and the first meeting of the new panel took place in February 2020 at our Coventry headquarters to hear about some of our latest developments and give invaluable feedback on the design of our new web-based complaints portal.

Following earlier feedback from our advisory forum about delivering hard messages with empathy, our Editorial Board continues its work to review and revise all our standard letters and templates to improve the way we communicate with our stakeholders – members of the public and bodies in jurisdiction – to deliver the right message, in the right way, at the right time.

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## **Health and Social Care Regulators Forum**

A group of national bodies involved in overseeing some aspect of health and social care have met together over the course of the year and LGSCO has continued to participate in this forum to share ideas and initiatives and look for potential areas of collaboration. One example is the Emerging Concerns Protocol which improves the ability of all organisations to share information about serious concerns in a timely way should the need arise.

## **The Ombudsman Association**

We continue to be actively involved with the Ombudsman Association. We lead, participate in and contribute to the various projects overseen by the Association's interest groups, learning from and sharing with other schemes to promote continued improvement and consistency, both within our own organisation and across the Association's membership. In particular, we have adopted the Association's Caseworker Competency Framework into our own Behaviours Framework, appraisal system and recruitment programme. We also review annually our compliance to the Association's Service Standard Framework, which is now fully embedded into our procedures.

We have continued to keep in touch with developments across the Ombudsman network by playing a role in the Ombudsman Association's range of groups on developing first contact services for members of the public, improving standards, supporting and developing staff; legal issues, policy and communications.

## **Peer review**

Following the hugely successful collaborative peer review with the public service Ombudsman for Wales (PSOW), we asked them to undertake a reciprocal review to focus on four key areas of our casework practice – our approach to equality and human rights in casework, how we handle cases in the early stages of our process (Intake and Assessment), our approach to dealing with cases that involve both health and social care issues (our Joint Working Team), and how we allocate cases in our Investigation Team.

In October 2019 two officers from PSOW visited our office in Coventry to carry out the review, following which they provided their feedback and some recommendations. We thank PSOW for the time and consideration they have dedicated to this piece of work. Not only has it given us valuable insight from a "critical friend" perspective, it has also provided us with food for thought and an opportunity to reflect on our practices and procedures. Moreover, it has further enhanced the positive relationship between and understanding of our two organisations.

We delivered joint presentations with PSOW on the learning and reflections from the exercise at the Ombudsman Association's annual conference and at a symposium hosted by the International Ombudsman Institute. We have since been asked, and have agreed, to conduct a peer review with another complaint handling scheme within the Ombudsman Association.



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## Response to the coronavirus outbreak

We were able to respond rapidly and effectively to the significant events towards the end of the year, ensuring compliance with Government advice at each point and retaining the ability to operate most of our usual business functions normally throughout the period.

Clear communication with bodies in jurisdiction was maintained, using pre-existing channels and networks which also provided feedback, through which we were able to listen to local authorities experiences and use this intelligence to inform our own decisions. Communication with the public was maintained through press announcements, social media, our website, recorded messages on our national phone line, and through direct, tailored messages sent to many hundreds of complainants.

As councils and social care providers were at the forefront of dealing with the COVID-19 outbreak alongside the NHS, we became quickly aware that their capacity to handle our enquiries would be severely reduced and the pressures on staff in dealing with new duties would further diminish councils' ability to provide meaningful responses to our enquiries. As a large proportion of our investigations relate to adult social care, special educational needs, and homelessness, we were aware that the administrative burden of our enquiries would weigh heaviest on those areas that were under the most pressure in responding to the crisis and least able to engage with us. As a body committed to impartial, even-handed decision-making, we could not sustain a position in which we continued to use our statutory powers to conduct investigations, while knowing one party's ability to engage fairly and fully in those proceedings was fundamentally compromised.

More widely, we were conscious of the Government's calls to lift regulatory burdens

from frontline public services where possible. That position was already reflected in decisions made by colleagues in CQC and Ofsted to suspend all routine inspection programmes, and in draft legislation to amend statutory duties on councils and other bodies. We decided it was in the wider public interest to suspend all enquiries of local authorities and care providers, and that we would not take new complaints, as we did not want to raise false expectations or generate a pool of work that neither we nor the sector could progress. We contacted all complainants to inform them of the temporary suspension of their case.

We communicated this decision to all key stakeholders, including MHCLG, and the public. The PHSO independently made a parallel decision to suspend all health service complaints, at the same time.

This cessation of our external casework was an unprecedented step in our 45-year history. However, we remain certain it was the right course of action to protect the capacity of local authorities and care providers to deliver front line operations. This reflects our overriding commitment to support essential public services during such a difficult time.

We issued advice during the peak to local government to set out the standards of good administrative practice we expect. We also extended the offer to Government to discuss how we might help scrutinise the implementation of the new powers introduced for councils and care providers in response to the crisis.

Since restarting routine work, we have started to investigate complaints about flawed public administration during the crisis period. Due to our work during the pause to set up a specialist team to handle these cases, we are confident in our ability to make consistent and proportionate decisions, as well as share the learning once we have a suitable body of evidence.

# Statement of Commission's and Accounting Officer's Responsibilities

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The Permanent Secretary for Housing, Communities and Local Government has appointed the Chief Executive as Accounting Officer of the Commission. The Accounting Officer has responsibility for:

- > the day-to-day operations and management of the organisation;
- > propriety and regularity in the handling of public funds;
- > keeping proper records;
- > safeguarding the organisation's assets;
- > confirming all steps that ought to have been taken, have been taken to make himself aware of any relevant audit information;
- > establishing the auditors have been made aware of relevant audit information;
- > the Annual Report and Accounts, including confirming these are fair, balanced and understandable;
- > the organisation's use of resources in carrying out its functions as set out in Managing Public Money, published by the HM Treasury.

Under the Accounts Direction (the most recent version of which appears in Annex A), the Secretary of State for Housing, Communities and Local Government, with the consent of the HM Treasury, has directed the Commission for Local Administration in England to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission 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 is required to comply with the requirements of the Government Financial Reporting Manual and, in particular, to:

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

# Governance statement

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## The Commission: membership and responsibilities

### The Commission for Local Administration in England

The Commission for Local Administration in England is the independent statutory body created under the powers in the Local Government Act 1974 to operate the Local Government and Social Care Ombudsman scheme.

The Commission is responsible for:

- > ensuring high standards of corporate governance are in place;
- > ensuring that effective and efficient arrangements are in place for the delivery of the LGSCO service;
- > setting and monitoring the strategic objectives of LGSCO, the three-year corporate strategic plan, and the annual business plan;
- > approving and monitoring annual accounts and financial estimates;
- > ensuring all statutory and administrative requirements for the use of public funds are complied with, as advised by the Accounting Officer;
- > overseeing the management of risk and internal control mechanisms, advised by the Audit and Risk Assurance Committee;
- > agreeing the remuneration and benefits framework within which LGSCO operates, advised by the Remuneration Committee.

During 2019-20, the Commission was chaired by Michael King, the Local Government and Social Care Ombudsman. Rob Behrens CBE was also an ex officio Commission member as part of his role as the Parliamentary and Health Service Ombudsman. As well as

these two Commission members, there were three independent advisory members of the Commission: Carol Brady MBE, who also led on health, safety and well-being of staff; Deep Sagar, who also chaired the Audit and Risk Assurance Committee; and Prof. Stephen Perkins, who also chaired the Remuneration and Appointments Committee. The Chief Executive and Accounting Officer attended all Commission meetings in an advisory capacity, together with other senior staff as required.

### The Ombudsman

The Ombudsman is a Crown appointment who serves for a fixed term of seven years; as already stated, this post was held by Michael King throughout the year. The organisation exists to investigate complaints against councils, social care providers and others, to provide advice and guidance on good administrative practice and, under the Local Government Act 1974, the personal authority to investigate these complaints is vested in the Ombudsman. However, on a day-to-day basis, decisions on casework are made on behalf of the Ombudsman by staff throughout the organisation, in line with a detailed scheme of delegation. This is an important document as it sets out which decisions can be made by which members of staff, thus enabling the organisation to operate efficiently and in line with its statutory duties.

Therefore, all casework matters such as conducting investigations, exercising statutory discretion, determining the outcome of complaints, recommending remedies, and publishing casework outcomes are determined by staff through a scheme of delegation or by the Ombudsman himself. The exercise of these quasi-judicial functions is independent

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of the Commission, government, and local government, and can only be challenged by way of judicial review.

So, the accountability of the Ombudsman as Chair of the Commission is to the Secretary of State for Housing, Communities and Local Government but accountability in relation to casework matters is direct to Parliament.

### **The governance of the Commission and the Local Government Act 1974**

The Commission's powers and duties are set out in the Local Government Act 1974. These have been summarised in a practical guidance note, which has been discussed by the Commission to ensure there was a clear and common understanding of the statutory powers and responsibilities, and how these are reflected in the work of the Commission. The principles which have been developed over the years and which guide the LGSCO's day-to-day work have also been summarised in a simple note, which was discussed by the Commission during the year. A Framework Document sets out the arrangements for the governance of the Commission and the respective responsibilities and accountability of the Commission, its Chair, the Accounting Officer, the Secretary of State for Housing, Communities and Local Government and officials in the Ministry for Housing, Communities and Local Government (MHCLG).

The governance arrangements were the subject of an independent review carried out by Robert Gordon in 2013 on behalf of the then Secretary of State for Communities and Local Government. Robert Gordon was highly complimentary about the arrangements in place but noted that the Local Government Act 1974 required reviewing and bringing up-to-date. This would, for example provide

a proper statutory basis to operate with one Ombudsman (there were previously three) and would also be an opportunity to create a single unified Public Service Ombudsman service. In December 2016, the government published a Draft Bill, to achieve this but it has not proceeded since that point. In the meantime, LGSCO continues to look for opportunities to incorporate the governance changes proposed in Robert Gordon's review and takes the opportunity, whenever possible, to formally highlight the need for legislative change with Government and the Select Committee for Housing, Communities and Local Government.

## The work of the Commission

Commission and committee attendances in 2019-20 are shown below.

<b>Present</b>	<b>Commission meetings (5 in total)</b>	<b>Audit and Risk Assurance Committee meetings (4 in total)</b>	<b>Remuneration Committee meetings (3 in total)</b>
Michael King (Chair and Commission member)	5	4	3
Rob Behrens CBE (Commission member and Parliamentary and Health Services Ombudsman)	1	n/a	n/a
Carol Brady MBE (Independent Advisory Member)	5	4	3
Prof. Stephen Perkins (Independent Advisory Member and Chair of the Remuneration and Appointments Committee)	5	4	3
Deep Sagar (Independent Advisory Member and Chair of the Audit and Risk Assurance Committee)	5	3	2

At each of its meetings, the Commission had oversight of the progress made against the annual business plan, achievement against key performance indicators, progress in relation to published quality and service standards, expenditure against the agreed budget and a range of reports on key issues. Reports use a combination of narrative commentary on issues which need highlighting and graphs, showing changes over the course of time. The Commission also oversees strategic risk, advised by the Executive Team and the Audit and Risk Assurance Committee.

Before formal business meetings, the Commission undertakes a focused discussion workshop session, looking at issues pertinent

to its work or of particular interest. Over the year, these workshop sessions have included:

- > Casework performance – an overview of performance in 2018-19 with actions taken forward to help manage performance
- > Overview of the remedies project including a demonstration of the interactive map providing comparable data for local authority performance and compliance available on the LGSCO website
- > Learning from service complaints and Independent External reviews from 2014 – 2019
- > An overview of legal challenges and how the risk of legal action is managed

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Commission members also attended an off-site meeting with LGSCO managers in which the members helped to develop the new business plan.

## Commission and committee performance

Members of the Commission, along with the Chair, are responsible for managing their own personal development by making sure they develop and build on their skills and knowledge, in line with their roles. Support is provided based on individual needs and as requested by Commission members.

Throughout the year, the Commission reflected on the priorities for the next 3-5 years, exploring their roles in supporting and advising. With the help of the Chair of the Remuneration and Appointments Committee, Prof. Stephen Perkins, a self-assessment questionnaire was designed and completed by the Commission late 2019-20. Responses were used to inform individual one to one's with the Chair, Michael King, where they discussed board effectiveness and any support LGSCO could provide to help individuals' continued learning and to promote best practice.

## Quality standards

We have developed and published a set of quality and service standards, which influence our day-to-day work and guide the development of our organisation:

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| 1. Our service is easy to access, we take full account of what people tell us and treat them with courtesy and respect. |
| 2. We deal with each case promptly, from first contact to final decision.   |
| 3. The remedies we recommend are proportionate and appropriate.   |
| 4. We exercise our discretion fairly and consistently and are transparent about the process we follow.                  |
| 5. Our investigations and assessments are impartial and we make clear, evidence-based decisions.                        |
| 6. Our record keeping is accurate and we ensure that the data we hold is kept secure and confidential.                  |
| 7. We use the outcomes of complaints to promote wider service improvement and learning.                                 |

LGSCO monitors adherence to these standards through regular reporting to different management committees. There are several different indicators for each standard – 38 in total – which show whether, and to what extent, we are meeting the standard. The status of each is regularly updated to Red (standard not met), Amber (standard just missed) or Green (standard met). These ratings are reported to the Commission at each of its meetings, along with a commentary about any changes and, crucially, action being taken where necessary. This provides the

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Commission with oversight of quality ratings and adherence to service standards.

There was a high level of adherence in the majority of areas this year. At the end of the year, one rating was red, nine were amber and 28 were green. The area marked red was for our intentionally challenging target of completing all assessment investigations within 20 working days, which is closely linked to our efforts, detailed earlier in the report (see page 13), to reduce the number of cases waiting to be allocated to an investigator. Any necessary actions were taken in a timely manner.

## Principles of public life

The seven Principles of Public Life, also referred to as the Nolan Principles, remain important for all LGSCO staff. On a day-to-day basis, the principles shape and provide guidance on objectivity and accountability, and encouraging impartial and transparent decision-making.

## Register of interests

Members of the Commission and LGSCO's senior executives are required to complete a declaration of interests disclosure form which are published on its website. In 2019- 20, there were no conflicts of interest that might compromise LGSCO's independence or reputation.

Details of members' interests are available on the register of interests at [www.lgo.org.uk/information-centre/about-us/who-we-are/our-boards/commission](http://www.lgo.org.uk/information-centre/about-us/who-we-are/our-boards/commission)

## Staff survey

Following our last staff survey in early 2018, we continued to track progress against the post-survey action plan. Some of the key areas

we acted on following the survey were:

- > Looking at how our staff can contribute to issues of national interest
- > How we recognise and reward staff
- > Working together to improve our working environment
- > Helping to improve communication between staff and the Executive Team
- > Delivering a leadership program focused on management behaviour
- > Updating our casework subject guidance for staff
- > Reviewing performance measures for investigators

For our most recent staff survey which took place in February 2020, we changed our approach and used the market leader, Great Place to Work (GPTW), to refocus the survey to make it more collaborative and identify what matters most to staff. This new approach, based on a trust index, fits closely with our values and culture and focuses on one aspect staff focus groups have told us is at the heart of the way we work – trust.

GPTW presented the results to our people managers at a session in March 2020. We again achieved an extremely high response rate (up from 83% to 91%) which gives us the confidence the results are truly representative. The overall results are very positive. GPTW identified our key areas of strength as diversity, job security, line management, work/life balance and interpersonal relationships. They also suggested some areas we could work on. We will identify where we think we can improve, with a particular emphasis on staff wellbeing, over the coming months.



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## Corporate Governance in Central Government Departments: Code of Good Practice 2017

In so far as the Code applies, the Commission has applied the principles of the Code which requires that bodies operate according to the principles of good corporate governance in business, leadership, effectiveness, accountability and sustainability.

## The Audit and Risk Assurance Committee: membership and responsibilities

The Audit and Risk Assurance Committee advises the Commission and Accounting Officer. Deep Sagar is an independent member of the Commission and the Chair of the Audit and Risk Assurance Committee. Prof. Stephen Perkins and Carol Brady MBE are the other members of the Committee. The Commission Chair also attends meetings in an advisory capacity. The Accounting Officer, Head of Finance and representatives of our internal and external auditors, and a representative from our sponsor department, Ministry of Housing, Communities and Local Government, also attended Committee meetings. Minutes of meetings, including any recommendations, and the Committee's annual report, are reported to the Commission. At every meeting, the Committee consider what issues or matters, if any, the Committee should take forward to the Commission.

The Audit and Risk Assurance Committee advises the Commission on matters of:

- > probity
- > regularity (including compliance and financial reporting)

- > prudent and economical administration
- > efficiency and effectiveness as identified by internal and external audit
- > performance of the Commission's system of internal control
- > monitoring and scrutinising the work completed during the year by RSM UK, the Commission's internal auditors.

The Committee met four times in 2019-20. The HM Treasury Audit and Risk Assurance Handbook and the good practice principles inform the duties of the Committee.

The Committee has continued to be involved in reviewing the strategic risk register and developing the Assurance Map. The Committee monitored strategic risks and was satisfied risks were being effectively managed. The Committee agreed actions to take forward about raising Committee awareness about developments and potential issues. The Accounting Officer would provide a verbal update at each Committee meeting. The Committee agreed to have a confidential meeting at least once a year with the Internal and External Auditors and they would have a 'deep dive' session about Counter Fraud.

The Committee implemented measures to make sure they maintained a good level of knowledge and received the assurance that risks and financial controls were being appropriately managed. In addition to the Accounting Officer update, the Committee also received an update on financial developments at each meeting from the Head of Finance, in addition to the mandatory financial reporting. The Committee also agreed a 'deep dive' programme based on raising their awareness and enriching their knowledge and skills.

The 2019-20 internal audit plan contained two agreed audits and a piece of advisory work, the details of which, and associated assurance



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opinions, are set out in the table on page 53.

The Committee monitored audit recommendations at its meetings and received regular reports on fraud and other financial matters such as the percentage of suppliers paid on time and the number of retrospective purchase orders raised. The Committee also received annual reporting about Gifts and Hospitality and Whistleblowing, which will be continued. The Accounting Officer, with the Head of Finance, undertook the annual fraud assurance exercise which involved managers from Leadership Team looking at key business risks and reviewing whether they are effectively managing risk, adhering to the Fraud and Bribery Policy including non-financial fraud, bribery and corruption, and are complying with financial regulations and financial instructions. Managers confirmed there were no significant areas of concern. Their assurance that there had been no incidents of fraud or bribery during 2019-20 was included in the minutes with their assurance that they had no material concerns about the operation of LGSCO controls in relation to fraud, bribery, financial control and risk. The Whistleblowing policy was also highlighted to managers as part of the annual fraud assurance. Staff were reminded of the policy and where they can access the information.

The Audit and Risk Assurance Committee produced an annual report on its work, which was presented to the Commission. The Committee reported there were no significant issues arising this year. The Committee also reviewed the draft Annual Accounts for 2019-20, including this Governance Statement, and submitted comments on these before their approval by the Commission. Although there was delay in NAO getting the assurances from the pension fund auditor because of COVID-19, the Committee was pleased the accounts were completed on time and in

accordance with the agreed NAO timetable.

The Committee is satisfied with the comprehensiveness, reliability and integrity of the assurances it has received from the internal auditor, RSM UK, and that the opinions and assurances obtained through audit work and discussions at meetings are sufficiently comprehensive to meet the Commission's needs. The Committee is satisfied with the service provided by the NAO as external auditor.

In absence of the NAO finalising the 2019-20 annual report and accounts, the Committee's opinion takes into account all the evidence received to date. The Committee considers the evidence to be enough for them to recommend that the Accounting Officer can be satisfied that the control framework, governance arrangements and risk management processes for which he is responsible, are operating effectively and are appropriate to the Commission's needs.

## Internal Audit

The Commission's internal audit provider for the year was RSM UK. This was the first year of a three-year audit work plan. Work this year included an agreed programme of three audits, one of which was an advisory piece of work which does not get assurance rated, all informed by strategic objectives and priorities identified by the Executive Team and supported by the Chair of the Audit and Risk Assurance Committee.

Follow-up work arising from recommendations from audits was also included in the work programme. The Audit and Risk Assurance Committee monitored progress against the actions at all meetings. To undertake this work, RSM UK and the external auditors, the National Audit Office, had access to the Audit and Risk Assurance Committee and its Chair,

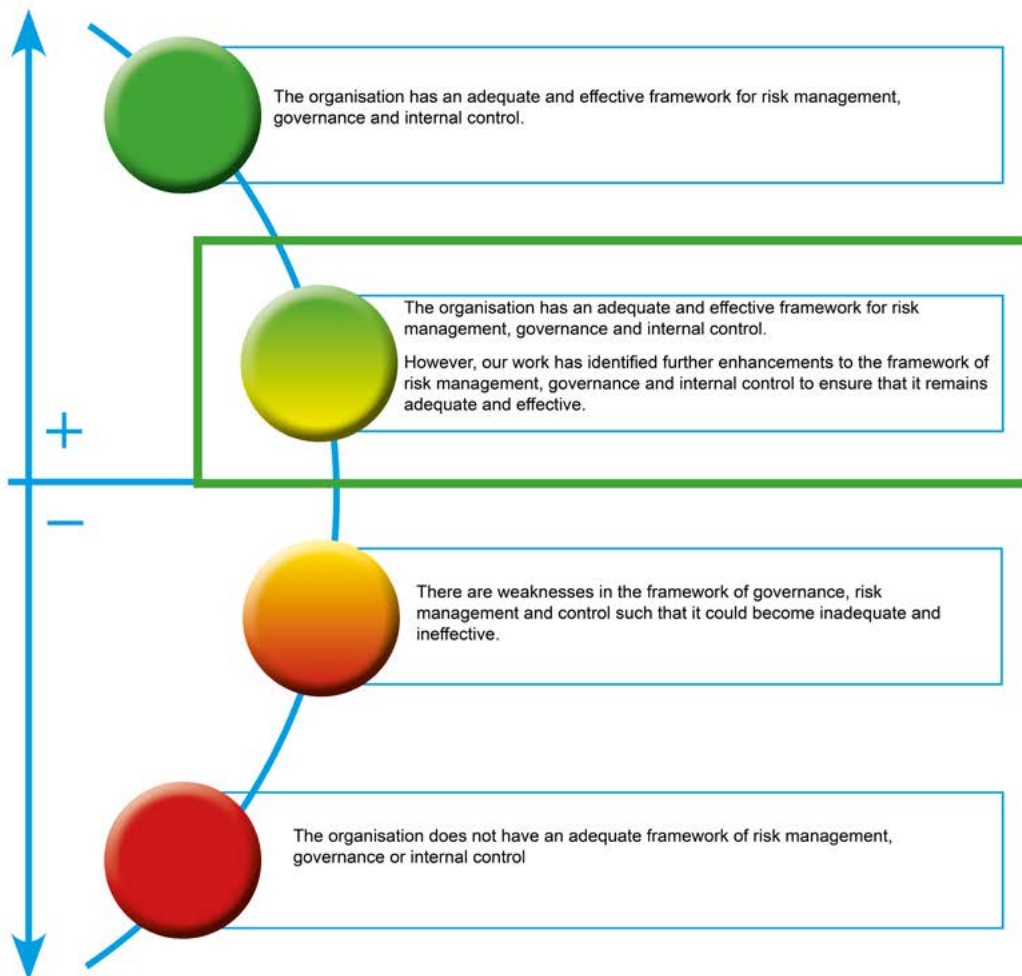
the Commission and its staff, as appropriate

The Business Planning audit looked at the overarching annual business planning process to test if meaningful plans were produced and monitored effectively. The resources to support the LGSCO’s strategic mission, and support for ongoing improvement of the service was also included in the audit work.

The audit on HR and Payroll helped to assess the implementation of a new HR and payroll system. Work involved testing key controls of recruitment processes for new starters, timely removal of leavers from the system, monthly exception reporting and the reconciliation process.

The IT Digital Innovation advisory work looked at the digital innovation plans contained in our ‘Developing our Digital Services 2019-2021’ plan. Advice and support focused on whether the document was appropriately designed and fit for purpose. RSM UK provided assurance on these audits, as per below, using a four-point scale:

Audit	Assurance level
Business Planning	Substantial
HR and Payroll	Reasonable
IT Digital Innovation (advisory)	N/A



The Executive Team monitored all recommendations from audit work and management responses were discussed, recorded and fed back to RSM UK. Recommendations and management responses were reported at each meeting so the Audit and Risk Assurance Committee could monitor progress and implementation. At the end of the year, the majority of recommendations were in progress or have been implemented. Actions that have not yet been completed will be carried forward into 2020-21.

Based on the work undertaken during 2019-20, the Head of Internal Audit provided the Audit and Risk Assurance Committee with an overall assurance assessment. We received the second-highest assurance level – having adequate and effective risk management and internal controls, but with some work identified to ensure it remains at that level. This can be seen in the chart on the page 53.

## Risk Management

The organisation uses a well-established system for managing risk, which is set out in our risk management policy. The Executive Team reviews the strategic risk register on a regular basis, updating in line with changes to the environment and assessing the impact of the mitigations in place. This register, along with the risk assurance map, is overseen by the Commission along with the Audit and Risk Assurance Committee, with a view to ensuring the risks do not prevent the delivery of our strategic objectives.

The key strategic risks and their rating at the end of the year are shown below:

Risk	Rating
1. We do not deliver a service which is easy to find and use	RED
2. Our investigations are not impartial, fair or rigorous so we fail to remedy injustice	GREEN
3. We fail to use the learning from complaints to help improve local services	GREEN
4. We lose credibility and are no longer trusted to fulfil our purpose	GREEN
5. Our computer systems fail to operate effectively or are unavailable	GREEN
6. We don't have the resources or people needed to do our job	AMBER
7. We fail to stay relevant and do not manage change well	GREEN

As well as being monitored by the Commission and the Audit and Risk Assurance Committee throughout the year, the updated strategic risk register was shared regularly with MHCLG. As usual, particular areas of risk were selected by the Audit and Risk Assurance Committee during the year for “deep dive” reviews.

The strategic risk register is informed by and explicitly linked to a detailed operational risk register, reviewed and used by managers from different parts of the organisation. Where operational risks are judged to be of particular concern, these are highlighted, discussed and mitigating action is taken or, if necessary, the issues are escalated to inform the strategic register. This process is overseen by the Executive Team but involves managers who are closest to the issues to ensure the registers are properly informed.

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The most significant strategic risk during the year relates to the higher than normal level of cases which have yet to be allocated to a named investigator. This is part of Risk 1 and has resulted in the red rating. A series of measures to reduce the level have been undertaken throughout the year but it was only in 2020 that we began to see a reduction, once we were able to utilise additional funds to employ much needed investigators.

The same problems with previously reduced funding have been highlighted in relation to strategic risk 6 (we don't have the resources or people needed to do our job), causing it to be marked as Amber. All other strategic risks were judged to be being managed satisfactorily, with suitable mitigation in place where this was necessary.

We will only be able to understand the long term risks Covid-19 poses to our strategic objectives, once conditions return to something like pre-pandemic levels. This is because the capacity of both our staff and bodies in our jurisdiction to handle our caseloads are likely to be affected for some time. The Commission and the Audit and Risk Assurance Committee are satisfied that, during the year, risk was properly managed and effective mitigating action was taken where needed.

## Information security

Information security remains a high priority for LGSCO, given the sensitive personal information we hold about people complaining to us and about our staff. The Director of Investigation is the Commission's Senior Information Risk Owner (SIRO) and was responsible for overseeing this business risk during the year, reporting to the Accounting Officer.

This was a year of consolidation, after implementing the significant changes which came with GDPR and the DPA 2018. We

have maintained an overview of our policies and procedures to ensure they are fit for purpose, responding to incidents and ensuring any learning is implemented across the organisation.

The Information Working Group met three times during the year. The group kept under review the Information and Personal Data Asset Register, ensuring all assets have an owner and are regularly reviewed. The risk register was reviewed and kept updated. Any new issues about the GDPR were also considered and recommendations made.

While the number of requests we received for the new Data Protection rights fell slightly, requests received for access to a subject's personal data and Freedom of Information requests continued to increase – by 20% this year. This means request volumes have more than doubled in the last two years from a norm of just under 200 each year before GDPR came into effect, to 420.

Through the Information Working Group we reviewed data incidents and breaches, identifying learning and implementing individual and organisation-wide changes. The Group has also kept a focus on any data breach risks from our casework, amending policy and process where any new vulnerabilities were noted, and ensuring staff were reminded of specific areas of policy.

We have ensured that our practices are properly informed by the Government's "Cyber Essentials" framework, developed by the National Cyber Security Centre. LGSCO is aware of the requirements set out in the Government's Security Policy Framework and operates in line with them, as far as they are relevant to the role and responsibilities of the organisation. There were no significant security risks or Security Policy Framework exceptions during the year.

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## The Remuneration and Appointments Committee: membership and responsibilities

The Commission's Remuneration and Appointments Committee advises the Commission, its Chair and its Accounting Officer, and makes recommendations on the remuneration of senior staff, and the pay schemes for other staff. The Committee also provides insight and support on people development and succession planning across the organisation including Independent Advisory Members of the Commission. In 2019-2020, the Committee also helped and monitored the development of the Learning Organisation initiative, Total Reward for staff and our human resources strategy.

The Committee met three times in 2019-20, chaired by Prof. Stephen Perkins. Deep Sagar, Carol Brady MBE, and Michael King, Chair of the Commission, are members of the Committee. The Head of HR and the Accounting Officer attended meetings to advise the Committee, except in matters relating to their personal remuneration.

Over the course of the 2019-20 year, the Committee:

- > reflected on the application of the Exceptional Contribution Award Scheme ensuring the scheme procedure was followed to ensure fair, consistent application of the scheme
- > encouraged and endorsed the Chair of the Commission to take a holistic approach to setting and achieving personal objectives and performance
- > endorsed the Commission Chair's appraisal

of the Chief Executive's performance

- > managed its own yearly work plan ensuring the Committee is providing advice and scrutiny in an effective and timely way
- > advised on succession planning development, monitored progress in delivering the Learning Organisation business plan initiative, and endorsed a new approach to deliver the staff survey
- > reviewed its own terms of reference to ensure that this reflected accurately the work of the Committee to make sure that the Committee is fulfilling its purpose and using best practice to inform their work

### Adherence to service standards

We are committed to delivering an excellent service to those who rely on our organisation. In recent years, we have played a leading role on the Ombudsman Association's working group which looks to share best practice and help Ombudsman schemes benchmark effectively against a common service standards framework. When the Ombudsman Association first launched this service standards framework we were amongst the first bodies to implement it and publish the results on our website. LGSCO has continued to assess how well it is meeting the detailed service standards in the framework and to publish the results. We remain confident our own quality and standards and internal procedures are aligned with the framework.

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## Independent external reviewer

As with previous years, we have used an external independent reviewer to audit a randomised selection of our case files where the complainant had a reason to express dissatisfaction with some aspect of the case handling, and to make recommendations to help the organisation to improve. This continues to help ensure staff and managers are responding properly to such complaints, in line with our established quality standards.

Graham Manfield has been our independent external reviewer for the last six years, and is now at the end of his fixed term appointment (a new independent external reviewer has recently been appointed as a replacement). Mr Manfield, has a background working in the Metropolitan Police and has considerable experience in evidence handling and supervising investigations and complaints about service provision.

Graham Manfield's independent report is set out below.

### **Statement from the External Reviewer**

*"I was appointed as the External Reviewer for the Ombudsman in 2014 to look at a sample of service complaints and to report on how well the Ombudsman responds to them, to identify good practice and to make recommendations if necessary. My reviews and recommendations reflect a user-led vision of the Ombudsman's service and are considered as part of the Ombudsman's quality assessment processes to promote wider service improvement and learning.*

*"My reviews in August and January covered a wide range of complaints across all parts of the Ombudsman's process. I found that all but one of the service complaints had been*

*appropriately addressed by managers and I made recommendations in respect of only three of the 20 service complaints reviewed; failure to follow guidance had not been identified in a small number of cases and I also recommended reviews to ensure consistency in respect of guidance and the information available to complainants.*

*"Recordings of telephone calls were helpful in reviewing eight of the service complaints. These also illustrated the difficulties in balancing impartiality and empathy for service users and I was impressed with the professional manner of investigators and managers in several cases.*

*"I was pleased to present on my findings over the last six years to The Commission for Local Administration in November. The quality of internal reviews of service complaints by managers has been consistently high and I made recommendations in respect of only 40 of the 120 service complaints reviewed, all of which were accepted by the Ombudsman. Improvements have been made to help complainants access the Ombudsman's services and make service complaints. The quality and clarity of information available to complainants has also been informed by my reviews. The impact of improvements in respect of guidance to staff, particularly in communication with service users, is evident and transparency has been greatly enhanced with the wider recording of telephone calls.*

*"I am confident that the external review of service complaints will continue to help to improve standards and increase public reassurance in the Ombudsman."*

**Graham Manfield**  
**External Reviewer**

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## Conclusion

As Accounting Officer, I confirm my satisfaction that the necessary systems and processes of governance, risk management and internal control are operating effectively across the organisation. LGSCO has complied with all relevant external controls and requirements at all times during the year and has been operating in accordance with the Framework Document agreed with the Ministry for Housing, Communities and Local Government.

I am satisfied that LGSCO has managed its resources effectively throughout the year, and these resources have been focused on delivering a high-quality service which meets our statutory responsibilities, our long-term strategic objectives, and the priorities which are published in the organisation's 2019-20 annual business plan. I am also satisfied that the systems in place to identify risks are fit for purpose and have enabled us to ensure we have identified challenges in a timely way, taken action wherever necessary and mitigated the impact wherever it has been possible to do so. Throughout the course of the year, our staff have continued to collaborate positively and professionally to deliver an excellent service in often challenging situations, as well as taking every opportunity to learn, innovate and further improve what we do.



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**Nigel Ellis**  
**Chief Executive Officer**  
**9 December 2020**

# Remuneration and Staff Report

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## Remuneration and Appointments Committee

During the financial year 2019-20, the Remuneration and Appointments Committee met three times. The committee's activities are reported to the Commission.

The Committee is made up of three members appointed by the Commission:

- > Prof. Stephen Perkins
- > Deep Sagar and,
- > Carol Brady MBE

The Chair of the Commission, Michael King, is also a member. The Committee is advised by the Head of HR and the Accounting Officer, except in matters relating to their personal remuneration.

## Remuneration Policy

For 2019-20 a 2.0% pay award was granted with effect from 1 April 2019 (2018-19 - 2.0%).

## Ombudsman

The Local Government and Social Care Ombudsman is a Crown appointment whose remuneration is determined by the Secretary of State but funded by the Commission's budget.

Michael King's term of office commenced on 11 January 2017 and runs for a fixed term period of seven years.

## Ex officio Commissioner

Rob Behrens CBE is an ex officio Commissioner and the Parliamentary and Health Service Ombudsman (PHSO). The

PHSO is not remunerated in respect of his statutory responsibilities as an LGSCO Commissioner.

## Advisory Members

The current members are Deep Sagar, Chair of the Audit and Risk Assurance Committee, Professor Stephen Perkins, Chair of the Remuneration and Appointments Committee and Carol Brady MBE.

The members' remuneration consists of a day rate plus out of pocket expenses. No pension benefits are accrued. All members are obliged to give three months' notice to terminate their contract.

The remuneration paid to Advisory Members is based on the number of days to be worked, and determined by the Commission in agreement with the Ministry of Housing, Communities and Local Government (MHCLG).

## Senior staff

The four senior staff in the Executive Team (excluding the Ombudsman) are full-time employees of the Commission.

## Chief Executive

The Chief Executive has base pay analogous to Senior Civil Service Band 1 and in addition a London weighting based on the National Joint Council for Local Government (NJC) is paid. Movement up the pay band is by annual consolidated awards on base pay. The percentage increase is recommended by the Chair of the Commission to the Commission's independent Remuneration Committee based on government pay policy, the Senior Salaries Review Body recommendations and individual performance. Performance-related bonus



payments can also be awarded. These are non-consolidated but pensionable. These arrangements operate within the guidance provided by the MHCLG for pay for senior civil servants and the Ombudsman and Remuneration Committee will take full account of those requirements when reaching a decision on pay and bonus.

## Directors

Like all staff below the Chief Executive officer, the two Directors are paid on the National Joint Council for Local Government (NJC) rates. Pay is negotiated by the NJC and the Commission implements the award subject to MHCLG approval.

In addition, they may be nominated for an Exceptional Contribution Award, like other staff.

## Remuneration of senior staff (audited by the Comptroller and Auditor General)

Name	Position	2019-20				2018-19			
		Salary £000	Bonuses £000	Pension Benefits £000	Total £000	Salary £000	Bonuses £000	Pension Benefits £000	Total £000
Michael King	Ombudsman & Chair	135-140	-	25	165-170	135-140	-	18	155-160
Nigel Ellis	Chief Executive	105-110	10-15	37	155-160	100-105	0-5	35	140-145
Paul Conroy	Director of Intake and Assessment	75-80	-	27	105-110	75-80	-	26	100-105
Karen Sykes	Director of investigation	65-70	-	20	85-90	65-70	-	21	85-90

### Notes:

1. There were no Benefits in Kind paid in 2019-20 (2018-19: £nil)

## Senior Staff Salaries and Bonuses

Composition of remuneration: Salary includes gross salary, reserved rights to London weighting or London allowances; recruitment allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Bonuses are non-consolidated, pensionable performance related payments. They are used to recognise and reward performance against in-year objectives.

The monetary value of benefits in kind covers any benefit provided by the Commission and treated by HM Revenue & Customs (HMRC) as a taxable emolument.

## Ombudsman and senior staff pension entitlement details (audited by the Comptroller and Auditor General)

The Ombudsman and his senior staff have the same pension arrangements as other Commission staff as detailed in note 1.7.

	Total accrued pension at 65 & related lump sum		Real increase/ (decrease) in pension & lump sum at pension age	CETV <sup>1</sup>	CETV <sup>1</sup>	Real increase in CETV
	at 31/3/20		2019-20	at 31/3/20	at 31/3/19	2019-20
	£000		£000	£000	£000	£000
Michael King	60-65		0-2.5	1,126	1,008	85
Lump sum	95-100		(2.5)-0			
Nigel Ellis	15-20		0-2.5	263	207	40
Lump sum	-		-			
Paul Conroy	20-25		0-2.5	365	307	45
Lump sum	20-25		0-2.5			
Karen Sykes	25-30		0-2.5	475	443	18
Lump sum	40-45		0-2.5			

1. Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the staff 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 the disclosure applies. The CETV figures and the other pension details include the value of any pension benefit in another scheme or arrangement that the individual has transferred to the LGPS arrangements. They also include any additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

## Staff costs (audited by the Comptroller and Auditor General)

	2020	2020	2020	2019
	£000	£000	£000	£000
	Permanently employed staff <sup>3</sup>	Others	Total	Total
Wages & salaries	7,456	-	7,456	7,082
Social security	828	-	828	785
Other pension costs <sup>1</sup>	1,013	13	1,026	974
	<b>9,297</b>	<b>13</b>	<b>9,310</b>	<b>8,841</b>
Temporary staff	-	58	58	79
Redundancy costs	-	-	-	-
	<b>9,297</b>	<b>71</b>	<b>9,368</b>	<b>8,920</b>
Indirect staffing costs <sup>2</sup>	102	-	102	87
<b>Total</b>	<b>9,399</b>	<b>71</b>	<b>9,470</b>	<b>9,007</b>

1. This includes £12,804 (2018-19: £12,486) relating to pension payments to a retired Local Government Ombudsman and a surviving widow.
2. This is related to training costs, payroll bureau fees and staff recruitment costs.
3. Staff costs include the Ombudsman

## Staff numbers (audited by the Comptroller and Auditor General)

At the end of March 2020, the Commission employed 179 FTE (excluding one agency worker, and excluding the Ombudsman):

	Male	Female
Senior Civil Service equivalents	1	-
Directors	1	1
Employees	60	116
<b>Total</b>	<b>62</b>	<b>117</b>

	2020	2019
Average number of full time equivalent staff employed:		
Permanently employed	176	169
Other*	1	3
	<b>177</b>	<b>172</b>

\*Other staff includes short-term contractors and temporary or agency staff.

Staff numbers exclude the Ombudsman as he is not a member of staff, but his remuneration is shown in the 'Remuneration of senior staff' table on page 60.

### Reporting of compensation schemes - exit packages (audited by the Comptroller and Auditor General)

There were no redundancies or departure costs in 2019-20 (2018-19 number 0, cost £nil).

Redundancy and other departure costs are paid in accordance with statutory requirements and entitlements based on length of service set out in the Commission's standard contract of employment.

Exit costs are accounted for in full in the year of departure or, where earlier, the year in which a legal or constructive obligation to pay such costs arises. Costs included lump sum payments to the Local Government Pension Scheme, where applicable.

### Off payroll engagements

There were no off payroll engagements in the year.

## Consultants

Consultants are employed when it is better value for money to do so on specific projects when specialised skills are required. During the year, the total expenditure on consultants was £12,914.

## Sickness absence data

During the year 1,482 (2018-19: 1,001) working days were lost through sickness absence, 930 (2018-19: 348) of which were due to long term sickness absence. This equates to 3.2% of working time lost (2018-19: 2.3%). This compares to a national average of 2.2% and a public sector average of 3.1% (as reported in the Chartered Institute of Personnel and Development Health and Well-being at Work report published in March 2020). The increase is attributed to an increase in the number of long term sickness absences during the period. Short term sickness absence was down 0.2% from 2018-19.

## Fair Pay disclosures (audited by the Comptroller and Auditor General)

	2019-20	2018-19
Band of the highest paid individual total (£000)	135-140	135-140
Median total remuneration	43.3	42.5
Ratio	1:3.2	1:3.2

In 2019-20, no employees (2018-19: nil) received remuneration in excess of the highest-paid Commission member. Remuneration ranged from £20,611 to £140,000 (2018-19: £20,094 to £140,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance

payments, employer pension contributions and the cash equivalent transfer value of pensions. All employees are paid above the living wage rate.

The banded remuneration of the highest paid Commission member in 2019-20 was £135,000-£140,000 (2018-19: £135,000-£140,000). This was 3.2 times (2018-19: 3.2) the median remuneration of the workforce, which was £43,336 (2018-19: £42,486).

## Gender Pay disclosures

LGSCO has voluntarily chosen to carry out Gender Pay Reporting under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

At 31 March 2020, there is a mean Gender Pay Gap of +11.7% (2019:+10.3%) and a median Gender Pay Gap of +3.7% (2019: nil) between our male and female employees. The Mean Bonus Gender Pay Gap is +59.5% (2019: +33.6%) and the Median Bonus Gender Pay Gap is +79.2% (2019: nil).

	Male	Female
Proportion receiving bonus	44.4%	31.7%
Proportion in each quartile band		
- Upper	47%	53%
- Third	31%	69%
- Second	34%	66%
- Lower	21%	79%
<b>Total</b>	<b>33%</b>	<b>67%</b>

## Trade Unions

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the information below is disclosed.

	Number	FTE
Employment of relevant union officials during the year	8	7.76

% of Time	Number
0%	-
1% to 50%	8
51%-99%	-
100%	-

Total cost of facility time	£1,006
Total pay bill	£9,275,000
% total paybill spent on facility time	0.011%

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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## Advisory Members' Remuneration (audited by the Comptroller and Auditor General)

The remuneration of the Advisory Members is as follows:

	2019-20	2018-19
	Total remuneration	Total remuneration
Carol Brady Advisory member	£6,398 (including £648 expenses)	£5,394 (including £519 expenses)
Prof. Stephen Perkins Advisory member	£5,940 (including £940 expenses)	£5,781 (including £906 expenses)
Deep Sagar Advisory member	£6,189 (including £1,189 expenses)	£6,953 (including £2,078 expenses)

responsibilities for employees with disabilities or who become disabled. This is informed by up-to-date occupational health advice and medical advice.

Disabled employees are offered the same training and development opportunities as any other staff and adjustments are made to attend training as necessary.

## Employment of People with Disabilities

LGSCO gives full and fair consideration to applications for employment made by people with disabilities. Candidates for employment or promotion are assessed objectively against the requirements for the job, taking account of any reasonable adjustments that may be required for candidates with a disability. Disability will not form the basis of employment decisions except where necessary.

We aim to retain people with disabilities and those with health conditions for their skills and talent. We work to remove barriers to disabled people and those with long term health conditions to allow them to fulfil their potential. LGSCO has developed reasonable adjustment guidance so that managers are aware of their

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## Losses and special payments (audited by the Comptroller and Auditor General)

During the year no losses or special payments were made (2018-19: £nil).

## Gifts and hospitality

LGSCO's policy is to not accept any gifts, hospitality or benefits from third parties which might be seen to compromise the personal judgement or integrity of our members or staff. All gifts or hospitality received, not trivial in nature, are recorded in a register. In 2019-20, no gifts or hospitality were received or offered that contravened the Commission's policy or were of an exceptional value.

Throughout 2019-20, staff provided details to the Committee and Governance Clerk who updated the register as and when required. The register is published on the LGSCO website at: [www.lgo.org.uk/information-centre/about-us/who-we-are/our-structure](http://www.lgo.org.uk/information-centre/about-us/who-we-are/our-structure)

## Remote contingent liabilities (audited by the Comptroller and Auditor General)

The Commission does not have any remote contingent liabilities.



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**Nigel Ellis**

**Accounting Officer and  
Chief Executive**

**9 December 2020**

# Parliamentary Accountability & Audit Report

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## The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

### Opinion on financial statements

I have audited the financial statements of The Commission for Local Administration in England (the 'Commission') 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 information in the Accountability Report that is described as having been audited.

In my opinion:

- > the financial statements give a true and fair view of the state of the Commission's affairs as at 31 March 2020 and of net expenditure for the year then ended; and
- > the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU.

**Emphasis of matter – material uncertainty related to the valuation of the property investments, and estimation uncertainty related to the valuation of the property, private equity and infrastructure investments, held within the pension scheme**

I draw attention to Note 1.3.2 which describes the effects of the uncertainties created by the coronavirus (Covid-19) pandemic on the valuation of the property, private equity and

infrastructure investments held within the pension scheme.

As noted by the valuers engaged by the fund managers of the pension scheme, the pandemic has caused extensive disruption to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the fair value of the property, private equity and infrastructure investments held within the pension scheme at the balance sheet date.

My opinion is not modified in respect of these matters.

### Opinion on regularity

In my opinion, in all material respects, 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 Commission for Local Administration in England in accordance with



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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 Commission for Local Administration in England's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- > The Commission for Local Administration in England has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Commission'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 Commission and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Commission and the Accounting Officer are 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 and express an opinion on the financial statements in

accordance with International Standards on Auditing.

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 judgement 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 controls 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 Commission for Local Administration in England'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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - > conclude on the appropriateness of The Commission for Local Administration in England'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 Commission'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 Commission for Local Administration in England 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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Other information

The Commission and the Accounting Officer are 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.

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## 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;
- > in the light of the knowledge and understanding of The Commission for Local Administration in England 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 Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

- > adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- > the financial statements and 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**  
**11 December 2020**

**Comptroller and Auditor General**  
**National Audit Office**  
**157-197 Buckingham Palace Road**  
**Victoria**  
**London SW1W 9SP**

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

	Note	2020 £000	2019 £000
Operating income	3	(174)	(106)
<b>Operating expenditure</b>			
Staff costs	4.1	9,470	9,007
Pension loss/(gain)	4.2	2,736	1,883
Accommodation costs	5.1	848	865
Office expenses	5.2	424	420
Professional costs	5.3	476	363
Depreciation & amortisation	7&8	46	45
Meeting & travel costs		164	169
<b>Total operating expenditure</b>		<b>14,164</b>	<b>12,752</b>
<b>Net operating expenditure</b>		<b>13,990</b>	<b>12,646</b>
Net interest costs	6	537	630
<b>Net expenditure for the year</b>		<b>14,527</b>	<b>13,276</b>
<b>Other comprehensive expenditure</b>			
<b>Items which will not be reclassified to net operating costs</b>			
Pension fund actuarial loss/(gain)	13g	(799)	(4,807)
<b>Total comprehensive expenditure</b>		<b>13,728</b>	<b>8,469</b>

The notes on pages 75 to 93 form part of these accounts.

All activities are continuing.

# Statement of Financial Position as at 31 March

	Note	2020 £000	2019 £000
<b>Assets</b>			
<b>Non current assets</b>			
Plant & equipment	7	38	49
Intangible assets	8	172	63
<b>Total non current assets</b>		<b>210</b>	<b>112</b>
<b>Current assets</b>			
Trade & other receivables	9	217	232
Cash & cash equivalents	10	3,308	3,071
<b>Total current assets</b>		<b>3,525</b>	<b>3,303</b>
<b>Total assets</b>		<b>3,735</b>	<b>3,415</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade & other payables	11	(1,223)	(927)
Provisions	12	(90)	(72)
<b>Total current liabilities</b>		<b>(1,313)</b>	<b>(999)</b>
<b>Total assets less total current liabilities</b>		<b>2,422</b>	<b>2,416</b>
<b>Non current liabilities</b>			
Pension scheme liability	13e	(25,361)	(22,887)
<b>Total non current liabilities</b>		<b>(25,361)</b>	<b>(22,887)</b>
<b>Assets less liabilities</b>		<b>(22,939)</b>	<b>(20,471)</b>
<b>Taxpayers' equity</b>			
General Fund		2,422	2,416
Pension Reserve		(25,361)	(22,887)
<b>Total Taxpayers' Equity</b>		<b>(22,939)</b>	<b>(20,471)</b>

The notes on pages 75 to 93 form part of these accounts.



**Nigel Ellis**  
Accounting Officer  
9 December 2020



**Michael King**  
Chair  
9 December 2020

# Statement of Cash Flows

## for the year ended 31 March

	Note	2020 £000	2019 £000
<b>Cash flows from operating activities</b>			
<b>Net expenditure for the year</b>		(14,527)	(13,276)
Adjustments for:			
Depreciation & amortisation	7 & 8	46	45
Loss on sale of non current assets	5.2	-	-
Finance costs/(income)	3	(22)	(15)
(Increase)/decrease in trade & other receivables	9	15	80
Increase/(decrease) in trade & other payables	11	296	(341)
Increase/(decrease) in provisions	12	18	-
Non-cash pension charge/(credit) included in net expenditure for the year		3,273	2,513
<b>Net cash outflow from operating activities</b>		<b>(10,901)</b>	<b>(10,994)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant & equipment	7	(10)	(51)
Purchase of intangible non current assets	8	(134)	(26)
Interest received	3	22	15
<b>Net cash outflow from investing activities</b>		<b>(122)</b>	<b>(62)</b>
<b>Cash flows from financing activities</b>			
Receipts of Grant-in-Aid financing	2	11,260	10,820
<b>Net cash inflow from financing activities</b>		<b>11,260</b>	<b>10,820</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>237</b>	<b>(236)</b>
<b>Cash &amp; cash equivalents at beginning of period</b>		<b>3,071</b>	<b>3,307</b>
<b>Cash &amp; cash equivalents at end of period</b>	10	<b>3,308</b>	<b>3,071</b>

The notes on pages 75 to 93 form part of these accounts.

# Statement of Changes in Taxpayers' Equity

	Note	General Fund	Pension Reserve	Total Taxpayers' Equity
		£000	£000	£000
<b>Balance at 31 March 2018</b>		<b>2,359</b>	<b>(25,181)</b>	<b>(22,822)</b>
Grant-in-aid financing	2	10,820	-	10,820
Total comprehensive expenditure for the year		(13,276)	4,807	(8,469)
Transfers between reserves in respect of pension fund costs		2,513	(2,513)	-
<b>Balance at 31 March 2019</b>		<b>2,416</b>	<b>(22,887)</b>	<b>(20,471)</b>
Grant-in-aid financing	2	11,260	-	11,260
Total comprehensive expenditure for the year		(14,527)	799	(13,728)
Transfers between reserves in respect of pension fund costs		3,273	(3,273)	-
<b>Balance at 31 March 2020</b>		<b>2,422</b>	<b>(25,361)</b>	<b>(22,939)</b>

The notes on pages 75 to 93 form part of these accounts.

## Nature and Purpose of Reserves

### **General Fund**

This Fund represents the cumulative surplus of income over expenditure at the date of the Statement of Financial Position. The majority of this surplus was accumulated under a previous grant funding arrangement and is therefore largely a historical legacy. It is represented on the Statement of Financial Position as a cash balance for the ongoing operations of the Commission, excluding the deficit arising from the Commission's participation in the Local Government Pension Scheme. However, the Commission is only able to incur expenditure within its delegated expenditure limits (DEL) which are agreed with the sponsor department each year. Approval

from the Ministry for Housing, Communities and Local Government would therefore be needed to draw down on cash reserves, in excess of DEL.

### **Pension Reserve**

This Reserve represents the liability arising from the Commission's participation in the Local Government Pension Scheme, as determined by the scheme actuary. Details of the pension liability are available in Note 13e on page 88 and also in the Directors' Report on page 33.

# Notes to the Financial Statements

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## Accounting Policies

### 1.1 Accounting convention

The Financial Statements are prepared under the historical cost convention, modified only in the case of tangible and intangible non current assets which are held at valuation, if materially different from historical cost less accumulated depreciation.

### 1.2 Basis of preparation

The Financial Statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Commission's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Revisions to

accounting estimates are recognised in the period in which the estimate is revised.

#### 1.3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Commission's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements:

> **Classification of leases**

The Commission has classified all of its leases of land and buildings as operating leases, as it is considered that these leases do not transfer substantially all of the risks and rewards of ownership to the Commission. The primary considerations in this assessment are that the lease terms do not represent the major part of the life of the leased assets and that the present value of lease payments at the inception of the leases do not represent a significant part of the value of the leased assets.

> **Asset valuations**

The Commission has concluded that there is not a material difference between the fair value of its tangible and intangible non current assets and the depreciated historical cost of these assets. As a result of this conclusion, detailed asset valuations have not been carried out.

#### 1.3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning estimation uncertainty at the end of the reporting period, that could have



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a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### ***Valuation of pension scheme assets and liabilities***

The valuation of the Commission's defined benefit pension scheme assets and liabilities is based on a range of assumptions covering variables such as investment returns, inflation, discount rate and pensioner lifespans.

The selection of appropriate assumptions represents a significant accounting estimate. Where actual outturns are significantly different to the selected assumptions, the value of scheme assets and liabilities may be materially different. The assumptions are made by management based on advice from a professional actuary and are reviewed annually. In addition, the scheme is subject to a full actuarial review on a triennial basis.

As a result of the COVID-19 pandemic, the pension scheme has reported a material uncertainty against the value of the property asset class, and an estimation uncertainty against the value of the property, infrastructure and private equity (included within 'target return funds') asset classes as at 31 March 2020. These asset classes represent c.29% of total scheme assets. Accordingly, an emphasis of matter paragraph has been included in the audit report of the scheme. This statement does not mean that valuations cannot be relied upon but it does mean that less certainty, and a higher degree of caution, should be attached to the valuation of these asset classes than would normally be the case. Further details of the scheme's pension assets are provided in note 13d.

## **1.4 Grant-in-Aid**

The Commission receives Grant-in-Aid from the Ministry for Housing, Communities and Local Government (MHCLG). This type of funding is classified as financing and is recognised directly in the Statement of Changes in Taxpayers' Equity.

Grant-in-Aid is paid monthly according to the requirements of the Commission. Grant income under Grant-in-Aid financing is accounted for on a cash basis.

## **1.5 Going concern**

As a result of the valuation of pension scheme assets and liabilities, the Commission's Statement of Financial Position at 31 March 2020 shows net liabilities of £23m. This reflects the inclusion of liabilities falling due in future years which, insofar as the Commission is unable to meet them from its other sources of income, would fall, in the last resort, to be met by central Government. Under the normal conventions applying to Parliamentary control over income and expenditure, such funding may not be issued in advance of need, but there is no reason to believe that, if required, funding and Parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for these Financial Statements.

## **1.6 Value Added Tax**

The Commission is registered for VAT and is able to recover input VAT on its purchases. Expenditure is shown net of recoverable VAT. Outstanding recoverable VAT is included within trade and other receivables.

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## 1.7 Pension scheme

The Commission is an admitted body of the Local Government Pensions Scheme, administered by the Local Pensions Partnership (LPP). This is a multi-employer defined benefit scheme, accounted for in accordance with IAS 19 Employee Benefits.

The Commission's share of the scheme's assets and liabilities can be identified.

The valuation of the Commission's defined benefit pension scheme assets and liabilities is based on a range of assumptions covering variables such as investment returns, inflation, discount rate and pensioner lifespans. Where actual outturns are significantly different to the selected assumptions, the value of scheme assets and liabilities may be materially different.

The assumptions are made by management based on advice from a professional actuary and are reviewed annually.

In accordance with IAS 19 (revised) the Commission recognises all actuarial gains or losses in Other Comprehensive Expenditure.

## 1.8 Short term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

The cost of leave earned but not taken by employees at the end of the period is recognised in the Financial Statements to the extent that employees are permitted to carry forward leave into the following period.

## 1.9 Tangible non current assets - plant and equipment

Individual items of plant and equipment with a cost of less than £5,000 are expensed in the Statement of Comprehensive Net Expenditure in the year of acquisition, except where they form part of a significant capital project, the total cost of which exceeds £5,000.

Items of plant and equipment and significant capital projects with a cost of greater than £5,000 are initially recognised at cost and depreciated over their useful economic life on a straight line basis.

The ranges of useful economic lives of assets currently in use are as follows:

- > Furniture and fittings 2-7 years
- > Information technology 3-4 years

All items of plant and equipment are held at depreciated historical cost, as this is considered to be an appropriate proxy for fair value. All assets held by the Commission have a short useful life or a low individual value (or both).

Where there is an indication that individual assets may be impaired, an impairment review is conducted and assets are written down to the lower of their carrying amount and recoverable amount, in accordance with IAS 36 and the HM Treasury Financial Reporting Manual.

## 1.10 Intangible non current assets

Individual intangible assets with a cost of less than £5,000 are expensed in the Statement of Comprehensive Net Expenditure in the year of acquisition, except where they form part of a significant capital project, the total cost of which exceeds £5,000.

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Intangible assets with a cost of greater than £5,000 are initially recognised at cost and amortised over their useful economic life on a straight line basis.

The range of useful economic lives of assets currently in use is as follows:

> Software licences 4-5 years

All intangible assets are held at amortised historical cost, as this is considered to be an appropriate proxy for fair value. The Commission does not believe there to be a material difference between the fair value (as determined by amortised replacement cost) and the amortised historical cost of intangible assets.

Where there is an indication that individual assets may be impaired, an impairment review is conducted and assets are written down to the lower of their carrying amount and recoverable amount, in accordance with IAS 36 and the HM Treasury Financial Reporting Manual.

## 1.11 Leases (Commission as lessee)

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee.

All other leases are classified as operating leases. The Commission does not currently have any assets held under finance leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight line basis over the lease term.

## 1.12 Financial Instruments

### **Financial assets**

Financial assets are recognised when the Commission becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets at fair value through other comprehensive income and financial assets at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Commission currently only holds cash deposits with its bankers, Lloyds Bank PLC.

### **Financial Assets at Amortised Cost**

These are non derivative financial assets with fixed or determinable payments which are quoted in an active market. They are measured at amortised cost less any impairment.

### **Financial liabilities**

Financial liabilities are recognised in the Statement of Financial Position when the Commission becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are classified as either financial liabilities at fair value through profit

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and loss or financial liabilities at amortised cost.

Financial liabilities are initially recognised at fair value.

### 1.13 Changes in Accounting Policy

The Commission has considered, in accordance with IAS 8, whether there have been any changes to accounting policies arising from IFRS and the FReM which have an impact on the current or prior period, or may have an effect on future periods. The Commission has also reviewed any new or amended standards issued by the International Accounting Standards Board (IASB) but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRSs that are or will be applicable.

The Commission has not applied any changes in accounting policy in the current period.

Other than IFRS 16 'Leases' (see 1.14 below), the Commission does not believe there are any changes to accounting policies that may have an impact on future periods.

### 1.14 International Financial Reporting Standards (IFRS)

IAS 8 requires disclosures in respect of new IFRS, amendments and interpretations that are, or will be applicable after the reporting period. IASB has issued IFRIC 23 'Uncertainty over Income Tax Treatments' which is effective from 2019-20. An assessment has been undertaken and it does not have an impact on the Commission.

IASB has also issued IFRS 16 'Leases' however, early adoption in 2019-20 is not permitted under the FReM. IFRS 16 will not be adopted by the public sector until 2021-22. The standard largely removes the distinction

between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

LGSCO occupies three premises within the Government estate, each under a Memorandum of Terms of Occupation (MOTO), all of which meet IFRS16 requirements. Therefore the most significant effect of the new requirements will be an increase in lease assets and liabilities on the statement of financial position. The value of operating leases disclosed in 2019-20 for all three properties is £454,000 (Note 15).

IASB has also issued IFRS 17 'Insurance' which is effective from 2021-22 but is not expected to have an impact on the Commission.

#### ***Financial Reporting Manual (FReM)***

Every year HM Treasury issues a new FReM, which interprets IFRS for the public sector. There have been no changes in the FReM that would impact on the Commission's accounting policies.

### 1.15 Provisions

The Commission provides for obligations arising from past events where there is a present obligation at the date of the Statement of Financial Position, if it is probable that we will be required to settle the obligation and a reliable estimate can be made, in line with the requirements of IAS 37.

## 2. Grant in Aid

The Commission received funding of £11,260,000 from the Ministry for Housing, Communities and Local Government (MHCLG) in 2019-20 (2018-19: £10,820,000). Grant-in-Aid is accounted for in the Statement of Changes in Taxpayers' Equity, as discussed in note 1.4.

	2020 £000	2019 £000
MHCLG	11,260	10,820
<b>Total</b>	<b>11,260</b>	<b>10,820</b>

Represented by:	2020 £000	2019 £000
Revenue	11,100	10,735
Capital	160	85
<b>Total</b>	<b>11,260</b>	<b>10,820</b>

## 3. Operating income

	2020 £000	2019 £000
Complaint handling training	152	91
Bank deposit interest	22	15
<b>Total</b>	<b>174</b>	<b>106</b>

## 4.1 Staff costs

	2020 £000	2019 £000
		Total
Wages & salaries	7,456	7,082
Social security	828	785
Other pension costs*	1,026	974
	9,310	8,841
Temporary staff	58	79
	9,368	8,920
Indirect staffing costs**	102	87
<b>Total</b>	<b>9,470</b>	<b>9,007</b>

Analysis of Commissioners'/ Senior managements' salaries can be found on page 60 in the Remuneration and Staff report.

\* This includes £12,804 (2018-19: £12,486) relating to pension payments to a retired Local Government Ombudsman and a surviving widow. In 2019-20, Employer Pension Contributions were comprised of a variable element equal to 13.76% of pensionable salary (2018-19: 13.76%). 2019-20 was the third and final year of a three year schedule of contributions defined by the scheme's actuary.

\*\* This is related to training costs, payroll bureau fees and staff recruitment costs.

## 4.2 Pension loss/(gain)

	2020	2019
	£000	£000
Current service costs	2,895	2,753
Past service costs, including curtailments*	737	-
Administration expenses	107	99
Contributions by the employer**	(1,003)	(969)
<b>Total</b>	<b>2,736</b>	<b>1,883</b>

\* Past service cost in 2019-20 is an estimate of the liability that has arisen following the McCloud judgment (see 13.5)

\*\* The cost of the contributions by the employer are included in other pension costs in note 4.1.

## 4.3 Reporting of compensation schemes - exit packages

The reporting of compensation schemes - exit packages can be found on page 63 in the Remuneration and Staff Report. There were none in 2019-20 (2018-19: nil).

## 4.4 Staff numbers

Information about staff numbers can be found on pages 62 and 63 in the Remuneration and Staff Report.

## 5. Operating expenditure

5.1 Accommodation costs		
	2020	2019
	£000	£000
Rent & rates	844	851
Repairs & maintenance	-	10
Health & safety	4	4
	<b>848</b>	<b>865</b>

Rent costs in 2019-20 include ongoing costs incurred under three different Memorandum of Terms of Occupation (MOTO) at MHCLG offices in London, at DfE offices in Coventry and at DEFRA offices in York.

5.2 Office expenses		
	2020	2019
	£000	£000
Computers & telephone	343	335
Insurance & other office expenses	54	47
Loss on sale of non current assets	-	-
Furniture & equipment rental	27	20
Postage & stationery	-	18
	<b>424</b>	<b>420</b>

5.3 Professional costs		
	2020	2019
	£000	£000
Legal & litigation	259	179
External audit	39	33
Internal audit	24	20
Commission fees	16	14
Professional fees & subscriptions	52	51
Publicity & research	86	66
	<b>476</b>	<b>363</b>

No remuneration was paid to the external auditors for non audit work in 2019-20 (2018-19: nil).

Amounts paid under operating leases and included within accommodation costs and office expenses above, are:

5.4 Amounts paid under operating leases		
	2020	2019
	£000	£000
Buildings	844	855
Other	9	5
	<b>853</b>	<b>860</b>

## 6. Net interest costs

	Note	2020	2019
		£000	£000
Interest on pension fund assets	13i	(1,968)	(1,930)
Interest on pension fund liabilities	13h	2,505	2,560
		<b>537</b>	<b>630</b>

## 7. Plant and Equipment

	Furniture & fittings	Information technology	Total
	£000	£000	£000
<b>Cost</b>			
At 01 April 2019	93	129	222
Additions	-	10	10
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>93</b>	<b>139</b>	<b>232</b>

<b>Depreciation</b>			
At 01 April 2019	64	109	173
Provided during the year	15	6	21
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>79</b>	<b>115</b>	<b>194</b>

<b>Cost</b>			
At 01 April 2018	63	229	292
Additions	30	21	51
Disposals	-	(121)	(121)
<b>At 31 March 2019</b>	<b>93</b>	<b>129</b>	<b>222</b>

<b>Depreciation</b>			
At 01 April 2018	63	215	278
Provided during the year	1	15	16
Disposals	-	(121)	(121)
<b>At 31 March 2019</b>	<b>64</b>	<b>109</b>	<b>173</b>

<b>Net Book Value</b>			
<b>At 31 March 2019</b>	<b>29</b>	<b>20</b>	<b>49</b>
<b>At 31 March 2020</b>	<b>14</b>	<b>24</b>	<b>38</b>

No amounts are included above in respect of assets held under finance leases and all amounts relate to externally generated assets. All assets are owned by the Commission.

## 8. Intangible assets

	Total £000
<b>Cost</b>	
At 01 April 2019	1,095
Additions*	134
Disposals	(17)
<b>Cost at 31 March 2020</b>	<b>1,212</b>
<b>Amortisation</b>	
At 01 April 2019	1,032
Provided during the year	25
Disposals	(17)
<b>Cost at 31 March 2020</b>	<b>1,040</b>
<b>Cost</b>	
At 01 April 2018	1,074
Additions	26
Disposals	(5)
<b>Cost at 31 March 2019</b>	<b>1,095</b>
<b>Amortisation</b>	
At 01 April 2018	1,008
Provided during the year	29
Disposals	(5)
<b>At 31 March 2019</b>	<b>1,032</b>
<b>Net Book Value</b>	
<b>At 31 March 2019</b>	<b>63</b>
<b>At 31 March 2020</b>	<b>172</b>

\* Additions of £31,000 in 2019-20 are assets under construction which are not yet in use nor amortised (2018-19: £26,000).

All intangible assets held by the Commission are externally developed software or software licenses. No amounts are included above in respect of assets held under finance leases and all amounts relate to externally generated intangible assets or software licenses.

## 9. Trade and other receivables

	2020 £000	2019 £000
Trade receivables	12	21
Deposits & advances**	20	20
VAT receivable	45	63
Prepayments	140	128
	<b>217</b>	<b>232</b>

\*\* Deposits and advances includes staff loans for rail travel - £12,994 (2019: £12,791) and travel advances - £6,300 (2019: £6,800).



## 10. Cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	3,308	3,071

Cash and cash equivalents are represented by balances held at commercial banks and minor petty cash.

Part of the cash balance represents the cumulative surplus of income over expenditure under a previous grant funding arrangement, held in the General Fund (see page 74).

The Commission requires approval from MHCLG to utilise this fund.

## 11. Trade and other payables

Current Trade and other payables		
	2020	2019
	£000	£000
Trade payables	88	84
Other payables	351	320
Accruals & deferred income	784	523
	<b>1,223</b>	<b>927</b>

## 12. Provisions

	2020	2019
	£000	£000
Balance at 01 April	72	72
Utilised	-	-
Provided in year	18	-
Written back	-	-
<b>Balance at 31 March</b>	<b>90</b>	<b>72</b>

	2020	2019
	£000	£000
Balance at 31 March		
Current	90	72
Non current	-	-
	<b>90</b>	<b>72</b>

The Commission has no potential dilapidation liabilities associated with its estates portfolio at 31 March 2020. The Commission occupies three properties which are part of the Government estate under MOTOs where there is no liability for dilapidations.

Flood damage occurred at the York office in 2016 and a provision of £90,000 has been created for the Commission's estimated share of the landlord's repair cost

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## 13. Pension scheme

13.1 The Local Government Ombudsman (LGSCO) and staff belong to the Local Government Pension Scheme which is a defined benefit (final salary) scheme, administered by the Local Pensions Partnership (LPP). No enhanced terms apply to either Local Commissioners or senior staff. The scheme is a multi employer scheme but the Commission's share of assets and liabilities can be identified.

13.2 The Commission paid employer's superannuation contributions to this scheme on behalf of both Local Commissioners and staff at the rate of 13.76% of pensionable remuneration (2018-19: 13.76%). The total paid during 2019-20 was £1,010,120 (2018-19: £968,050). There were no payments in respect of curtailments and settlements arising from redundancies made in the year (2018-19: nil). The employer's and employee's contribution rate is fixed following actuarial assessments every three years. The triennial valuation of the Fund at 31 March 2016 resulted in a three-year schedule of contributions commencing 1 April 2017 where the Employer's rate was determined as 13.76% for the three years 2017-18 to 2019-20. The most recent triennial valuation was performed at 31 March 2019 and has determined increased contribution rates of 15.70% for the three years commencing 1 April 2020.

There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

13.3 The pension arrangements for the Local Commissioners and Commission staff are subject to the agreement of the Minister for Housing, Communities and Local Government. He has agreed that the arrangements should

be part of the Local Government Pension Scheme. Accordingly, this scheme forms the basis of the current terms and conditions of Local Commissioners and Commission staff. Any changes to the scheme to alleviate the deficit (refer to subsequent tables for details) such as by increasing the pension age or increasing employee contributions, would be a matter for national negotiations and Government action. As a relatively small employer, the Commission is not in a position to exert significant influence on this matter.

The Commission's Fund is currently managed by the Local Pensions Partnership (LPP); the relevant Commission officers take up opportunities provided by LPP for consultation and scrutiny; the Accounting Officer has considered the possibility of transferring the Commission's funds to a different authority but, at present, he considers LPP's asset management to be competitive.

13.4 On 28 June 1993 by virtue of Statutory Instrument 1993 No 1367, Local Ombudsmen became eligible to join the Local Government Scheme and their previous individual superannuation arrangements were closed by transfer of service to the Scheme operated by the LPP. These transfer arrangements did not provide for Local Ombudsmen who had already retired. The pensions of one such Local Ombudsman, and a surviving widow, remain the responsibility of the Commission and are met through the Statement of Comprehensive Net Expenditure, the total payment during 2019-20 amounting to £12,804 (2018-19: £12,486).

13.5 In December 2018, the Court of Appeal ruled against the Government in two cases: *Sargeant and others v London Fire and Emergency Planning Authority* [2018] UKEAT/0116/17/LA and *McCloud and others v Ministry of Justice* [2018] UKEAT/0071/17/

LA. The cases related to the Firefighters' Pension Scheme (Sargeant) and to the Judicial Pensions Scheme (McCloud). For the purposes of the LGPS, these cases are known together as 'McCloud'. The court held that transitional protections, afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination.

In June 2019, the Supreme Court denied the Government's request for an appeal and the Government released a statement in July 2019 to confirm that it expects to have to amend all public service schemes, including LGPS. The ruling results in a liability to LGSCO for LGPS.

The Government Actuarial Department (GAD) has estimated the financial impact of one possible remedy to be equal to 3.2% of active liabilities on a scheme-wide basis. The GAD estimate has been prepared on an 'average' member basis and is highly sensitive to the earnings growth assumption (see 13.7a). On the basis of this scheme-wide estimate, and taking into account the age profile of the entity's membership, the impact for LGSCO is estimated to be £737,000 (or 0.7% as a percentage of total liabilities) and this is included in the pension liabilities under 'past service costs' (see 13.h). No specific provision for the potential additional liabilities arising from McCloud were included in the prior year.

13.6 Further commentary is available in the Directors' Report on pages 33 and 34.

13.7 Disclosures as required by IAS 19 are below.

The tables and notes below were provided by the LPP actuary and the Commission is content that they fairly present the most appropriate assumptions to be applied and the estimated assets and liabilities and the actuarial gain for 2019-20 for the scheme.

#### a. Financial assumptions

<b>Year ended:</b>	<b>31 March 2020 %pa</b>	<b>31 March 2019 %pa</b>
Inflation/pension increase (RPI)	2.7	3.4
Inflation/pension increase (CPI)	1.9	2.4
Salary increase rate	2.9	3.9
Pension increases	1.9	2.4
Discount rate	2.35	2.4

#### b. Demographic assumptions

<b>Life expectancy in years from age 65</b>	<b>2020</b>	<b>2019</b>
Retiring today - males	21.9	21.3
Retiring today - females	24.3	23.9
Retiring in 20 years - males	23.3	23.1
Retiring in 20 years - females	25.8	25.8

The actuary has adopted demographic assumptions which are consistent with those used for the funding valuation as at 31 March 2019. The post retirement mortality is based on Club Vita mortality analysis which has been projected using the CMI\_2018 model and allowing for a long-term rate of improvement of 1.25%, smoothing parameter of 7.0 and an initial addition to improvements of 0.5% p.a.

The actuary also made the following assumptions:

- > that members will exchange half of their commutable pension for cash at retirement;
- > that active members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age (19 years); and
- > that the proportion of the membership that had taken up the option under the new LGPS to pay 50% of contributions for 50%

of benefits at the previous valuation date will remain the same.

The actuary is not required to disclose an expected return assumption for the year to 31 March 2020.

<b>c. Estimated asset allocation</b>		
<b>Year ended</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	%	%
Equities	54	54
Target return funds	26	27
Infrastructure	7	6
Property	10	9
Cash	3	4
<b>Total</b>	<b>100</b>	<b>100</b>

<b>d. Fair value of employer assets - Commission share</b>		
	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
Equities	42,359	44,746
Target return funds	20,221	21,934
Infrastructure	5,718	4,956
Property	7,790	7,734
Cash	2,395	2,879
<b>Total</b>	<b>78,483</b>	<b>82,249</b>

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2020 is estimated to be 0%. This is based on the estimated Fund value used at the previous accounting date and the estimated Fund value used at this accounting date. The actual return on Fund assets over the period may be different.

The Commission's share of the assets of the total Fund is approximately 1%.

The scheme holds significant unquoted assets as at 31 March 2020 (34.0% v. 33.7% as at 31 March 2019). As described below, there are material uncertainties over the valuation of property as at 31 March 2020 and estimation uncertainties over the valuation of property, infrastructure and private equity. (Private equity is included within 'Target return funds'.) Property, infrastructure and private equity are all unquoted investments, and represent 9.9%, 7.3% and 9.7% of scheme assets respectively. Total quoted assets represented 66.0% of scheme assets as at 31 March 2020 (2019: 66.3%).

As a result of the COVID-19 pandemic, the pension scheme has reported a material uncertainty against the value of the property asset class, and an estimation uncertainty against the value of the infrastructure and private equity (included within 'target return funds') asset classes as at 31 March 2020. These asset classes represent c.29% of total scheme assets. Accordingly, an emphasis of matter paragraph has been included in the audit report of the scheme. This statement does not mean that valuations cannot be relied upon but it does mean that less certainty, and a higher degree of caution, should be attached to the valuation of these asset classes than would normally be the case.

### e. Amounts recognised in the Statement of Financial Position

Year ended	Note	31 March 2020 £000	31 March 2019 £000
Fair value of employer assets	13d & 13i	78,483	82,249
Present value of funded obligation	13h	(103,844)	(105,136)
<b>Net (liability)</b>		<b>(25,361)</b>	<b>(22,887)</b>

In 2019-20 the deficit has increased from £22,887,000 to £25,361,000. There are four main (partly offsetting) factors in driving this movement; firstly the negative return on fund assets in excess of interest of £2.3m; secondly, the experienced loss on defined benefit obligation of £3.8m, thirdly, other actuarial losses on assets of £2.8m; and, fourthly, the change in the financial assumptions which decreased the present value of scheme liabilities by £10.1m (see note 13g).

The deficit is calculated using a range of assumptions chosen by management, with advice from the actuary, in accordance with International Accounting Standards (IAS 19). These assumptions are more conservative than those used to calculate the deficit on the basis used for the purposes of calculating future contribution rates. Based upon advice from the actuaries, the Executive Directors estimate that at 31 March 2020 on this basis the fund has a surplus of approximately £9.6m (2018-19: £14.2m)

The Commission is committed to managing and funding the pension deficit, working with the sponsor Ministry, who are the ultimate guarantor of the LGSCO scheme.

### f. Amounts charged in the Statement of Comprehensive Net Expenditure

Year ended	31 March 2020 £000	31 March 2019 £000
Service cost*	3,632	2,753
Net interest on the defined liability (asset)	537	630
Administration expenses	107	99
<b>Total</b>	<b>4,276</b>	<b>3,482</b>

\* Service cost is the estimated additional Employer's pension liability arising in year as a result of scheme members accruing additional pension benefits through membership for the period.

### g. Remeasurements and other comprehensive income

Year ended	Note	31 March 2020 £000	31 March 2019 £000
Return on plan assets in excess of interest	13i	(2,273)	4,991
Other actuarial gains/(losses) on assets	13i	(2,845)	-
Changes in financial assumptions	13h	10,120	(4,904)
Changes in demographic assumptions	13h	(436)	4,720
Experience gain/(loss) on defined benefit obligation	13h	(3,767)	-
<b>Pension fund actuarial (loss)/gain</b>		<b>799</b>	<b>4,807</b>

Changes to the financial assumptions have decreased the present value of scheme liabilities by £10.120m at 31 March 2020 (31 March 2019: increase in liabilities of £4.904m).

#### h. Reconciliation of defined benefit obligation - Commission share

Year ended	31 March 2020 £000	31 March 2019 £000
<b>Opening defined benefit obligation</b>	<b>105,136</b>	<b>101,129</b>
Current service cost	2,895	2,753
Interest cost	2,505	2,560
Change in financial assumptions	(10,120)	4,904
Change in demographic assumptions	436	(4,720)
Experience loss/(gain) on defined benefit obligation	3,767	-
Estimated benefits paid	(2,058)	(2,017)
Past service costs, including curtailments	737	-
Contributions by members	546	527
<b>Closing defined benefit obligation</b>	<b>103,844</b>	<b>105,136</b>

#### i. Reconciliation of fair value of employer assets - CLAE share

Year ended	31 March 2020 £000	31 March 2019 £000
<b>Opening fair value of employer assets</b>	<b>82,249</b>	<b>75,948</b>
Interest on assets	1,968	1,930
Return on assets less interest	(2,273)	4,991
Other actuarial gains/(losses)	(2,845)	-
Administration expenses	(107)	(99)
Contributions by the employer	1,003	969
Contributions by members	546	527
Estimated benefits paid	(2,058)	(2,017)
<b>Closing fair value of employer assets</b>	<b>78,483</b>	<b>82,249</b>

j. Sensitivity analysis			
	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of defined benefit obligation	101,951	103,844	105,774
Projected service cost	2,498	2,560	2,624
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	104,053	103,844	103,637
Projected service cost	2,561	2,560	2,559
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	105,572	103,844	102,148
Projected service cost	2,623	2,560	2,499
Adjustment to life expectancy assumption	+1 year	None	-1 year
Present value of defined benefit obligation	107,319	103,844	100,481
Projected service cost	2,646	2,560	2,477

The valuation of pension fund liabilities is based on a range of actuarial assumptions and may be highly sensitive to changes in these assumptions, in particular to changes in the discount rate, long term salary increases, pension increases and mortality assumptions. The table above illustrates the potential impact of small changes in these assumptions.

k. Projected pension expense for the year to 31 March 2021	
Projections for the year to 31 March 2021	
	£000
Service cost	2,560
Net interest on the defined liability	583
Administration expenses	102
<b>Total</b>	<b>3,245</b>
<b>Employer contributions</b>	<b>1,169</b>

The LPP prepares its own scheme statements which are available to download from:

<https://www.lpfa.org.uk/What-we-publish.aspx>

Estimated employer's contributions for 2020-21 are £1,169,000 (2019-20: £984,000).



## 14. Financial Instruments and related risks

In accordance with Treasury guidance and IFRS7 the Commission's accounts must contain disclosures of financial instruments (financial assets and liabilities).

The Commission's principal financial instrument is cash to provide working capital for the organisation's operations.

Other financial instruments are receivables and payables arising from operations.

The main risks arising from the organisation's financial instruments are as follows:

### Credit Risk

The Commission is exposed to credit risk arising from its Trade and Other Receivables, whereby there is a risk that counterparties will not settle outstanding amounts as they fall due. Of the total financial assets included within trade and other receivables, £44,509 is due from HMRC (2019: £62,857). A further amount of £19,294 is due from current employees of the Commission and is to be collected through regular payroll deductions (2019: £19,591). The credit risk arising from these balances is not considered to be significant.

### Market Risk

The Commission's deposits are held at variable interest rates which give rise to the risk that returns may vary in line with market interest rates. The potential effect of a 1% change in interest rates is shown below. The nature of the Commission's deposit accounts does not expose it to fluctuations in capital values, with the exception of credit risk as described above.

	2020	2019
	£000	£000
Value of interest yielding deposits at 31 March	3,308	3,071
Income effect of a 1% increase in interest rates	33	30
Income effect of a 1% decrease in interest rates	(33)	(30)

### Liquidity Risk

The Commission considers liquidity risk to be minimal due to it being Grant-in-Aid funded. It maintains its surplus funds in bank deposit accounts which provide for instant access.

These deposits totalled £3,308,108 (2019: £3,070,315). As a result of these policies, the Commission does not feel that it is exposed to significant liquidity risk arising from its financial instruments.

### Fair Value

Due to the nature of financial assets and liabilities held by the Commission, there is not considered to be any significant difference between the carrying amount and the fair value of any of the financial instruments held.



## 15. Operating Lease

### 15.1 Total future minimum lease payments under non-cancellable operating leases

	31 March 2020 £000	31 March 2019 £000
<b>Buildings - amounts payable:</b>		
Not later than one year	432	386
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>432</b>	<b>386</b>
<b>Other - amounts payable:</b>		
Not later than one year	9	9
Later than one year and not later than five years	13	22
Later than five years	-	-
<b>Total</b>	<b>22</b>	<b>31</b>

### 15.2 Description of significant lease arrangements

During 2019-20, the Commission occupied three premises within the Government estate, each under a Memorandum of Terms of Occupation (MOTO). All MOTOs have gone past their initial expiry date. The MOTO for the York office has a 12 month notice period, for Coventry, the notice period is six months, while the London office is three months.

## 16. Capital Commitments

The Commission was contractually committed to £nil of expenditure on non-current assets at 31 March 2020 (2018-19: £16,600).

## 17. Related Party Transactions

The Commission for Local Administration is an independent body established under Part III of the Local Government Act 1974. The Commission is principally funded by way of Grant-in-Aid from MHCLG and MHCLG is regarded as a related party. During the year, the Commission received Grant-in-Aid from MHCLG. Note 2 discloses the amounts.

The Commission occupies three Government-owned properties and pays a material rent charge for each. There are premises in London where MHCLG acts as the landlord and in addition the Commission's York office is located in premises where DEFRA acts as landlord. DEFRA is regarded as a related party. The Commission's Coventry office is located in premises where DfE acts as landlord. DfE is regarded as a related party.

The Commission has continued to work with the Parliamentary and Health Service Ombudsman (PHSO) during the year handling joint complaints.

Commission member, Michael King is also a Board member at PHSO and Rob Behrens CBE, the PHSO, is an ex-officio member of the Commission. PHSO is regarded as a related party. There have been no financial transactions with PHSO in 2019-20.

No Minister, Commission Member, key manager or other related parties has undertaken any material transactions with the Commission during the year.

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Under IAS 24, the Local Government Pension Scheme is defined as a related party to the Commission. For details of transactions with this body, refer to note 13.

## **18. Events after the reporting period date**

There were no significant events after the reporting period date requiring disclosure.

The Accounting Officer authorised these Financial Statements for issue on the date certified by the Comptroller and Auditor General.

# Accounts direction for the Commission for Local Administration in England

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## ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT WITH THE CONSENT OF THE TREASURY

1. The annual accounts and financial statements of the Commission for Local Administration in England (hereafter in this accounts direction referred to as "The Commission") shall give a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs at the year end. Subject to this requirement, the financial statements and accounts for 2014/15 and for subsequent years shall be prepared in accordance with:

- (a) the accounting and disclosure requirements given in the Government Financial Reporting Manual issued by the Treasury ("the FReM") as amended or augmented from time to time, and subject to Schedule 1 of this direction;
- (b) any other relevant guidance that the Treasury may issue from time to time;
- (c) any other specific disclosure requirements of the Secretary of State;

insofar as these requirements are appropriate to the Commission and are in force for the period for which the accounts are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the notes to the accounts.

2. Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards and also gives any exceptions to standard HM Treasury requirements.

3. This direction shall be reproduced as an appendix to the accounts.

4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State

David Kuenssberg

Signed by an officer in the Department for Communities and Local Government

Date 3rd July 2014

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## SCHEDULE 1

The accounts for the period ended 31/03/2015 shall be signed and dated by the Accounting Officer.

### ADDITIONAL DISCLOSURE REQUIREMENTS

The following information shall be disclosed in the Annual Accounts and Financial Statements, as a minimum, and in addition to the information required to be disclosed by paragraph 1 of this direction.

(a) an analysis of grants from:

- (i) government departments
- (ii) European Community funds
- (iii) other sources identified as to each source;

(b) an analysis the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;

(c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;

(d) details of employees, other than board members, showing:

- (i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the Commission, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)
- (ii) the total value of loans to employees
- (iii) employee costs during the year showing separately:
  - (1) wages and salaries
  - (2) early retirement costs
  - (3) social security costs
  - (4) contributions to pension schemes
  - (5) payments for unfunded pensions

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(6) other pension costs

(7) amounts recoverable for employees on secondment or loan to other organisations

The above analysis shall be given separately for the following categories of employees:

- (i) employed directly by the Commission;
- (ii) on secondment or loan to the Commission;
- (iii) agency or temporary staff;
- (iv) employee costs that have been capitalised.

(e) a statement of debts written off and movements in provisions for bad and doubtful debts;

(f) a statement of losses and special payments during the period, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £300,000.

Disclosure shall also be made of any loss or special payment of £300,000 and below if it is considered material in the context of the Commission's operations.

\**(g)* particulars, as required by the accounting standard on related party disclosures, of material transactions during the period and outstanding balances at the year end (other than those arising from a contract of service or of employment with the Commission, between the Commission and a party that, at any time during the year, was a related party). For this purpose, notwithstanding anything in the accounting standards, the following assumptions shall be made:

- (i) transactions and balances of £5,000 and below are not material
- (ii) parties related to board members and key managers are as notified to the Commission by each individual board members or key manager
- (iii) the following are related parties:
  - (1) subsidiary and associate companies of the Commission;
  - (2) pensions funds for the benefit of employees of the Commission or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds);
  - (3) board members and key managers of the Commission;
  - (4) members of the close family of board members and key managers;

- 
- (5) companies in which a board member or key manager is a director;
  - (6) partnerships and joint ventures in which a board member or key manager is a partner or venture;
  - (7) trusts, friendly societies and industrial and provident societies in which a board member or key manager is a trustee or committee member;
  - (8) companies, and subsidiaries of companies, in which a board member or key manager has a controlling interest;
  - (9) settlements in which a board member or key manager is a settler or beneficiary;
  - (10) companies, and subsidiaries of companies, in which a member of the close family of a board member or key manager has a controlling interest;
  - (11) partnerships and joint ventures in which a member of the close family of a board member or key manager is a partner or venture;
  - (12) settlements in which a member of the close family of a board member or key manager is a settler or beneficiary;
  - (13) the Department for Communities and Local Government, as the sponsor Department for the Commission.

For the purposes of this sub-paragraph:

- (i) A key manager means a member of the Commission's Executive Team including the ex-officio and advisory members.
- (ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, "spouse" includes personal partners, and "relatives" means brothers, sisters, ancestors, lineal descendants and adopted children.
- (iii) A controlling shareholder of a company is an individual (or an individual acting jointly with other persons by agreement) who is entitled to exercise (or control the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at Commission meetings of the company.

\* Note to paragraph (g) of Schedule 1: under the Data Protection Act 1998 individuals need to give their consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, this should be stated next to the name of the individual.

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