

# The Ombudsman's Annual Report and Accounts 2020-2021





# The Ombudsman's Annual Report and Accounts 2020-2021

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# Performance report

## Overview

The overview section provides statements from the Ombudsman and Chief Executive on the performance of the organisation in 2020-21. It sets out the Ombudsman's purpose and role and provides analysis of how we have performed against our strategic objectives and mitigated risk.



# Foreword from the Ombudsman and Chair

Despite the turbulence caused by the COVID-19 pandemic; 2020-21 saw the Parliamentary and Health Service Ombudsman (PHSO) come to the end of our three-year corporate strategy having achieved the majority of its aims.

This includes increased professional development for caseworkers, the introduction of a new quality standards framework for assessing casework, the implementation of many of the recommendations of the clinical advice review commissioned from Sir Liam Donaldson and Sir Alex Allan, significant steps towards greater transparency and outreach, and the creation of Complaint Standards for the National Health Service in England.

The impact of COVID-19, along with the postponement of the three-year Comprehensive Spending Review, means that PHSO's new strategy will not be launched until 2022-23. This will allow for a period of recovery and stabilisation as the public sector emerges from the pandemic and its effects. A one-year plan will provide a bridge to our new strategy.

PHSO has continued to commit to working transparently, despite the limitations placed on the organisation by COVID-19. Our report *Continuing Healthcare: Getting it right the first time* highlighted serious issues with the provision and funding of care for some of the most vulnerable people in society. *Making Complaints Count: Supporting complaints handling in the NHS and UK Government Departments* constituted a comprehensive overview of evidence supporting reform of complaints procedures in the NHS. We also

made significant strides towards publishing our casework decisions online via the Digital Publishing Platform, which was developed during the year and launched in April 2021. This is already a valuable tool for learning, as well as helping members of the public to hold organisations to account.

Following PHSO's successful public consultation, draft Complaint Standards for the NHS are now live and ready for pilot schemes later in 2021. The Standards will help improve service delivery in the NHS, recognise complaint handling as a professional skill and help to deliver consistency across the healthcare system in England.

In May 2020, PHSO responded to the Ministry of Justice's consultation on a revised Victims' Code. I supported revision and simplification of the Code, but raised a concern that the draft revised Code failed to convey that complaints to PHSO must be referred by an MP. While the MP filter exists, members of the public face an additional obstacle to bringing their complaints to us. Removal of the filter, along with legislative powers that would enable PHSO to undertake investigations without an individual complaint, would strengthen our ability to hold organisations to account and improve public services.

PHSO continued to be an active participant in the UK and international ombudsman community during the year. In October 2020, I published my interim report, *The Ombudsman, coronavirus and crisis management*, which highlighted research carried out with members of the International Ombudsman Institute on the challenges brought about by COVID-19. In December 2020, the UK Government co-sponsored United Nations General Assembly ratification of the *Principles on the Protection and Promotion of the Ombudsman Institution*. These statements, known as 'The Venice Principles,' recognise the importance of the institution of Ombudsman as an integral part of a democratic system. They constitute important benchmarks against which to assess our development. Finally, in March 2021, PHSO and the South African Health Ombuds reached a twinning agreement to improve complaint handling across both countries. This was signed and announced formally at the beginning of April 2021.

I would like to thank all my colleagues, both executive and non-executive, for their contribution to delivering our strategic goals, and for working with diligence and professionalism through this most challenging year. I also want to thank service users for their courtesy and understanding during the national pandemic.

**Rob Behrens, CBE,**  
**Accounting Officer,**  
**Ombudsman and Chair**  
**Parliamentary and Health Service Ombudsman**  
**July 2021**

I would like to thank all my colleagues, both executive and non-executive, for their contribution to delivering our strategic goals, and for working with diligence and professionalism through this most challenging year.



# Foreword from the Chief Executive

In 2020-21, PHSO and its workforce responded and adapted to the changes brought about by the COVID-19 pandemic. We moved rapidly from a predominantly office-based organisation to one that is able to offer a full range of services while working largely at home. This meant fundamental changes to the way we work, including using technology and providing support in entirely different ways.

In doing all of this, we prioritised the wellbeing of employees as they juggled caring responsibilities, illness and the same anxieties being experienced by people across society. Despite the many challenges that the pandemic presented, we maintained a full telephone enquiry service throughout the year, progressed thousands of investigations, recruited and trained new caseworkers remotely, and introduced new quality standards to improve the service we deliver.

It is well known that COVID-19 has had a significant impact on England's healthcare system and on many Government departments as they have responded to the pandemic. This in turn affected PHSO's ability to progress investigations during the height of the pandemic. Added to the personal impacts that our own employees were experiencing, these

challenges resulted in a queue of cases waiting to be considered at the end of the year. Our focus has therefore turned to how we can make sure that people who are facing more serious injustices are properly prioritised.

During some of the most difficult times anyone has worked through, PHSO maintained its focus on developing an inclusive workforce, with engagement and wellbeing at the forefront of our minds. As a result of this commitment, in the 2020 staff survey we saw an increase in the overall employee engagement index score, despite the circumstances. Contributing factors included changes to recruitment processes, which led to a significant increase in new recruits from Asian, Black, Mixed Ethnicity and Other Ethnic Group backgrounds, along with a new employee wellbeing programme. We also ran regular team and organisation-



wide engagement sessions to help employees stay connected with each other and as an organisation.

I would like to thank everyone working at PHSO for the flexible way that they have responded this year, from the enormous efforts of our technology teams who equipped us to work effectively from home, to our caseworkers who have continued to identify and tackle injustices for people who have been failed by public sector systems. 2020-21 has been an extremely difficult period, and we end this year with a lot to do. However, as we look forward to a more positive year ahead, I have no doubt of the commitment and dedication of PHSO staff to deliver the best possible outcomes.

**Amanda Amroliwala, CBE,  
Chief Executive  
Parliamentary and Health Service Ombudsman  
July 2021**



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# Vision and strategy



## Vision

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

## Role

PHSO makes final decisions on complaints that have not been resolved by UK Government departments, the NHS in England and some other UK public organisations. We do this impartially and independently of Government, holding public bodies to account. PHSO is not part of Government, the NHS in England, or a regulator. We are neither a consumer champion nor an advocacy service.

PHSO looks into complaints where an individual or group believes there has been injustice or

hardship because an organisation has not acted properly or fairly, or when it has provided a poor service and not put things right.

We expect people to complain to the organisation first, so it has a chance to put things right. If an individual believes there is still a dispute about the complaint after an organisation has responded, PHSO can be asked to consider it.

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

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

## Values

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

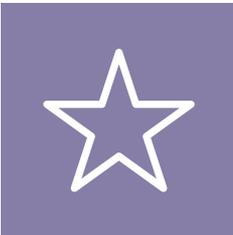
### The values are:



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



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



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



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

## Organisation

We are governed by a non-statutory, unitary, decision-making Board of executives and non-executives. The Board's core purpose is to make collective decisions on the strategic direction and performance of PHSO.

The Board is led by its Chair, Rob Behrens, CBE, the Parliamentary and Health Service Ombudsman. The Chief Executive Officer, Amanda Amroliwala, CBE, and the Chief Operating Officer, Gill Kilpatrick, are also members of the Board.

The non-executive Board members bring an external perspective to the organisation. They come from diverse professional backgrounds and bring a wide range of experience. More information about the Board is set out on pages 51-57.



## Casework process

We are the final port of call for people with a complaint about UK Government departments, the NHS in England and other UK public organisations. We follow a threestep process, set out in the diagram below. Where we can, we seek to resolve complaints as early as possible in the process. Our aim is to make the right decision at the right time.

### ➤ 1 - Initial check

PHSO receives a complaint via the helpline, email, post, or webform. Initial details are collected regarding the complainant, the person affected and the organisation and issue complained about.

PHSO conducts initial checks to ensure it can deal with the complaint. These include checking:

#### **Jurisdiction and remit**

- Confirm it is within the powers of PHSO to investigate the organisation and issue complained about.

#### **The complaint is ready for us to investigate if**

- The organisation's own complaints process has been completed
- The complaint has been made in writing
- Any parliamentary complaint has been brought by an MP.

If a complaint is not ready for us, it may be re-presented for reconsideration.

## ➤ 2 - Primary investigation

Further consideration is then conducted to see if this complaint can be resolved quickly without the need for further investigation. This may include mediation.

If the complaint cannot be resolved, PHSO examines all evidence provided and any additional initial evidence obtained to confirm if it meets the criteria for detailed investigation. This includes checking that:

### The complaint is in time

- Complaint was made to PHSO or the MP within 12 months of becoming aware of the situation

### The complainant is suitable

- The complainant has been affected personally by what happened or is judged to be a suitable representative for the person affected

### There is no alternative legal approach

- The law states that PHSO cannot investigate a complaint if the complainant has (or has had) the option to pursue a legal remedy

### There is evidence of a failing or injustice

- After considering the evidence provided by all parties, and any additional legal or clinical advice obtained, there is evidence of a failing or injustice that has not already been rectified by the organisation complained about.

If any of these criteria are not met, a complaint decision is made and the reason is communicated to all parties. If all criteria are met, then the complaint progresses to a detailed investigation.

## 3 - Detailed investigation

PHSO uses powers detailed in the Parliamentary Commissioner Act 1967 or Health Service Commissioners Act 1993 to perform a detailed investigation.

The caseworker agrees the scope of the investigation with all parties.

All information required to decide on the matter agreed in the scope is gathered and evaluated. This includes evidence from the complainant, the organisation and any additional specialist legal/clinical advice requested.

Provisional views are shared with all parties to ensure all evidence has been suitably considered.

Once a final decision has been made, the complainant and the organisation complained about are both informed in writing.

The complaint is upheld if:

- it is found the organisation or individual complained about got things wrong
- the person affected has been negatively impacted
- the organisation has not already addressed the issues identified.

If PHSO upholds the complaint, recommendations will be made to the organisation complained about regarding the actions required to put things right.

## Strategy 2018 to 21: delivering an exemplary ombudsman service

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

1. To improve the quality of our service, while remaining independent, impartial and fair
2. To increase the transparency and impact of our casework
3. To work in partnership to improve public services, especially frontline complaint handling.

## Summary of key deliverables 2018 to 21

### Complaint Standards

PHSO led the creation of Standards for handling NHS complaints in England, to ensure consistently high levels of customer service. The Standards are the result of extensive partnership work with NHS and patient advocacy organisations, as well as extensive public consultation. The Complaint Standards were launched in March 2021 and are now being piloted in a number of front-line NHS bodies, before widespread implementation across the NHS in England.

### Accreditation, mediation and training

An accreditation programme for senior caseworkers was developed as an Ombudsman-sector first, aligned with professional, academically assessed qualifications. PHSO has accredited the majority of its senior caseworkers and is now working on a re-accreditation pathway. We have also created and trained a specialist early dispute resolution (EDR) team to resolve

complaints through mediation. In addition, we redesigned core casework training to be delivered remotely and created detailed workbooks to support caseworkers. We also piloted a dispute resolution skills workshop as part of the professional skills training we offer.

### Quality strategy and quality standards

To improve the quality of casework, PHSO designed and introduced sector-leading quality standards that all caseworkers work to. Casework is now assessed against these standards and coaching is provided if the standards are not initially met. Regular manager reviews consider wider training needs and specific quality improvement activities, which in 2020-21 have included mandatory unconscious bias training.

### Clinical advice review

An independent review of PHSO's use of clinical advice was conducted in 2018 by Sir Alex Allan, with the support of Sir Liam Donaldson, former Chief Medical Officer. The review made a series of recommendations for improvements to how clinical advice is used in the casework process. Implemented changes have coincided with the introduction of a new, more evidence-based Ombudsman's Clinical Standard. The changes include more effective communication between case handlers and clinical advisers, multi-disciplinary meetings for complex cases, greater transparency in sharing the way clinical advice is used to inform decision making, a pilot project to assess the potential of more holistic and systemic approaches to case handling, and the introduction of advice and training on ensuring that equal weight is given to the submissions of complainants and bodies in jurisdiction.

### Digital publishing platform

A new digital publishing platform was developed to enable us to publish anonymised casework online. This allows organisations and members of the public to see our decisions

and investigation findings, increasing the transparency of our work. Publishing casework enables organisations we investigate to learn from the mistakes of others and consider improvements in their own services. It also provides members of the public with information to hold organisations to account for changes that they commit to make.

### Insight reports

Over the last three years we have published and laid before Parliament insight reports covering topics as wide as eating disorders, continuing healthcare and the fit and proper persons requirement in the context of whistleblowing. These highlighted systemic failings and made recommendations to address them. The reports have resulted in a number of important improvements to services, commitments to public inquiries and changes to approaches across the health system.

### Peer review

The design and creation of a Value for Money Peer Review of PHSO in 2018-19 was recognised as sector best practice and informed the development of a best practice guide adopted by the International Ombudsman Institute. The Ombudsman later acted as a peer reviewer in an assessment of the Office of the Ombudsman of Catalonia, and briefed the Forum of Canadian Ombudsman network on the initiative.

### Open meetings, lectures and podcasts

To increase the transparency of our service and learn from people's experience of using it, we embarked upon a number of public-facing initiatives over the past three years. Open meetings have been held for members of the public and other stakeholders to put their questions to the Ombudsman, attracting diverse audiences. A regular podcast, Radio Ombudsman, provides a platform to discuss subjects of interest with a range of high-profile guests and has attracted thousands of listeners

since its inception. An annual Ombudsman lecture, open to the public, academics, students and all those interested in public policy, stimulates debate about the principles of independent input to system improvement.

## 2021-2022: one-year business plan

The COVID-19 pandemic had a significant impact on most public sector organisations in 2020-21. This impact, along with the postponement of the next three-year Comprehensive Spending Review, caused us to delay PHSO's new three-year strategy until 2022-23. This will allow for a period of recovery and stabilisation from COVID-19 and its effect on public sector services in 2021-22. A one-year plan will provide a bridge to our new three-year strategy, which we will launch in 2022-23.

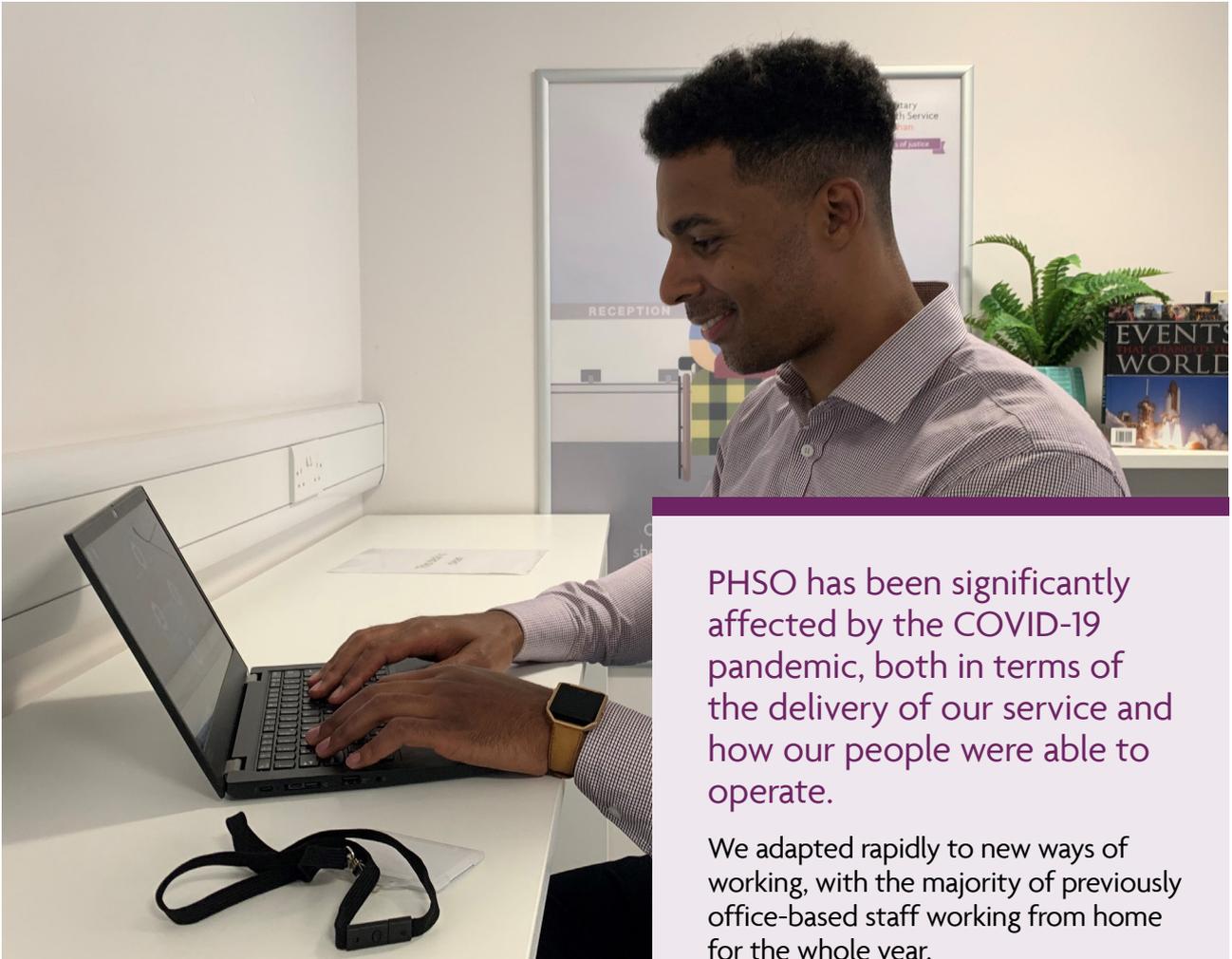


### The three key objectives for 2021-22 are:

- Objective 1: Managing the impact of COVID-19 and embedding strategic change
- Objective 2: Delivering priority organisational projects (IT, HR, data)
- Objective 3: Developing our future strategy.

# Performance overview 2020-21

## Introduction to the performance overview



PHSO has been significantly affected by the COVID-19 pandemic, both in terms of the delivery of our service and how our people were able to operate.

We adapted rapidly to new ways of working, with the majority of previously office-based staff working from home for the whole year.

At the beginning of the pandemic, health-related complaints were paused to support the NHS in its response to the crisis. Work on health complaints restarted in July, but we needed to respond sensitively and dynamically throughout the year to all those organisations affected by COVID-19 due to the ongoing pressures faced, especially across the health system. All of these pandemic-related factors have contributed to an inevitable impact on performance.

However, notwithstanding these challenges, we continued to deliver against our three strategic objectives.

## Key facts in 2020-21

**4,421**

decisions made on primary  
or detailed investigations

**99%**

of decisions on initial  
checks were made within  
seven days

**745**

recommendations made

Financial remedy  
recommendations made totalled

**£492,823**

**283**

complaints resolved  
without the need for  
an investigation

**56**

new staff recruited to  
respond to complaints

Staff received

**1,478**

days of formal training to improve  
our service

## What we achieved in 2020-21

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

#### Quality strategy and quality standards

To monitor and improve the quality of our casework, in 2020-21 PHSO introduced comprehensive new quality standards which we consider to be sector-leading. These ensure that staff work to a clear and consistent set of measures, and inspire a focus on the quality of casework.

We also improved casework guidance and caseworker training, in addition to translating all previous classroom-based training into e-learning modules or workshops able to be delivered remotely. A new coaching programme was created, giving caseworkers and casework managers first-hand advice and support from a team of specialists in casework quality.

#### Mediation

After a successful pilot in 2019-20, a specialist early dispute resolution (EDR) team was created and received training and accreditation in mediation. This has enabled us to help complainants and organisations reach mutually agreed resolutions to complaints. Between the resumption of health complaints in July 2020 and the end of the year, the team led 14 EDR meetings either by telephone or videoconferencing. In all of these cases, both parties confirmed the complaint had been resolved to their satisfaction through the EDR process.

Parties have also agreed to work together to ensure that lessons are learned from complaints and agreed that the process has helped repair damaged relationships.



‘[My caseworker] was brilliant. She took the time to talk to us and fully understand the situation. She supported us fully through the whole process and helped us to get the outcome we needed. We can’t thank her enough for everything she has done for us.’

**EDR Complainant**

#### Implementing clinical advice recommendations

In 2018, PHSO commissioned an independent review of how we should draw on clinical advice to inform decision making. The review made a series of recommendations.

In 2020-21, we began increased involvement of clinical advisers in the primary investigation stage of our casework process and introduced clinical advice drop-in sessions for caseworkers to raise questions and seek clarification from clinical professionals. We also changed the procedure for more complex cases so that senior caseworkers share provisional views on complaints with clinical advisers to ensure clinical advice is used as intended. A review of how human and social factors should be balanced against clinical factors when considering failures in care and treatment was also commenced.

In 2020-21, we also shared case studies about how to apply our clinical standards with organisations we investigate, to give greater clarity and examples of how we make judgements about care and treatment.

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

In 2020-21, PHSO engaged with a range of NHS and parliamentary stakeholders, as well as members of the public and advocacy groups, to keep them informed of our work and the impact it was having. We published insight reports and case summaries to share the findings from our casework.

### Sharing insight to improve public services

Insight work draws upon important lessons from our casework to help raise standards in public services. Drawing on multiple investigations enables us to consider if failings are due to systemic issues rather than unremedied errors. Over the course of the year, PHSO also published summaries of individual cases where failings were identified. Publicising cases provides an opportunity for NHS organisations to learn from the mistakes of others. A single complaint can result in widespread public service improvements.

### Continuing healthcare report

In November 2020, PHSO published a report about continuing healthcare in the NHS *Continuing Healthcare: Getting it right first time*. The report found that vulnerable people with complex care needs were paying for care that should have been funded by the NHS. Incorrect and delayed decisions about NHS-funded care packages were leaving some without essential care, while others were having to pay hundreds of thousands of pounds in care costs while they waited for decisions.

Complaints to the Ombudsman about NHS CHC funding showed repeated failings in the way local clinical commissioning groups (CCGs) assessed people's care needs and funded their care packages. PHSO's report stressed the importance of CCGs in helping people understand their rights and explaining how to raise concerns if their needs are not met.

### Highlight from *Continuing Healthcare: Getting it right first time*: failures cost complainant £250,000

Mr V from London complained to the Ombudsman after his mother, who needed 24-hour care after having a stroke, was not provided with a care plan or sufficient funding to cover her care needs. This meant Mr V's family had to take on some of the caring responsibilities themselves and fund additional care for 119 hours a week for more than two years.

The Ombudsman found the CCG's failings placed a huge financial and emotional burden on Mr V and his family. Following intervention by the Ombudsman, the CCG refunded Mr V for the care it should have provided his mother, which totalled over £250,000.

## Improving the Victims' Code

In May 2020, PHSO responded to the Ministry of Justice's consultation on a draft revised Victims' Code. We highlighted the importance of improving awareness of the Victims' Code and supported the intention to simplify the Victims' Code and reframe the Code around a set of rights for victims of crime.

However, we also raised a concern that the draft revised Code did not accurately reflect the current legal requirement that a complaint to PHSO under the Code must be referred by a person's MP. We reiterated the importance of removing this requirement to ensure people can easily access justice.

In response, the Ministry of Justice included details about the need for an MP to refer a complaint to PHSO. It also set out an intention to simplify the complaints process in a forthcoming victims' law.

## Publishing casework decisions and summaries online

During 2020-21, PHSO continued to develop a digital publishing platform, which we will use to publish anonymised casework decisions online. The platform was developed in 2020-21 and was launched in early 2021-22. It enables organisations we investigate to access learning from complaints to bring about improvements in their services. Members of the public can also more easily hold organisations to account for learning from mistakes.

Before the launch of the platform, we continued to publish individual summaries that had wider applicable learning.

### Case study: failings at the Ministry of Justice

Mrs R complained about the Ministry of Justice's (MoJ) handling of her complaint about the cremation process for stillborn babies in Hull, and the disposal of their ashes without their parents' knowledge or consent.

PHSO found the MoJ had failed to properly communicate with Mrs R about a potential local independent inquiry into the disposal of ashes. This happened after the death of her baby and has also happened to others who have lost their children, causing immense distress.

The Ombudsman wrote to the Chancellor of the Duchy of Lancaster, Michael Gove, about the complaint, which highlighted the need for the Cabinet Office to produce clear, coherent public guidance on the different types of inquiry and when they should be used.

## Broadcasting Radio Ombudsman

The Radio Ombudsman podcast has reached thousands of listeners since its first episode. Guests from the past 12 months included:

- **Baroness Hale**, former President of the Supreme Court, on balancing empathy and objectivity
- **Lord Adebowale**, Chair of NHS Confederation, on health inequalities and reshaping the NHS post-COVID-19
- **Dr Tony Dysart**, lead clinician at PHSO, on frontline healthcare in a pandemic
- **Sir Robert Francis**, Chair of Healthwatch England, on how listening improves services.

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

PHSO is committed to meeting and working with a range of partners, organisations and the public to improve how the public sector responds when things go wrong. From sharing good practice to launching the NHS Complaint Standards, the improvement of public services is at the core of what we do.

### Improving frontline complaint handling

In the last 12 months, PHSO staff have continued to meet virtually with organisations we investigate as well as other stakeholders to improve public services.

### Complaint handling framework for the NHS

One of PHSO's strategic goals was the development of a clear and consistent framework for handling NHS complaints in England.

After working with a range of partners including the NHS, advocacy groups, and frontline complaint handlers, PHSO laid its report, *Making Complaints Count*, before Parliament in July 2020. The report summarised the evidence gathered and made the case for the Complaint Standards. We also launched a public consultation. This generated a significant number of responses, most of which were positive and welcoming of the new Standards. As part of the consultation, we held a major online event to take questions about the Standards and respond to feedback in real time.

Listening to the responses from the consultation, we worked with partners to refine the Complaint Standards and they were published in March 2021. The Complaint Standards will now be piloted with a number of NHS organisations, and further developed following feedback, before being implemented across the NHS in 2023.

Work has also now started on adapting the Standards for use by Government departments.

### Case study: the impact of poor complaint handling

Mr and Mrs B's daughter died after being admitted to a paediatric hospital. While the treatment received by their daughter was found to have been appropriate, the mishandling of their complaint, and lack of proper communication, caused immense distress.

Mr and Mrs B were left not knowing whether things could have been better for them with appropriate advanced end of life care planning. That situation, along with the lack of contact from the organisation following their daughter's death, compounded their suffering.

PHSO recommended that the organisation write to Mr and Mrs B with a full account of and apology for their communication failings, along with a financial remedy.

## Working with the Administrative Justice Council – the Windrush scheme

In September 2020, the Ombudsman spoke at the Administrative Justice Council's (AJC) event 'Windrush: Falling through the gaps', where he outlined the complexity of the Windrush complaints system and some of the barriers faced by complainants.

Following this event, he was invited to join the AJC's new working group to examine issues related to the Windrush Compensation Scheme. The group aims to ensure that people claiming compensation can get the support they need through accurate and timely decision making; and that the complaints process is efficient, accessible and fair.

### Case study: Windrush complainant waited months for UKVI response

Mr S complained about failings in processing his visa application for leave to remain, which was made under the Windrush scheme. He said he waited over a year to be told the outcome of the application, during which time he was destitute and unable to resolve his immigration status by any other means.

Mr S also said he was given incorrect information by UKVI, who told him that he would be able to claim benefits while awaiting their response. He said that this did not turn out to be the case. He was left unable to earn money or claim benefits, despite having lived in the UK for decades.

UKVI said the reason for the delay was because it was unable to find any Home Office records to confirm Mr S had entered the UK before 1 January 1973. However, had UKVI responded in a timely manner, Mr S would have been able to appeal the decision or seek to settle his immigration status another way.

Following our recommendation, UKVI agreed to compensate and apologise to Mr S for maladministration. It also agreed to implement the following recommendations:

- remove any unnecessary delays in the Windrush Scheme process
- improve the level of openness and transparency in the Windrush Scheme process with a view to telling applicants as soon as possible when it is proposing to refuse the application
- ensure it provides accounts of its actions which are not misleading, and which meet our Principles of Good Administration of being open and truthful.

## Working with the international Ombudsman community

PHSO continued to be an active participant in the international ombudsman community during the year. On International Ombuds Day 2020, the Ombudsman published his interim report, *The Art of the Ombudsman, coronavirus and crisis management*.

The report highlighted key findings from research carried out with members of the International Ombudsman Institute on the challenges brought about by the COVID-19 crisis and the strategies being used to tackle them. The full set of results from a survey of 53 Ombudsman schemes in 37 different countries, which informed the report, was published in the final report in May 2021.

## Venice Principles

In December 2020, recognising and protecting the institution of Ombudsman, the UK Government co-sponsored the ratification by the United Nations General Assembly of an improved set of benchmarks for good practice: the Venice Principles. These principles recognise the importance of the institution of Ombudsman as part of the democratic system – an impartial and fair adjudicator of complaints against often powerful institutions and organisations.

In March 2021, PHSO and the South African Health Ombuds agreed to work together to share learning and to help improve complaint handling and health systems across both countries. A twinning agreement was signed and formally announced at the beginning of April 2021.

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

# Performance analysis

## The Ombudsman service

This section of the report provides a detailed analysis of performance at PHSO during 2020-21. It also sets out the key risks that we managed during the year and reviews financial and environmental performance. The section also explains how we have championed equality, diversity and inclusion.

As discussed with the Public Administration and Constitutional Affairs Committee (PACAC) on 23 November 2020 during our scrutiny hearing, we have transformed the way we present information about our performance. We have made these changes to provide a clearer view of the work we have undertaken, to make the data easier to understand and to reflect changes to the casework process.

Where comparative data for previous years is not available, the reason for this has been explained. The following performance data is included in this section.

### How we describe our work

Enquiries dealt with by contact centre	Made by email, webform or letter.
Complaints worked on during the year	This includes complaints carried over from the previous year, new complaints accepted, complaints re-presented after initially not being ready for consideration, and complaints we were still working on at the end of the year that were carried forward to the next year.

## How we describe our work

### Decisions made

We present decisions in two ways:

First, decisions that we made **at each stage in the complaint process**. This includes complaint decisions made following initial checks, decisions made or resolved following primary investigation and complaint decisions made following a detailed investigation.

For a full description see Our Process in the Introduction.

Second, the **types of decisions** that we make. We have grouped these into the following categories:

- **Not ready for us** – complaints that do not meet the criteria for investigation. They may be premature or not made in writing
- **Out of jurisdiction or remit** – complaints about an organisation or issue that PHSO does not have the power to investigate
- **Out of time** – complaints that do not meet the time constraints or exceptions set out in our legislation
- **No failings or injustice identified** – complaints in which we were unable to identify a failing or injustice faced by the complainant
- **Failings or injustice identified, but already addressed** – complaints in which a failing or injustice has been identified, but the organisation has already completed appropriate steps to put things right
- **Failings or injustice identified, with recommendations made** – complaints in which a failing or injustice is identified and PHSO has made recommendations about how to put things right
- **Resolved with the agreement of the complainant** – complaints that have been closed after a resolution has been agreed between the complainant and the organisation complained about
- **Withdrawn/discontinued** – complaints that have been stopped before a decision was given regarding the issues raised. This may happen when the complainant no longer wishes to pursue the complaint or does not provide the information required to progress an investigation
- **Other reason to conclude the complaint** – any other reason to close a complaint that does not fall into one of the above categories, for example, if it is identified that an alternative legal remedy is available.

### How we describe our work

Time taken to reach a decision	Breakdown of the time taken to reach a decision and the key performance indicators worked towards.
Recommendations made and compliance	Details of recommendations made to organisations during the year, and compliance with recommendations closed during the year.
Service and decision reviews	Analysis of requests made for us to review our service or decisions that we made.

## Enquiries dealt with by the contact centre

Enquiries dealt with by our contact centre	2018-19	2019-20	2020-21
Phone calls	55,734	54,698	33,818
Total enquiries (including phone calls, emails, post, webform)	112,262	103,965	79,249

From March 2020, all PHSO staff moved to full-time homeworking in response to the COVID-19 pandemic. As our offices were closed, and until we could make arrangements for remote access to our system or for post to be scanned and sent to caseworkers electronically, there was a period at the start of the financial year when enquiries were processed, but not counted. The 2020-21 figure therefore does not include enquiries received at the start of the first lockdown. As a result, the actual number of enquiries processed will have been higher than the 79,249 stated.

The volume of phone calls, emails, letters and webforms completed is 24% lower than in 2019-20. This decrease was largely driven by the reduction in complainant contact we experienced throughout the pandemic but was also impacted by the period at the start of the year where counting enquiries was not possible, as noted above.

Complaints worked on during the year	2018-19	2019-20	2020-21
Carried over from the previous year	3,946	3,057	3,549
Accepted for consideration	29,264*	31,365*	19,700
Accepted for consideration following re-presentation			5,142
Carried forward to the next year	3,057**	3,549**	5,251**

\*The number of complaints that were re-presented to us for consideration before 2020-21 is unknown as the former casework management system was unable to distinguish complaints that had been re-presented. This more granular information was only available following the upgrade of the casework management system at the end of 2019. A combined total is therefore displayed for 2018-19 and 2019-20.

\*\*This includes complaints already being worked on and complaints waiting to be considered at 31 March.

Work on NHS complaints was paused between 26 March and 1 July 2020 so as not to put further pressure on the NHS at the height of the pandemic. The NHS paused all frontline complaint processing during the same period. NHS casework recommenced on 1 July, but progressing complaints was still impacted by reduced capacity in the NHS as complaint handlers had been moved to different teams to support frontline services. During the second lockdown, PHSO continued to progress the majority of complaints, unless organisations being investigated made it clear that the pandemic pressures prevented them from responding to us at that time.

We carried over 3,549 complaints from 2019-20 into 2020-21 that were already being worked on or that were waiting to be considered. The number of complaints carried forward from 2019-20 into 2020-21 was 16% higher than the number carried forward the year before (3,057). The increase in complaints carried forward into 2020-21 was due to both a rise in demand for our service in 2019-20 and the impact of COVID-19 at the start of the pandemic in March 2020.

We accepted 24,842 complaints for consideration in 2020-21, of which 5,142 complaints were accepted for consideration following re-presentation. These are complaints that were previously deemed not ready for us and that have been brought back for consideration. For example, the organisation complained about may not have completed its investigation of the initial complaint, or the person complaining may not have complained directly to the organisation involved or made the complaint in writing. Once the issue has been resolved, the complainant can resubmit the complaint for consideration.

At the end of 2020-21 there were 5,251 complaints either in progress or waiting to be allocated to a caseworker. This is 1,702 more complaints than at the end of 2019-20. There are several reasons for this increase. We paused complaints during the pandemic, organisations have been taking longer to respond to complaints, and we have seen a reduction in our ability to process complaints because of COVID-19 restrictions, with caseworkers juggling work, personal caring responsibilities, and sickness.

A number of measures, including recruiting additional casework staff, has been implemented to address the number of unallocated complaints as quickly as possible.

## Decisions made

Over the last year PHSO made 23,124 complaint decisions.

### Stages in the complaint process

Decisions made at each stage in the complaint process	2018-19	2019-20	2020-21
Decided following initial checks	21,672	23,141	18,689
Resolved by mediation	N/A	14	14
Decided following primary investigation	6,332	6,530	3,864
Decided following detailed investigation	1,837	1,210	557
<b>Total complaint decisions</b>	<b>29,841</b>	<b>30,895</b>	<b>23,124</b>

The total volume of decisions made in 2020-21 decreased by around 25% due to the impact of the pandemic. A higher percentage of decisions was reached following initial checks; an increase to 81% from 75% last year. The percentage of complaints decided at detailed investigation fell from 4% to 2%. This is because more health cases requiring detailed investigation remain open as a result of taking longer to progress during the pandemic.

## Types of decisions

PHSO issues a large range of complex decisions grouped into nine categories. For a full description of definitions for the types of decisions we make, see How we describe our work on page 28.

Decisions made – types of decision		2018-19	2019-20	2020-21
Not able to consider further	Not ready for us	20,683	21,960	17,103
	Out of jurisdiction or remit	1,587	1,677	1,197
	Out of time	685	969	522
Examined for maladministration and/or injustice	No failings or injustice identified	3,077	2,290	1,536
	Failings or injustice identified, but already addressed	836	776	462
	Failings or injustice identified, with recommendations made	746	650	338
Resolved	Resolved with the agreement of the complainant	444	372	283
Withdrawn/discontinued	Withdrawn discontinued	623	348	243
Other	Other reason to conclude the complaint, for example alternative legal remedy	1,160	1,853	1,440
	<b>Total complaint decisions</b>	<b>29,841</b>	<b>30,895</b>	<b>23,124</b>

The distribution of types of decisions that we made in 2020-21 is very similar to 2019-20 and is in line with our commitment to make the right decision at the right time. The percentage of 'Not ready for us' decisions increased from 71% to 74%, but all other metrics are within 1 percentage point of 2019-20.

In 2020-21 we resolved 14 complaints through mediation. Many mediations could not be progressed until late in the year, as NHS involvement was not possible. As we embed the new approaches to mediating and resolving more cases in 2021-22, and the immediacy of the pandemic pressures on the NHS start to ease, we expect to see this number rise.

## The time it takes to reach a decision

The data reported in this section excludes the three months when we, along with the NHS, suspended complaints handling so that the NHS could focus its efforts on dealing with the pandemic. The percentages in brackets include the three-month pause for comparison.

Time taken to reach a decision		2018-19	2019-20	2020-21	Target
Decided following initial checks	Within 7 days	93%	96%	99%	95%
Decided following further consideration	Within 13 weeks	41%	48%	25%	50%
	Within 26 weeks	72%	80%	52% (49%)	75%
	Within 52 weeks	92%	93%	89% (85%)	95%

Most complaints received were decided following initial checks. In total, 99% of decisions made following initial checks were reached within seven days. This was against a target of 95% and is an improvement from 96% in 2019-20.

The volume of decisions reached following further consideration, within 13, 26 or 52 weeks, reduced in 2020-21. The principal reasons for this were our reduced ability to progress complaints during COVID-19 restrictions, and limited capacity within NHS organisations to respond to our enquiries.



## Recommendations and compliance

Where we identify that a mistake has been made, we make recommendations to the organisations involved to put things right and provide a timeframe for doing so. We then follow up with them to track their progress.

On the rare occasion that an organisation does not comply with our recommendations, we can lay a report before Parliament. The Public Administration and Constitutional Affairs Committee can then establish an inquiry to look into the matter, or refer it to another Committee to do so, holding the Secretary of State for the relevant department or head of the NHS organisation to account.

Recommendations made and compliance with those recommendations	Performance		
	2018-19	2019-20	2020-21
Apologies	510	507	267
Service improvements	450	491	226
Other actions to put things right	103	71	82
Financial compensation recommendations	345	297	170
<b>Total recommendations made</b>	<b>1,408</b>	<b>1,366</b>	<b>745</b>
Financial compensation total	£252,473	£626,289	£492,823
Recommendations closed complied with	1,251	1,273	543
Recommendations closed not complied with	11	1	2

During the year we made a total of 745 recommendations. These included 267 formal apologies, 170 payments to make up for financial loss or to recognise the impact of what went wrong, 226 service improvements such as changing procedures or training staff, and 82 other actions to put things right.

The 170 financial payment recommendations totalled £492,823. The largest single payment was for £200,000.

## Service Charter

The Service Charter sets out commitments to the quality of the service people can expect when they bring a complaint to us at each stage of the process. We use these commitments to measure how well we are delivering our service, and to understand where improvements are needed.

Feedback is collected throughout the year from users of our service by an independent company.

Overall scores have fallen slightly compared to previous years. We know that delays in our service due to the pause in considering health cases as a result of the pandemic have been an influencing factor. We expect scores to improve as work on quality and timeliness progresses.

Service Charter		Performance		
		2018-19	2019-20	2020-21
Giving you the information you need	We will explain our role and what we can and cannot do (%)	79%	79%	77%
	We will explain how we handle complaints and what information we need from you (%)	80%	79%	78%
	We will direct you to someone who can help with your complaint if we are unable to, where possible (%)	78%	72%	76%
	We will keep you regularly updated on our progress with your complaint (%)	81%	79%	80%
	<b>Overall section score against a KPI of 84% (%)</b>	<b>79%</b>	<b>77%</b>	<b>78%</b>
Following an open and fair process	We will listen to you to make sure we understand your complaint (%)	73%	72%	71%
	We will explain the specific concerns we will be looking into (%)	88%	87%	81%
	We will explain how we will do our work (%)	77%	77%	77%
	We will gather all the information we need, including from you and the organisation you have complained about, before we make our decision (%)	48%	51%	51%
	We will share facts with you and discuss with you what we are seeing (%)	68%	70%	69%
	We will explain our decision and recommendations, and how we reached them (%)	53%	47%	49%
	<b>Overall section score against a KPI of 70% (%)</b>	<b>68%</b>	<b>67%</b>	<b>66%</b>

Service Charter		Performance		
		2018-19	2019-20	2020-21
Giving you a good service	We will treat you with courtesy and respect (%)	90%	89%	87%
	We will give you a final decision on your complaint as soon as we can (%)	53%	50%	46%
	We will make sure our service is easily accessible to you and give you support and help if you need it (%)	67%	65%	62%
	<b>Overall section score against a KPI of 70% (%)</b>	<b>70%</b>	<b>68%</b>	<b>65%</b>

## Complaints about our service and how we reach decisions

Service and decision reviews	Performance		
	2018-19	2019-20	2020-21
Service review requests	335	126	71
Service review requests upheld	147	56	40
Decision review requests	1,199	942	478
Decision review requests upheld	43	120	97
Positive feedback received	104	110	100

### Service review requests

PHSO is committed to continuous learning. Feedback from service users helps us to identify where improvements are needed and where there may be lessons for individual members of staff or teams. We ask anyone who has a concern about our service to speak to their caseworker in the first instance. If they or their manager cannot resolve the issue, it is then considered by another operational manager, independent of the decision-making process. Some concerns are also referred to the review and feedback team for more detailed consideration.

In 2020-21 we decided on 71 formal complaints about our service (service review requests), which is less than 1% of the total number of complaint decisions. This compares to 126 (<1%) in the previous year. We upheld 40 of the complaints we looked at and took action to put things right. This included an apology, a re-examination of certain issues, an explanation, or changes to our service. In 2020-21, we made 21 compensation payments to complainants due to poor service. These came to a total of £20,900.

## Decision review requests

We seek to investigate complaints fairly and impartially. Our decisions are final, but there are some circumstances in which we will look again at a decision. We will revisit a decision where:

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

If we look again at a decision and believe it was not the correct one, we will put it right.

In 2020-21, we considered 478 requests to review a complaint decision. We upheld 97 of these which is less than 1% of the total number of complaint decisions we made. This compares to 120 (less than 1%) in the previous year.

This year our review and feedback team received 100 pieces of positive feedback from people who had used our service and from organisations we investigate.

## Information rights

Information rights requests	Performance		
	2018-19	2019-20	2020-21
FOI requests received in year	364	224	345
SAR requests received in year	307	349	201
FOI requests responded to in statutory limitations	93%	89%	68%
SAR requests responded to in statutory limitations	95%	79%	61%

The number of Freedom of Information (FOI) requests we received increased by 54% compared to 2019-20.

The percentage of FOI requests responded to within 20 working days fell by 21 percentage points from the previous year. The percentage of Subject Access Requests (SARs) requests responded to in writing within one month (or within three months for complex requests) fell by 18 percentage points. This is due to the difficulties faced in accessing paper files during lockdown periods and the impact of COVID-19 restrictions.

## Who uses the Ombudsman service?

Understanding the diversity of the people who use the Ombudsman service can help us identify barriers to complaining and steps we can take to support people. Information from our customer satisfaction survey tells us that the demographic profile of complainants has remained broadly similar to previous years.

Who uses the Ombudsman's service	Performance		
	2018-19	2019-20	2020-21
Male	43%	47%	48%
Female	57%	53%	52%
18-34	14%	15%	14%
35-54	42%	42%	42%
55-74	38%	38%	36%
75+	6%	4%	8%
People with disabilities	44%	42%	45%
Non-disabled	56%	58%	55%
Asian, Black, Mixed Ethnicity and Other Ethnic Group	17%	16%	19%
White	83%	84%	81%

## Risks we managed

In 2020-21 we continued to operate effective risk management.

- In March 2020, the PHSO Board reviewed the organisation's risk appetite - setting out the amount of risk we were willing to accept in the pursuit of strategic objectives
- The Board also agreed a number of risk tolerance measures, which set out the maximum risk we could accept. These risk measures ensured the prompt identification of instances where risk was outside the defined tolerance level, allowing for corrective action to be taken
- We raised awareness of our risk management framework by delivering mandatory risk management training to all PHSO staff
- We improved our risk management expertise by providing specific training to our risk management team, as well as hosting risk-themed workshops for relevant project and directorate stakeholders.

The following table summarises some of the risks that we managed and the main actions that we took to mitigate them.

Strategic risk	What we did to mitigate the risk
<p><b>Business Plan</b></p> <p>Activities set out in the Business Plan would not be deliverable due to capacity limitations or other long-term impacts of COVID-19 on our service and staff.</p> <p>This risk was managed throughout 2020-21 through mitigation and effective planning.</p>	<ul style="list-style-type: none"> <li>Adjusted plan activities to take account of the impact of COVID-19</li> <li>Ensured sufficient oversight of individual activities by establishing project boards where appropriate. These boards were chaired by a member of the executive or senior leadership team, which ensured there was effective leadership in place to drive forward change</li> <li>Reallocated resources in flexible ways to address the impact of COVID-19 on change.</li> </ul>
<p><b>Casework quality</b></p> <p>Casework quality improvement activities would be delayed due to COVID-19 impacts.</p> <p>This risk remained stable throughout the year.</p>	<ul style="list-style-type: none"> <li>Embedded and prioritised a new approach to assurance of casework decisions, including monthly monitoring of performance by managers and quarterly oversight by the Quality Committee</li> <li>Prioritised new activities to drive forward quality improvements. These are summarised in the Performance Overview section under Strategic Objective 1.</li> </ul>
<p><b>Demand increasing significantly beyond forecasts</b></p> <p>Demand levels greater than forecasting, adding to the backlog in unallocated complaints.</p> <p>This risk has reduced significantly during the year.</p>	<ul style="list-style-type: none"> <li>Modelled various potential demand scenarios</li> <li>Monitored the accuracy of forecasting on a monthly basis</li> <li>Engaged with external stakeholders and public bodies to better understand levels of potential future demand.</li> </ul>

Strategic risk	What we did to mitigate the risk
<p><b>COVID-19 impact on staff wellbeing and productivity</b></p> <p>Longer-term remote working and social impact of COVID-19 affect staff wellbeing through increased stress and anxiety. Also, that we would be unable to deliver casework and key business activities due to disruption caused by COVID-19.</p> <p>This risk has been continuously managed throughout 2020-21.</p>	<ul style="list-style-type: none"> <li>• Enabled video-conferencing software for all staff to remain connected during remote working</li> <li>• Regularly assessed the mood of staff through surveys</li> <li>• Launched an employee assistance programme and employee wellbeing programme, both offering a range of free resources aimed at supporting staff</li> <li>• Delivered a number of mental health workshops to support staff when working from home and to equip managers with strategies to support their staff</li> <li>• Reviewed working arrangements to support our staff with home-schooling and caring responsibilities.</li> </ul>
<p><b>Supporting and engaging people working from home</b></p> <p>We addressed a risk that colleagues do not feel adequately supported during our response to COVID-19.</p> <p>We closed this risk following successful mitigation.</p>	<ul style="list-style-type: none"> <li>• Launched the employee experience forum where the Chief Executive meets regularly with staff to discuss concerns and issues</li> <li>• Assessed the results of internal surveys to confirm that staff felt supported and engaged.</li> </ul>

## Financial review

PHSO has been operating to tight financial constraints for most of the last five-year period. The Comprehensive Spending Review (CSR), which covered the years between 2016 and 2020, saw our funding reduce in real terms by 24% overall with an increase in capital allocation in 2019-20 to fund a new IT system and infrastructure.

In 2020-21, we received a one-year settlement, which provided increased funding to enable us to meet demand and to improve service delivery.

The table below illustrates our total revenue and capital spending for the five-year period 2016-17 to 2020-21. In line with statutory requirements, during this period we did not exceed our budgets in any year.

### Total spending £000

**35,194**

2016-17

**30,981**

2017-18

**28,229**

2018-19

**29,197**

2019-20

**31,129**

2020-21

A fuller analysis of PHSO's 2020-21 spending and funding, explaining our financial results against budget, is detailed in the Statement of Parliamentary Supply Commentary in the Accountability Report on page 87.

## Spending in 2020-21

The impact of COVID-19 on operational activity meant that we were not able to progress all planned activities. We reprioritised our existing funding to respond to the pandemic rather than applying for any additional resources, but the challenging operating environment contributed to a year-end underspend of £433k.

The key areas of spend in the year were:

### **a) COVID-19 impact and response**

To ensure we were able to continue to operate during lockdown and support our staff to work effectively from home, we invested £0.3m in additional IT equipment. We also invested £0.2m to ensure our offices were COVID-19 secure for those who could not work from home. This investment will support a safe return to the offices for all staff once Government restrictions are lifted.

The pandemic also resulted in additional expenditure of £0.6m as a result of factors such as enforced changes to project delivery timetables. We invested a further £0.2m in recruiting additional caseworkers in January 2021 to help address backlogs building as a result of the pandemic. Complaints were taking longer to progress, with slower organisation response times and increased demands on staff with home-schooling and caring responsibilities.

### **b) Demand**

At the beginning of the financial year, we invested £1.0m in additional caseworker resource to address an increased number of complaints carried forward from 2019-20 into 2020-21, following the implementation of a new casework management system.

### **c) Service delivery improvements**

We invested £0.7m in improving transparency and service delivery during the year. This included development of a digital publishing platform and support for frontline complaint handlers. We also started a new project to improve the way we collect, process, and use information within the organisation. This is expected to provide many benefits, including greater efficiency and improved system learnings through more automated analysis of the complaints we receive.

### **d) Investing in our people and enabling services**

We continued to invest in our people and ICT services, with £1.1m of funding allocated to develop online training and strengthen corporate services functions to better support managers and their teams. In addition to the provision of IT equipment, we also invested in smarter working solutions for the future. This included video-conferencing facilities and strengthened cyber security arrangements to ensure our data remains protected.

There was no impact on the 2020-21 financial position arising from the EU exit. A more detailed assessment of the impact on our service can be found on page 67.

## Financial outlook

The approved funding for 2021-22, which included £3.1m additional funding, ensures that PHSO will be able to meet its obligations and continue to deliver its service. There are no indications that future years' funding will not be received, or that the service PHSO provides will cease. The 2020-21 Resource Accounts have been prepared on a going concern basis.

# People and organisation

The People Strategy for 2018/21 focused on five key themes:

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

The strategy was supplemented by a range of initiatives in 2020-21 to support staff wellbeing as we faced the challenges of the COVID-19 pandemic and adapted to working from home.

## Enabling a positive and supportive culture

PHSO runs regular surveys to measure how staff feel about working for PHSO and to check progress against the objectives in our People Strategy. In 2020, 73% of our workforce responded to our annual staff survey.

Employee engagement is the extent to which employees feel positive about their jobs, are committed to the organisation, and put discretionary effort into their work. The overall staff engagement score was 66%, which was an increase from 65% in the 2019 survey.

We introduced a regular pulse survey to understand staff views during the pandemic. Over 90% of staff said they felt communication was frequent enough, and that they felt highly supported by the organisation and their managers. In response to the feedback, we generated a range of intranet content to help counteract feelings of increasing isolation and to encourage social interaction. We also launched the new employee experience forum, employee assistance programme and a wellbeing programme Live Well, Work Well.

## Developing leaders and leadership skills

We continued to invest in equipping leaders and managers with the skills they require during 2020-21, with additional development activity to support them to lead effectively in a remote working environment.

This included offering coaching sessions, mentoring, bespoke training for individual management teams, and the design of a series of toolkits to help managers undertake their role whilst working at home.

By the end of March 2021, all senior leaders, and 87% of all managers, had completed inclusive leadership training, to support a culture where people can flourish individually and unite as a high-performing team.

We also redesigned our approach to performance and development reviews, to ensure staff have high-quality ongoing performance and development conversations throughout the year.

## Developing workforce skills and capability

In 2020-21, we converted our entire training offering from classroom to virtual and digital options.

Throughout the year, we delivered 1,478 days of training to staff – an average of 3.29 days per person across the year. This is compared to 2019-20, when 1,711 days of classroom-based training were delivered.

We developed a library of over 100 e-learning modules, including a series of bite-size topics, to support skills development and wellbeing. In addition to these, we introduced mandatory e-learning modules such as general data protection regulation (GDPR) and unconscious bias, which colleagues complete annually to refresh their understanding.

We offered a series of new casework learning resources to be accessed online at any time – including workbooks, e-learning modules and checklists.

We also developed PHSO's Training Academy for new caseworkers, including a series of training e-modules to develop high-performing caseworkers. We trained and inducted three cohorts and a total of 40 newly recruited casework staff completely remotely during the year.

Our sector-leading internal accreditation programme continues to be offered to all senior caseworkers. In September we broadened the programme to include a process for re-accreditation based on continuing professional development activity.

89% of respondents in the 2020 staff survey felt that they had the skills needed to effectively do their job, together with staff feeling that working at PHSO is beneficial to both their personal development (79%) and career development (78%).

### Resourcing our organisation effectively

During the year we recruited 56 new members of staff to help respond to the increased demand for our service. We ensured recruitment practices were fair and robust by training hiring managers and anonymising the recruitment process to mitigate against unconscious bias.

We are accredited as a Level 2 Disability Confident Employer, taking action to recruit, retain and develop people with disabilities.

### Recognising and rewarding performance

Over 72% of respondents to the staff survey felt satisfied with their total benefits packages.

In December 2020, PHSO held its first virtual all staff event, which included keynote speakers Baroness Hale and Harriet Beveridge. The event involved live interviews and presentations, networking activity, a question-time panel and drop-in sessions run by staff from across PHSO. The event was attended by 350 staff and culminated in an award ceremony. We received 160 nominations for the staff awards, each detailing the passion, commitment and achievements of our staff.

## Equality, diversity and inclusion

In 2020-21, our Equality, Diversity and Inclusion Strategy focused on three objectives:

- Build and maintain a diverse workforce
- Our people/our culture
- Access to our service.

### Build and maintain a diverse workforce

Cross-organisational diversity steering and working groups guide our activities. We also have a variety of employee-led initiatives and groups in place to promote equality, diversity and inclusion (EDI). They include Pride in PHSO (LGBT+) Network, the Dignity at Work network, the EDI Forum, Break the Stigma (mental health) network and wellbeing ambassadors. Colleagues receive additional support from trained mental health first aiders, the employee assistance programme and the occupational health service.

In the 2020 staff survey, 89% of respondents said that their manager is considerate of their life outside work.

### People and culture

To support our commitment to improving diversity and inclusion at PHSO, we introduced monitoring and reporting to the Diversity Steering Group on a biannual basis. Areas we report on include recruitment, current workforce and leaver demographics, grievances in relation to bullying/harassment and discrimination, participation in development programmes such as apprenticeships and mentoring, participation in EDI activities, complainant demographics by stage and reasonable adjustments. This information provides a comprehensive data source to enable us to prioritise areas for improvement.

We implemented a revised process for completing equality impact assessments, to ensure individuals understand why assessments are required, when they should be completed and how they support us in making informed decisions. This will promote fairness and ensure that PHSO does not inadvertently discriminate against any protected group.

We made further improvements to our recruitment process to attract talented people and to make sure diverse candidates flow through every stage of the recruitment process. All recruitment is now anonymised to reduce the impact of unconscious bias. We expanded where we place recruitment advertisements to attract applications from a wider audience and will continue to monitor and assess whether further changes are required to ensure a fair and inclusive process. Appointments for people from Asian, Black, Mixed Ethnicity and Other Ethnic Group backgrounds rose to 20% in 2020-21.

Our Freedom to Speak Up Guardian continued her important work in 2020-21, supporting staff to raise concerns, no matter how small, in confidence. The Freedom to Speak Up Guardian reports annually to the Board. In 2020-21, 21 concerns were raised, of which 14 were taken forward as cases.

## Access to our service

We want everyone to be able to easily access our service. To help achieve this in 2020-21, we adjusted our process for monitoring the types of reasonable adjustments individuals request to access our service. An initial review of the data we collect about reasonable adjustments shows few requests are made. We will consider what further steps we may need to take to ensure that complainants inform us of any adjustments they require.

## Gender pay gap

All organisations in the United Kingdom with more than 250 employees have been required since April 2017 to publish details of their gender pay gap. Based on the Government's methodology, as at 31 March 2020 our median gender pay gap was 9.4% in favour of women. This is calculated as the percentage difference between the midpoint hourly salary for men (£14.89), and the mid-point hourly salary for women (£16.29).

# Environment and sustainability report

We are committed to reducing our impact on the environment and continually look for ways of doing this.

## In 2020-21, we undertook the following activities

### Waste reduction

- Provided 100% of our workforce with a laptop, enabling collaborative working on documents and reducing the need for printing
- Reduced our office printers from 12 to seven in line with our aim to reduce printing
- Engaged with staff to encourage paperless working wherever possible, including promoting and providing training on Microsoft Office features that support paperless working
- Moved to scanning 100% of internal post, reducing the need for stationery such as paper files and labels
- Continued to digitalise documents and forms via new service tools making them easier to use and reducing the need to print
- Introduced food recycling at Citygate with the aim to introduce the same process at Millbank after COVID-19 restrictions are lifted
- Continued to work with suppliers to reduce single use plastics and purchase products made from recycled materials.

### Reducing carbon emissions

- Set up a smarter working project in line with the Government initiative for all organisations to adopt smart working practices by the end of 2022
- Reduced travel budgets by 50%

- Updated videoconferencing capabilities with the introduction of MS Teams, and upgraded all onsite facilities with the aim of reducing travel after COVID-19 restrictions are lifted
- Formulated plans to move towards a hybrid model of working between home and office, which will reduce operational energy consumption and the need to travel
- Doubled bicycle parking facilities at Citygate ready to promote cycle to work schemes when staff return to work
- Moved to scanning closed case files instead of archiving off site.

### Energy performance

We lease accommodation at Citygate in Manchester and Millbank Tower in London. Our landlords provide energy performance data and we report on usage, consumption and costs where possible. We also incur energy charges for shared areas, but these charges are an apportioned element of the service charges, and specific usage data is not available.

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

The energy usage for our floors has decreased this year. This is largely due to staff working from home during the COVID-19 pandemic.

### Carbon dioxide emissions

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

Carbon dioxide emissions from travel have dramatically decreased this year due to COVID-19 restrictions on travel.

## Greenhouse gas emissions

Non-financial information: Emissions (CO <sup>2</sup> /tonnes)	2020-21	2019-20	2018-19
Scope 1: Direct emissions	n/a	n/a	n/a
Scope 2: Indirect emissions	n/a	n/a	n/a
Scope 3: Business travel emissions	1.2	26	27
<b>Total emissions</b>	<b>1.2</b>	<b>26</b>	<b>27</b>
Normalised comparison per FTE	0.002	0.06	0.07

Non-financial information: energy (Kwh)	2020-21	2019-20	2018-19
Scope 1: Direct emissions	n/a	n/a	n/a
Scope 2: Indirect emissions	191,733†	322,558†	130,133*
Scope 3: Business travel emissions	n/a	n/a	n/a
<b>Total emissions</b>	<b>191,733†</b>	<b>322,558†</b>	<b>130,133*</b>
Normalised comparison per FTE	426†	828†	2,606*

Financial information (£'000)	2020-21	2019-20	2018-19
Scope 1: Direct emissions	n/a	n/a	n/a
Scope 2: Indirect emissions	28†	70†	23*
Scope 3: Business travel emissions	7	140	171
<b>Total emissions</b>	<b>35</b>	<b>210</b>	<b>194</b>
Normalised comparison per FTE	0.07	0.54	0.47

\*data only available for London premises

†estimated figure only

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

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

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

## Waste management

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

## Water consumption

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

## Sustainable procurement

We continue to work with existing suppliers to reduce the emissions of the goods and services they provide and utilise technological advances. Where appropriate, sustainability clauses are incorporated into all new and existing contracts to help ensure suppliers are meeting the Government Buying Standards and supporting our efficiency work. Sustainability is also a consideration when developing evaluation criteria during tender assessment where appropriate. All contracts contain clauses relating to our environmental requirements and many of our contracts are procured using framework agreements, enabling us to benefit from efficiencies and sustainability initiatives available to larger public sector organisations.

**Rob Behrens, CBE**  
**Accounting Officer**  
**Ombudsman and Chair**  
**09 July 2021**

# Accountability report



# The Board



## Chair and Ombudsman

**Rob Behrens, CBE**, took up post as Parliamentary and Health Service Ombudsman on 6 April 2017, following a career in higher education and in the UK senior civil service where he was Secretary to the Committee on Standards in Public Life (2003 to 2006). Rob then became Complaints Commissioner at the Bar Standards Board (2006 to 2008) and the Independent Adjudicator for Higher Education in England and Wales (2008 to 2016). Rob is a non-executive

Board member of the Local Government and Social Care Ombudsman and Vice-Chair of the Ombudsman Association (since 2019). In December 2019, Rob was elected to the International Ombudsman Institute's European and World Boards. He is also a Visiting Professor at University College London (since 2016). Rob is immediate past Chair of the European Network of Ombuds in Higher Education.

## Non-executive members

Throughout 2020-21, our non-executive Board members brought an invaluable external perspective to the organisation. They come from diverse professional backgrounds and offer a wide range of experience and expertise.



**Sir Alex Allan, KCB**, joined the Board on 2 January 2018. He has many years of experience gained throughout his long career at the highest levels of civil service. Alex is a member and chair of the Selection Panel for Queen's Counsel Appointments, a member of the Advisory Board of the Oxford Internet Institute, and a trustee of the Treloar Trust – a charity providing education and support for young people with physical disabilities.

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



**Elisabeth Davies** joined the Board on 16 May 2016 and is the senior independent member and outgoing Chair of the Quality Committee. She has worked across charitable and public sectors with a particular focus on dispute resolution and consumer protection. She is a former Chair of the Legal Services Consumer Panel and the current Chair of the Office for Legal Complaints, which oversees the Legal Ombudsman scheme.

Elisabeth is also Chair of the Assurance and Appointments Committee of the General Pharmaceutical Council, maintaining the independence of the Investigation, Fitness to Practice and Appeals Committees and helping to ensure that their decisions have the confidence of the public and

the profession. She is a Trustee of Support Through Court, supporting people going through the court process without legal representation, and Chair of the Prisoners' Education Trust, a charity working across every prison in England and Wales to help prisoners achieve their potential through learning. In January 2019 Elisabeth was appointed to the Civil Justice Council, providing advice to the Secretary of State, the Judiciary and Civil Procedure Rule Committee on the effectiveness of aspects of the justice system. A trained CEDR accredited mediator and experienced negotiator, in her spare time Elisabeth is studying for an MSc in Dispute Resolution.



**Professor Dean Fathers, DL**, joined the Board on 2 January 2018. He is Chair of the Quality Committee and is an active member of the Equality, Diversity and Inclusion Steering Group. He has over 20 years of experience chairing NHS organisations in primary, acute, mental health and community provider bodies as well as commissioning organisations. He has also been on the Board of NHS Providers, was Vice Chair of the NHS Confederation's Mental Health Network and held appointments on the Workforce Race Equality Standard, Leadership and Talent Academy Boards within the NHS.

Since leaving the NHS, Dean has maintained his portfolio career. He sits on the Midlands

Engine Health Board, the Greater Lincolnshire Local Enterprise Partnership Board, (where he chairs the Health and Care Enterprise Committee), is a Governor of Portland College and has several commercial health-related roles. In addition, Dean sits as a lay member on the Academy of Healthcare Science Regulatory Board, and chairs both the Centre for Organisational Resilience and the International Institute for Rural Healthcare at the University of Lincoln, where he is also a Professor of Resilience. He also holds honorary visiting professor appointments with the University of Nottingham and the Institute of Mental Health.



**Alan Graham, MBE**, joined the Board on 7 March 2016 and was Chair of the Audit and Risk Assurance Committee until February 2021. Alan brought over 40 years' experience working in the financial sector on three continents. Alan retired as a main Board director of Rothschilds Bank in 2004 and has since held a variety of non-executive and trustee roles in the public, private and voluntary sectors, contributing his expertise in audit policy and practice, accounting and financial regulation, corporate governance and risk and assurance management.

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

Finance Committee) of Peace Hospice Care, a member of the Football Association's National Disciplinary (Anti-Discrimination) Chairman's Panel, and a trustee and member of the Audit Committee of the Masonic Charitable Foundation. Alan was formerly a non-executive director and trustee of the Charity Bank (upon whose Advisory Panel he now sits), a non-executive Board member and Audit Chair of the UK Serious Fraud Office, a member of the Standards Committee of the City of London Corporation and a Governor of the University of Hertfordshire. Alan was awarded an MBE in 2011 in recognition of his services to the voluntary sector. His term of office at PHSO ended on 28 February 2021.



**Michael King**, Local Government and Social Care Ombudsman and Chair of the Commission, joined the Board as a non-executive member on 11 January 2017. At the LGSCO, Michael has been responsible for introducing the Ombudsman's public advice service and its ground-breaking jurisdiction for private sector adult care complaints. He was previously the Chief Trading Standards Officer for Northumberland

County Council, having spent fifteen years in consumer and public protection roles in the north east of England. Michael has served as a voluntary trustee for a Citizen's Advice Bureau, as an external examiner in forensic investigation and consumer law for Teesside University, and as an independent member of the British Hallmarking Council. He is a former Executive Board member of the Ombudsman Association.



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

Ruth is a former Board member of the Phone-paid Services Authority, the regulator of

payments by phone, where she was an independent member of the Appeals Panel. Ruth is also a former council member and deputy chair at the Advertising Standards Authority, and an Adjudication Panel member. She has been a lay council member and chair of the Audit Committee at the Nursing and Midwifery Council, and a non-executive director at Hertfordshire Partnership University NHS Foundation Trust, where she also adjudicated on patient detentions under the Mental Health Act. Ruth's term of office at PHSO ended in April 2020.



**Dr Julia Tabreham** joined the Board on 20 April 2015. Julia worked in the third sector for 23 years after an early career in banking. In 1992 she established the Carers Federation, which delivers a range of advice and support services to carers and organisations in the healthcare sector. These have included the Independent Complaints Advocacy Service, patient and public involvement forums, HealthWatch Pathfinders and

HealthWatch Locals. She served on the National Institute for Health and Care Excellence (NICE) Guideline Development Group for Mental Health in the Criminal Justice System. She has been a non-executive director in the NHS for 20 years, serving on health and strategic health authorities, acute hospitals and mental health boards, and holds a PhD in Offender Health. Julia's term of office at PHSO ended in April 2020.



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

complaints convenor of the Epsom and St Helier NHS Trust. Ram was a Board member at the Food Standards Agency, a member of the Complaints Audit Committee of the UK Border Agency and Chair of the Office of the Independent Adjudicator for Higher Education in England and Wales. Ram is a freeman of the City of London and a Vice President of the Institute of Business Ethics. He was awarded a CBE in 1997 for services to the Asian business community and to race relations.



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

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



**Anu Singh** joined the Board on 13 April 2020. She is a Board-level local government and health leader. Former roles include statutory Director of Adult Social Care and Chair of an NHS integrated care trust.

Anu was also Director of Patient and Public Participation and Insight for NHS England, where she made sure that the voices of patients, service users, carers and the public were at the heart

of how the NHS worked. She was responsible for equalities, health inequalities, person-centred care and the national relationship with the voluntary and community sector. Anu is passionate about service improvement and community empowerment, with experience leading on new relationships with communities for a range of local councils.



**Carolyn Hirst** joined the Board on 13 April 2020. She has her own business, Hirstworks, where she works as a mediator, investigator, complaints reviewer, trainer and independent researcher. Based in Scotland, she is the mediation practice supervisor for Cyrenians - a charity working with people who have few choices. She also mediates for both the Scottish Legal Complaints Commission and Edinburgh Sheriff Court. As an experienced board member, she carries out governance reviews and is currently a non-executive Board member of NHS Lothian, the vice-chair of Midlothian Integration Joint Board and a trustee of the Edinburgh and Lothians Health

Foundation. She has tribunal experience as a former member of Employment Tribunals (Scotland) and of the First-Tier Tribunal for Scotland (Housing and Property Chamber).

Carolyn previously worked part-time as a lecturer in ombudsman and complaint handling practice at Queen Margaret University, where she is now an Honorary Research Fellow. She was deputy Scottish Public Services Ombudsman for five years. Before that she worked in social housing for nearly 20 years, which culminated with being deputy director of a housing and care organisation.

## Executive members



**Amanda Amroliwala, CBE**, Chief Executive, joined the organisation on 1 October 2016 from the Home Office, where she held various senior leadership positions including Director General of Immigration Enforcement, Chief Operating Officer of Border Force, and Director of Leadership and Learning. She was previously a non-executive director

for Central and North West London NHS Foundation Trust, where she was a member of the Performance and Quality Committee and Chair of the Informatics Committee. Amanda is currently a non-executive director of ABTA, the UK association of travel agents and tour operators. She was awarded a CBE in 2014 for public service.



**Gill Kilpatrick**, Chief Operating Officer, joined the organisation on 1 May 2015. A qualified accountant with over 30 years' experience of financial management, she has worked in

a number of financial leadership roles across local government, including four years as County Treasurer for Lancashire County Council and Lancashire County Pension Fund.



**Alex Robertson**, Executive Director for Strategy and Operations, joined the organisation from the Electoral Commission on 5 July 2016 after the EU referendum, which he was responsible for delivering as the organisation's Programme Director. He held a similar role for the Scottish referendum (September 2014) and oversaw

multi-million pound campaigns to promote voter registration. Before joining the Electoral Commission, Alex held senior policy and communication positions at the Catholic Agency for Overseas Development (CAFOD) and Transport for London. Alex left PHSO in June 2020.

# Statement of Accounting Officer's Responsibilities

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

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

- Observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- Prepare the accounts on a going concern basis.

The Parliamentary and Health Service Ombudsman is the Accounting Officer.

The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for

which the Accounting Officer is answerable, keeping proper records and safeguarding the Parliamentary and Health Service Ombudsman's assets; and are set out in *Managing Public Money by HM Treasury*.

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

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

**Rob Behrens, CBE**  
**Accounting Officer**  
**Ombudsman and Chair**  
**09 July 2021**

# Governance statement

## Introduction

This Governance Statement sets out the governance, risk management and internal control arrangements for the Parliamentary and Health Service Ombudsman. It applies to the financial year 1 April 2020 to 31 March 2021 and accords with the Government Financial Reporting Manual.

## Statutory position

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

## Governance structure

As Parliamentary and Health Service Ombudsman, in statute and by warrant of Her Majesty, I am responsible for the sound governance and effective internal control of the Ombudsman service. In law the Parliamentary and Health Service Ombudsman is a corporation sole and has a personal jurisdiction. This is not consistent with requirements of good governance. Therefore, I am the Chair of a unitary Board which is in place to improve the governance of the organisation. My executive responsibilities, as a corporation sole, are thus exercised personally as an individual but also aided by means of defined and corporate arrangements that allow for proper scrutiny. As Chair of the Board I promote collective decision making. I reserve the right, given my statutory role, to depart from the Board's decisions but only in exceptional circumstances and with a commitment to put my reasons in writing. I did not exercise this right in 2020-21.

I have a statutory responsibility for individual cases but have given authority for case activity to officers in a written delegation scheme. I act personally in complex cases and where we identify serious or repeated mistakes that may have system-wide relevance. To ensure that this extensive casework is managed within a defined system of appropriate oversight, I have a detailed scheme of casework delegated authority and have appointed three Deputy Ombuds: the Chief Executive, the Director of Legal and Quality and, with effect from 11 May 2020, the Director of Operations. The Board scrutinises overall performance of casework, but not individual cases.

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

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

Role	Committee	Reports to PHSO Board	<p><b>Board role:</b> Collective decision making on strategic direction and performance</p> <p>Ombudsman, 9 non-executive and 3 executive members (8 non-executives from 3 March 2021; 2 executive members from June 2020)</p> <p>Met 7 times in 2020-21</p>		
Oversees the adequacy of the corporate governance and control systems, ensuring compliance with accounting policies and standards and ensuring systems are in place to achieve value for money	<p><b>Audit and Risk Assurance Committee</b></p> <p>4 non-executive members (3 from March 2021)</p> <p>Met 6 times in 2020-21 with one informal meeting dedicated to the review of the Resource Accounts</p>				
Oversees assurance on the arrangements for assessment of quality, covering casework decisions, process and the experience of people using our service	<p><b>Quality Committee</b></p> <p>4 non-executive members (3 from March 2021)</p> <p>Met 4 times in 2020-21</p>				
Agrees pay and performance review arrangements for the CEO and Chief Operating Officer (COO). It supports the Ombudsman and Chief Executive with recruitment of senior executives and non-executive Board members	<p><b>Remuneration and Nominations Committee</b></p> <p>4 non-executive members</p> <p>Met once in 2020-21</p>				
Oversees operational performance and considers issues affecting delivery, monitors outcomes against objectives and agrees in-year allocation and utilisation of resources	<p><b>Executive</b></p> <p>CEO, COO, 4 directors and Chief of Staff</p> <p>Met 32 times in 2020-21, including 12 ad hoc meetings in response to the COVID-19 pandemic</p>				

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

## The role of the Board

There is no requirement in legislation for the Ombudsman to appoint a Board. The role of the Board is therefore at the discretion of the Ombudsman and as a result, is advisory in nature. The Board makes collective decisions on the strategic direction and performance of the PHSO service. In practice, the Board works as a fully functioning unitary Board, but has no responsibility for individual cases.

To deliver its role, the Board focuses on:

- Strategy, planning and policy
- Development of the organisation to deliver its strategic aims
- Governance, including risk and assurance
- Performance, including financial, service quality, and operations.

The Board has no responsibility for individual casework decisions or investigations. These remain the responsibility of the Ombudsman, managed within the scheme of delegation.

Matters considered by the Board include:

- Vision, strategy and key policies
- Annual business plan and budget
- Annual Report and Accounts
- All non-pay expenditure above £500k whether a single item, over the life of a single contract or the total cost of a project.

## Highlights of the activities of the Committees

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

## Audit and Risk Assurance Committee (ARAC)

**Chair:** Alan Graham, MBE/Linda Farrant from 1 March 2021

### Highlights of Committee reports

In 2020-21, all meetings of ARAC were conducted virtually as a result of the pandemic. In order to oversee the adequacy of governance and internal controls, ARAC reviewed and was assured of the following:

- Financial management, including financial performance and compliance with the Finance Code and Procurement Code
- Assessment of controls put in place to prevent fraud. The Committee also approved an updated Fraud Prevention, Anti-Bribery and Corruption Policy
- Information assurance performance and compliance with the General Data Protection Regulation
- Value for money: consideration of how the impact of the organisation's activity could be measured
- Governance Framework: consideration of compliance with the Governance Framework, which enabled ARAC to provide assurance to the Board on good governance, with a focus on internal controls
- External audit: consideration of the scope and findings of the National Audit Office (NAO)'s risk-based plan
- Internal audit:
  - Consideration of the scope of the internal audit plan to ensure that it was appropriate and focused on appropriate risks
  - Having an overview of the maturing relationship between the organisation and the auditors

- o Consideration of five internal audit reports (one of which was completed in 2019-20) produced by internal auditors RSM, all of which recorded substantial assurance, and a follow-up report
- o Monitoring the implementation of the auditors' recommendations.
- Assurance reviews: four in-depth examinations of specific areas of activity identified as presenting a potential risk to PHSO, including the organisation's business continuity arrangements in response to the COVID-19 pandemic.

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

In July 2020 the Comptroller and Auditor General provided an unqualified opinion of the 2019-20 accounts, with no recommendations issued.

## Quality Committee

**Chair:** Elisabeth Davies/Professor Dean Fathers DL, from 1 March 2021

### Highlights of Committee reports

In 2020-21, all meetings of the Quality Committee were conducted virtually as a result of the pandemic. The Quality Committee provided assurance to the Board on the quality of casework decision-making and user experience within the context of the Covid-19 pandemic by considering:

- Casework quality: by examining data from multiple sources, including feedback from complainants, internal quality assurance sampling, feedback from the organisations we investigate, and data from the review and feedback process

- Quality Programme: the former Quality Strategy was built into a wider Quality Programme, which launched at the start of 2020-21 and included new key performance indicators
- Quality-related projects and special topics: development of a publishing standard to prepare for starting to publish casework reports from the beginning of 2021-22.

In addition, Committee members attended workshops on topics including early dispute resolution, service accessibility, and an end-to-end exploration of the life cycle of a complaint with PHSO.

Throughout the year, equality, diversity and inclusion have remained a key theme in many of the Committee's discussions. The Committee has paid particular attention to findings from focus groups with complainants around impartiality: what this means to them, how this is demonstrated in decision making and how power imbalances can influence this.

## Remuneration and Nominations Committee

**Chair:** Sir Alex Allan, KCB

### Highlights of Committee reports

In order to agree pay and performance review arrangements for the Chief Executive and Chief Operating Officer, and to support the recruitment of senior executives and non-executives, the Remuneration and Nominations Committee has reviewed and was assured of the following:

- The pay and performance of the Chief Executive and Chief Operating Officer
- The fair and open recruitment process leading to the appointment of two new non-executive Board members in 2020-21

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

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

Board Member	Date of appointment (date of reappointment for second term)	End of appointment	Board (seven meetings)	Audit and Risk Assurance Committee (six meetings)	Remuneration and Nominations Committee (one meeting)	Quality Committee (four meetings)
Rob Behrens	06 April 2017	N/A	7 out of 7	N/A	N/A	N/A
<b>Non-executive board members</b>						
Sir Alex Allan	02 January 2018 (1 January 2023)	01 January 2024	7 out of 7	N/A	1 out of 1 (Chair)	4 out of 4
Elisabeth Davies	16 May 2016 (15 May 2018; 14 May 2021*)	14 May 2022	5 out of 7	N/A	1 out of 1	4 out of 4 (Chair)
Dean Fathers	02 January 2018 (02 January 2021)	1 January 2024	7 out of 7	N/A	N/A	4 out of 4
Linda Farrant	01 February 2020	31 January 2023	7 out of 7	6 out of 6	1 out of 1	N/A
Ram Gidoomal	01 April 2018 (01 April 2021)	31 March 2023	7 out of 7	6 out of 6	1 out of 1	N/A
Alan Graham	07 March 2016 (01 March 2018)	28 February 2021	7 out of 7	6 out of 6 (Chair)	N/A	N/A
Carolyn Hirst	13 April 2020	12 April 2023	7 out of 7	N/A	N/A	4 out of 4

Board Member	Date of appointment (date of reappointment for second term)	End of appointment	Board (seven meetings)	Audit and Risk Assurance Committee (six meetings)	Remuneration and Nominations Committee (one meeting)	Quality Committee (four meetings)
Michael King	11 January 2017	N/A	5 out of 7	N/A	N/A	N/A
Anu Singh	13 April 2020	12 April 2023	7 out of 7	6 out of 6	N/A	N/A
<b>Executive members</b>						
Amanda Amroliwala (Chief Executive)	01 October 2016	N/A	7 out of 7	N/A	N/A	N/A
Gill Kilpatrick (Chief Operating Officer)	01 May 2015	N/A	7 out of 7	N/A	N/A	N/A
Alex Robertson (Executive Director of Strategy and Operations)	05 July 2016	26 June 2020	1 out of 1	N/A	N/A	N/A

Note: the tenure of the Ombudsman is due to end on 31 March 2022. Elisabeth Davies has exceptionally agreed to stay on for a further term of 12 months as senior non-executive member to support the process of either an extension to the Ombudsman's term or the appointment of a new Ombudsman.

## The effectiveness of the Board and its Committees

Two new Board members began their terms at the start of 2020-21 and the recruitment of a third new Board member began in March 2021.

For 2020-21 an internal review of Board effectiveness was undertaken. This consisted of in-depth interviews with executive and non-executive Board members, as well as a small number of staff, to consider how the Board and its Committees are performing and the actions required to improve their impact. As part of this, the Board Committees undertook their own effectiveness reviews, to which various stakeholders contributed including NAO, RSM, the Ombudsman and the CEO, all of which fed into the overall Board review.

The findings of the review were presented to the Board in June 2021 and confirmed that the Board is operating effectively, despite the added difficulty of remote working, and that it demonstrates a healthy mix of challenge and support.

Best practice of corporate governance recommends that an independent evaluation of Board effectiveness is undertaken at least every three years. The Board commissioned an external independent review in 2018-19, which reported to the Board in June 2019. The Board has since agreed that it will commission an external independent review again in 2021-22 in line with best practice.

Each member of the Board receives an annual competency-based appraisal of their performance, undertaken by the Ombudsman. The Ombudsman's appraisal is undertaken by the senior non-executive Board member.

## Performance reporting to the Board

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

- Consistent reporting on performance against key performance indicators at each Board meeting. This includes both current and historical information to enable the Board to identify trends over time
- Applying consistent methodologies for collecting and analysing data that are understood by all staff responsible for data input and collection, with clear sign-off processes
- Robust process for checking the accuracy of the information extracted from systems before it is presented to the Board. This includes a double-checking process for operational data and final sign-off of reports by the executive team
- Reporting on emerging risks.

## Risk management

As we entered the final year of our three-year corporate strategy, the PHSO Board agreed the organisation's risk appetite - setting out the amount of risk we were willing to accept in the pursuit of strategic objectives. The Board also put in place a number of risk tolerance measures, which articulated the maximum risk PHSO would accept. These measures ensured the prompt identification of instances where risk was outside the defined tolerance level, allowing for corrective action to be taken.

We continued to ensure that risk management is embedded throughout the organisation. All staff undertook mandatory annual risk management training, and we provided specific training to the risk management team.

A number of risk-themed workshops for projects and directorates also took place throughout 2020-21. The Risk Management Framework was also reviewed by the Audit and Risk Assurance Committee.

The Business Continuity and Disaster Recovery Plan was enacted at the end of the last financial year to manage our response to the COVID-19 pandemic. The implementation of the actions set out in the plan ensured continuity of operation and safeguarded staff by enabling them to work from home.

The risks we managed during the year are set out on pages 39-41.

## Internal controls

The assurance framework operated within the organisation enables us to be satisfied that internal controls are sufficiently robust, to be confident that risks are proactively identified, mitigated and escalated as required, that the scheme of delegation within the Governance Framework is understood and adhered to by the appropriate staff and that assurance systems are in place to monitor compliance.

Working in partnership with the Local Government and Social Care Ombudsman, in April 2019 we appointed RSM as our internal auditors.

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

## Response to COVID-19

Since the end of March 2020, the vast majority of our staff have worked from home as a direct result of the pandemic.

We enacted our Business Continuity and Disaster Recovery Plan in March 2020 and put

in place an emergency management team to ensure we could respond and adapt to the rapidly changing situation.

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

As the situation evolved, it became clear that the pressures on the NHS in dealing with the pandemic would impede our ability to operate as normal. In these difficult and unprecedented times, we did not want to add further pressure to the health system or risk diverting NHS resource away from dealing with the pandemic. To support the national response, we therefore made the difficult decision to pause, as of 26 March 2020, both accepting new complaints about the NHS and working on existing health complaints that required input from the NHS. The NHS also paused complaint handling.

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

We resumed consideration of complaints about the NHS on 1 July 2020. This was in line with NHS activity to resume front-line NHS complaint handling. Following the resumption of NHS casework, we established a business continuity process by which public bodies could request casework to be paused on a case-by-case basis. This helped NHS trusts and other bodies to manage individual circumstances during this difficult period.

As a result of pandemic pressures on the organisation, there was an increase in the number of unallocated cases during the year. To manage this and to avoid numbers increasing further, we recruited additional

casework staff who we trained and inducted remotely. In April 2021, we also changed the way we handle complaints about the NHS. We will continue to look at all complaints brought to us. If we can resolve a complaint quickly, we will do so. If we cannot resolve it quickly and can see the impact was relatively minor, we will not take it any further. This will allow us to help complainants who have faced more serious failings and to look at complaints more promptly than would otherwise be possible.

Working from home has been a significant shift in working practices for most PHSO employees. To support staff during these unprecedented times, we launched a new employee assistance programme, a 24-hour helpline offering free resources to all staff, including financial advice and counselling. We also regularly assessed the mood of staff through surveys and tracked any developing issues.

In August 2020, we launched a project to explore how we can use our experience during lockdown to develop more flexible working practices for the future. The aim was to allow more home working than occurred pre-pandemic, but to retain a focus on productivity and quality of outputs. Also to create a working environment that continues to build on our culture and values. To understand the issues and opportunities of remote working, we sought the views of a range of stakeholders with different experiences and perspectives, including staff, trade unions and other public sector organisations. From that, we designed a six-month pilot that will enable most staff to work remotely up to three days a week, subject to certain criteria. The pilot activity will begin as soon as Government guidance allows.

## Implications of the UK leaving the EU

PHSO plays a crucial role in scrutinising Government. That role has become even more important as the UK Government has taken on responsibilities that were previously carried out by EU institutions. In 2019-20 we started working closely with Government to support the setup and operation of two new public bodies that are designed to do that.

The Independent Monitoring Authority (IMA) was established by the Ministry of Justice, in accordance with the *European Union (Withdrawal Agreement) Act 2020* on 31 December 2020 and is within our jurisdiction. The IMA is responsible for promoting the rights of the European Union, European Economic Area and European Free Trade Association citizens and monitoring how UK public bodies are respecting and promoting those rights. The IMA cannot resolve individual concerns or complaints, but it uses learning from these to initiate systemic inquiries to understand where improvements to public services used by EU, EEA and EFTA citizens may be needed. We have worked closely with the Ministry of Justice to support the set up of the IMA and have recently signed a Memorandum of Understanding outlining how we will work with this new organisation.

The Office for Environmental Protection (OEP) is due to be established in 2021-22 and will be placed in our jurisdiction. It will be responsible for investigating breaches of environmental law by public bodies such as local authorities and Government departments. PHSO and LGSCO have been working closely with the OEP team at the Department for Environment, Food and Rural Affairs (Defra) to ensure our organisations will work together effectively.

## Personal data-related incidents

The Chief Operating Officer is the Senior Information Risk Owner (SIRO) and the Assistant Director of Information Assurance is the Data Protection Officer (DPO). Our commitment to ensuring that information risks are managed and that data is stored and managed securely in line with legal obligations is set out in the Information Promise and our Privacy Policy, both of which are available on the [www.ombudsman.org.uk](http://www.ombudsman.org.uk).

Data security incidents are reported to the information assurance team, who manage them in accordance with data protection legislation. All incidents are recorded, as are the immediate steps taken to minimise the risk of a repeat occurrence. The SIRO and the DPO consider the wider implications and agree steps to improve overall information security. Risks are recorded on the appropriate risk register and mitigations put in place and monitored.

As required by the *General Data Protection Regulation (GDPR) 2018*, PHSO reported two potential data breaches to the Information Commissioner's Office (ICO) in 2020-21. One concerned a data breach which occurred in March 2020 but which was reported to the ICO in April 2020. This breach was referenced in the 2019-20 Annual Report and Accounts and concerned a list of complainants' names and some information about their complaints, which was published in error on our website. We took action to improve our processes and the ICO concluded that no further action would be taken.

The second data breach occurred in February 2021. A number of complaint forms containing personal data was sent in error to the wrong recipients. We have apologised for this to the individuals concerned and informed the ICO. We have audited our communications to confirm the limited nature of this exposure and targeted training activities at those members

of staff involved. The ICO have confirmed that our actions to deal with the breach were appropriate and that no further action would be taken.

## Governance compliance

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

The Audit and Risk Assurance Committee scrutinises quarterly governance reports that detail compliance with the Governance Framework and reviews the risk management process set out in the Risk Management Policy, which is approved by the Board. The Committee actively seeks additional sources of assurance on the robustness of the governance and risk arrangements including internal audit reports as well as commissioning assurance reviews into specific areas of risk. In 2020-21 the assurance reviews included the response to COVID-19 and cyber security.

The Committee also considers compliance with the Finance and Procurement Codes quarterly.

A report on compliance with all aspects of the Governance Framework is scrutinised annually by the Audit and Risk Assurance Committee. In 2020-21 all aspects of the Framework were complied with and no departures noted. The Committee reports this activity to the Board.

## Fraud, bribery and raising concerns policies

We have an anti-fraud and bribery policy, and a Freedom to Speak Up policy, with associated response plans in place. The Freedom to Speak Up policy replaces the former whistleblowing policy and was developed in line with best practice guidance from the National Guardian's Office to encourage and support staff in raising concerns, no matter how small. As part of

the policy, we have a Freedom to Speak Up Guardian (FTSUG) in post, with whom staff can raise concerns in the first instance. Both policies are available to staff on the intranet and promoted at induction. Additional advice and training on the anti-fraud and bribery policy is provided for staff who manage budgets or undertake procurement. We do not tolerate any form of fraudulent or improper activity and are supportive of those wishing to raise concerns. There is an assurance of anonymity and security by offering alternate routes to raise concerns as well as providing professional and independent support as and when necessary. In 2020-21 no action was required under the anti-fraud and bribery policy. Matters raised with the FTSUG were brought to the attention of management and responded to. The Board receives an annual report from the FTSUG.

## Declaration and management of interests

PHSO operates a Conflict of Interests Policy which requires all employees to report any actual or perceived professional or personal obligations, or personal or financial interests, that would make it difficult to fulfil their duties fairly or effectively, or which could influence, or may be perceived to influence, PHSO's judgements or actions. All staff are required to declare all external interests on appointment. Members of the executive team and non-executive Board members are also required to make annual declarations of any conflicts of interest and any transactions between PHSO and themselves and close relatives. Board members and all attendees are required to declare any conflicts of interest in relation to the matters under discussion at the beginning of each Board or Committee meeting. We also maintain a register of Board members' interests, which is published on our [website](#).

## Internal audit reports

The Audit and Risk Assurance Committee approves an internal audit plan based on an analysis of PHSO's corporate objectives, risk profile and assurance framework, and likely changes in the sector.

RSM, the internal auditors for 2020-21, undertook four internal audits that were considered by the Audit and Risk Assurance Committee:

- Casework management system – project implementation and benefits realisation
- Governance arrangements including Board and Committee observations
- Key financial controls – procurement and contract management
- Managed service post implementation – information security management framework.

All of the completed audits reported substantial assurance that the management controls in place are suitably designed and are being consistently applied.

One further planned audit, on the information security and ICT controls in place to support working from home, was deferred until 2021-22.

All internal audit recommendations receive a detailed management response and action plan that is monitored by the Audit and Risk Assurance Committee.

## Head of Internal Audit opinion

The Head of Internal Audit is required to provide an annual opinion in accordance with Public Sector Internal Audit Standards based on and limited to the work performed, on the overall adequacy of the organisation's risk management, control and governance

processes. This is achieved through a risk-based programme of work, agreed with the executive team and approved by the Audit and Risk Assurance Committee. Four assurance levels are available in regards to risk management, control and governance processes: adequate and effective (Green); adequate and effective with some enhancements required (Green/Amber); some weaknesses in the framework such that it could become inadequate and ineffective (Amber/Red); inadequate and ineffective (Red).

The Head of Internal Audit has provided me with their opinion for 2020-21, which is that the PHSO framework for risk management, governance and internal control is adequate and effective.

## Review of the year and looking ahead

I am confident that effective governance processes are embedded in the organisation. The Audit and Risk Assurance Committee has an annual plan of assurance and has reviewed evidence of the implementation of internal audit recommendations. It has also assured

itself of the effectiveness of risk management arrangements, delivery of business continuity and the approach to managing cyber security. Alongside this assurance, I have taken full account of the National Audit Office's observations and reports.

In 2021-22 we will continue to consolidate this activity by ensuring that the Governance Framework and the Strategy for Managing Risk are regularly reviewed and are supporting good governance and active risk management throughout the organisation by promoting consistent, coherent and transparent frameworks for decision making.

**Rob Behrens, CBE**  
**Accounting Officer**  
**Ombudsman and Chair**  
**09 July 2021**

# Remuneration and Staff Report



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

## Ombudsman remuneration and pension entitlements

	2020-2021				2019-2020			
	Salary £000	Benefits in kind (to the nearest £100) £000	Pension benefits £000	Total £000	Salary £000	Benefits in kind (to the nearest £100) £000	Pension benefits £000	Total £000
Rob Behrens	170-175	-	-	170-175	165-170	-	-	165-170

### PHSO Board executive members 2020-21 (Audited)

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

		Commencement date	End date
Amanda Amroliwala	Chief Executive	1 October 2016	N/A
Gill Kilpatrick	Chief Operating Officer	1 May 2015	N/A
Alex Robertson	Executive Director Strategy and Operations	5 July 2016	26 June 2020

All Board members were appointed under fair and open competition.

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

## Executive members' service contracts

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

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

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

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

## Senior executive team remuneration and pension entitlements (Audited)

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

	2020-2021				
	Salary £000	Non consolidated pay £000	Benefits in kind (to the nearest £100) £	Pensions benefits £000	Total £000
Amanda Amroliwala (Chief Executive Officer)	165-170	10-15	-	91	265-270
Gill Kilpatrick (Chief Operating Officer)	125-130	5-10	-	51	185-190
Alex Robertson (Executive Director of Strategy and Operations)*	30-35	5-10	-	12	45-50

\*Alex Robertson tendered his resignation and his last day in service was 26 June 2020. The Full Year Equivalent of his salary in 2020-2021 was in the £120,000 to £125,000 range.

\*\* The Non-consolidated Pay values for 2020-2021 refer to accrued performance related bonuses for 2019-2020, which were paid during 2020-2021. The Non-consolidated Pay values for 2019-2020 refer to accrued performance-related bonuses for 2018-2019, paid during 2019-2020. No bonus payments or salary increases will be paid in 2021-2022 for the year 2020-2021.

## Senior executive team remuneration and pension entitlements (Audited) (continued)

	2019-2020				
	Salary £000	Non consolidated pay £000	Benefits in kind (to the nearest £100) £	Pensions benefits £000	Total £000
Amanda Amroliwala (Chief Executive Officer)	160-165	10-15	-	73	250-255
Gill Kilpatrick (Chief Operating Officer)	120-125	5-10	-	48	175-180
Alex Robertson (Executive Director of Strategy and Operations)*	120-125	5-10	-	47	175-180

## Fair pay disclosure (Audited)

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

The banded remuneration (which includes salary and non-consolidated pay but excludes pension benefits) of the highest-paid director in PHSO in the financial year 2020-21 was £175,000 to £180,000 full-time equivalent (2019-20 was £175,000 to £180,000) and the lowest paid employee was in the range £20,000 to £25,000 (2019-20 £20,000 to 25,000). The remuneration of the highest paid director was 5.3 times (2019-20 was 5.0) the median remuneration of the workforce, which was £33,697 (2019-20 was £35,719).

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## PHSO non-executive Board members

Non-executive members are appointed to the Board for a term of three years, renewable for one further term. Further extension will be at the discretion of the Ombudsman. The contract appointment dates for non-executive members, dates of extension and end dates are shown in the table on page 63.

	2020-2021		2019-2020	
	Salary** £000	Benefits in kind (to the nearest £100)	Salary** £000	Benefits in kind (to the nearest £100) £000
Sir Alex Allan, KCB <sup>1</sup>	10-15	-	10-15	-
Elisabeth Davies <sup>1</sup>	10-15	-	10-15	-
Dean Fathers, DL <sup>1</sup>	10-15	-	10-15	-
Alan Graham, MBE <sup>1</sup>	10-15	-	10-15	-
Ruth Sawtell (end date 19/04/20)	-	-	10-15	-
Julia Tabreham (end date 19/04/20)	-	-	10-15	-
Ram Gidoomal <sup>1</sup>	10-15	-	10-15	-
Linda Farrant <sup>1</sup> (started 01/02/20)	10-15	-	0-5 (10-15)	-
Carolyn Hirst (started 13/04/20)	5-10 (10-15)	-	-	-
Anu Singh (started 13/04/20)	5-10 (10-15)	-	-	-

Note 1: Non-executive Board members' remuneration is decided by the Ombudsman and payments reflect different responsibilities carried out by Board members, such as chairing a Committee. No non-executive Board members receive a pension entitlement.

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

## Pension Entitlements (Audited)

The pension entitlement of the Ombudsman:

Rob Behrens is not a member of the pension scheme and so the pension entitlement of the Ombudsman was zero for 2020-21.

The pension entitlements of the senior executive team were:

	Accrued pension at age at 31/03/21	Accrued lump sum at pension age at 31/03/21	Real increase in pension at pension age	Real increase in lump sum at pension age	CETV at 31/03/21	CETV at 31/03/20	Real increase in CETV
	£000	£000	£000	£000	£000	£000	£000
Amanda Amroliwala	80 - 85	185 - 190	5 - 7.5	2.5 - 5	1,644	1,519	64
Gill Kilpatrick	15 - 20	-	2.5 - 5	-	217	172	29
Alex Robertson (end date 26 June 2020)	25 - 30	-	0 - 2.5	-	311	302	5

## Off-payroll engagements

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

We have reviewed the way we make such contractual arrangements to ensure our processes are robust, and that we receive appropriate assurances regarding tax and National Insurance. The tables below outline the off-payroll arrangements for 2020-21. All the members of staff who fall within these arrangements were employed on a temporary basis, to provide specialist skills and were recruited through appropriate agencies.

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

### Number of existing engagements as of 31 March 2021

4

Of which...

Number that have existed for less than one year at time of reporting.

-

Number that have existed for between one and two years at time of reporting.

4

Number that have existed for between two and three years at time of reporting.

-

Number that have existed for between three and four years at time of reporting.

-

Number that have existed for four or more years at time of reporting.

-

All off-payroll workers are assessed under IR35 guidelines to establish how they should be paid.

All employees who are directed by the organisation in their day-to-day tasks are deemed to fall within the scope of IR35 and must be paid as if they were an employee, even if it is via a third party agency or umbrella company. This means that they will pay the correct amount of National Insurance and tax.

Contractors who are not directed by the organisation and are providing third-party advice and expertise fall outside the scope of IR35 and are paid via a limited company without deduction of tax and National Insurance. There were four contractors who fell into this category.

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Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility during the financial year.	-
Total number of individuals on payroll and off-payroll who have been deemed Board members, and/or senior officials with significant financial responsibility during the financial year.	21*

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\* Figures include senior officers who left the organisation in the year.

\* Excludes Rob Behrens as Ombudsman.

## Explanation of terms used in the Remuneration report

### Salary

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

### Benefits in kind

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

### Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career-average basis with a normal pension age equal to the member's State Pension Age. From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS).

The PCSPS has four sections: three providing benefits on a final-salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with pensions increase legislation.

Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits banked, and those with earlier benefits in one of the final salary sections of the PCSPS will have those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes.)

Members who joined from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos, a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. Benefits in alpha

build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension.

The employee does not have to contribute, but where they make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

## Cash equivalent transfer values (CETVs)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement that the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with *The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008* and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax that may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Staff Report

### Staff numbers

At the end of March 2021, we employed 419 full-time equivalents (FTEs) excluding agency staff. Of those we employed, 59% were female and 41% male. The average number of people employed during 2020-21 was 405 FTE staff. The average age of staff was 41 years. In relation to the senior leadership team, 64% of the members were female and 36% male.

#### Senior managers by grade (full-time equivalents):

Grade	March 2021
0 (Chief Executive and Chief Operating Officer)	2
1 (Directors)	4
2 (Assistant Directors)	14
<b>Total</b>	<b>20</b>

#### Average number of persons employed (Audited)

2020-21				2019-20	
Executive directors (including the Chief Executive)	Other permanent staff	Others	Total	Total	
3	383	19	405	394	

### Staff turnover

Staff turnover was 12% in 2020-21, compared to 11% in 2019-20, including those on fixed-term contracts. The underlying turnover of permanent staff in 2020-21 was 7%, compared to 8% in 2019-20.

## Health and safety

There were no reportable health and safety at work incidents in 2020-21 under the *Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013*.

## Sickness absence

The average total of sick days in 2020-21 increased to 10.9 days per full-time equivalent (FTE) employee, from nine days in 2019-20. The most common reason cited was depression and anxiety, as a result of the pandemic.

## Equality, diversity and inclusion (ED&I)

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

In 2020-21 we made changes to recruitment processes to ensure we make the most of opportunities to recruit and promote diverse talent and to ensure that our workforce is representative of the communities we serve. We were also accredited as a Level 2 Disability Confident Employer.

Below are the reported diversity statistics of our workforce as at 31 March 2021.

Employees	31 March 2021	31 March 2020	UK population benchmark (where available)
Female	59%	58%	51%
Asian, Black, Mixed Ethnicity and Other Ethnic Group	14%	13%	13%
Disabled	10%	10%	18%
Lesbian, gay, bisexual and transgender	8%	9%	N/A
Religious belief	51%	49%	N/A
Part-time	16%	17%	N/A
Aged 50+	22%	20%	N/A

## Employee relations

There were no days lost in 2020-21 due to industrial action or other employee relations disputes.

## Consultancy

Spending on consultancy was £27K in 2020-21, compared to £8K in 2019-20.

## Staff related costs (Audited)

	2020-21			2019-20	
	Permanently employed staff £000	Fixed term contracts £000	Agency staff £000	Total £000	Total £000
Wages and salaries	16,293	381	1,445	18,119	16,218
Social security costs	1,709	40	-	1,749	1,583
Other pension costs	4,232	63	-	4,295	3,880
Less Capitalised Salary Costs	(260)	-	(429)	(689)	(958)
<b>Sub total</b>	<b>21,974</b>	<b>484</b>	<b>1,016</b>	<b>23,474</b>	<b>20,723</b>
Ombudsman's salary and oncosts	194	-	-	194	188
<b>Consolidated fund, total gross costs</b>	<b>22,168</b>	<b>484</b>	<b>1,016</b>	<b>23,668</b>	<b>20,911</b>

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS) – known as alpha – are unfunded multi-employer defined benefit schemes but PHSO is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2016.

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

For 2020-21, contributions of £5.137m were payable to the PCSPS (2019-20 £4.671m) including employer's contributions at one of our four rates in the range of 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions usually every four years following a full-scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees who do not enter the Civil Service Pension Scheme can opt to open a partnership pension account or a stakeholder pension with an employer contribution. Employer's contributions of £35k were paid to one or more of the panel of three appointed stakeholder pension providers. Employer's contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings and 0.5% of pensionable pay to cover the cost of the future provision of lump sum benefits on death in service or ill-health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £4k.

## Exit packages

There were no exit packages in 2020-21.

	2020-21	2019-20
Exit Package Band	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	-
£10,001 - £25,000	-	2
£25,001 - £50,000	-	-
£50,001 - £100,000	-	2
£100,001 - £150,000	-	-
£150,001 - £200,000	-	-
£200,001 - £250,000	-	-
<b>Number</b>	-	<b>4</b>
<b>Total (£000)</b>	-	<b>157</b>

Payments when made are in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Other departure costs have been paid in accordance with all contractual terms.

Exit costs are accounted for in full in the year of departure. Ill-health retirement costs are met by the pension scheme and are not included in this table.

**Rob Behrens, CBE**  
**Accounting Officer**  
**Ombudsman and Chair**  
**09 July 2021**

# Parliamentary Accountability and Audit Report 2020-2021

## Statement of Parliamentary Supply - Summary of Resource and Capital Outturn 2020-21

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires PHSO to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General of the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for entities to utilise. The Supply Estimate is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOPS mirrors the Supply Estimates, published on [www.gov.uk](http://www.gov.uk), to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament has voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SoCNE, to tie the SOPS to the financial statements (note 2) and a reconciliation of outturn to net cash requirement (note 3)

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework, which is derived from the approved Comprehensive Spending Review (CSR), is provided on page 42. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in Chapter 1 of the Consolidated Budgeting Guidance, available on [www.gov.uk](http://www.gov.uk).

		2020-21						2019-20	
		Estimate			Outturn			Voted outturn compared to Estimate: saving/ (excess) £000	Outturn £000
SoPS Note	Voted £000	Non-Voted £000	Total £000	Voted £000	Non-Voted £000	Total £000			
<b>Departmental Expenditure Limit</b>									
- Resource	1.1	30,091	200	30,291	29,130	194	29,324	961	27,285
- Capital	1.2	2,100	-	2,100	1,643	-	1,643	457	2,076
<b>Annually Managed Expenditure</b>									
- Resource	1.1	700	-	700	162	-	162	538	(164)
- Capital	1.2	-	-	-	-	-	-	-	-
<b>Total</b>		<b>32,891</b>	<b>200</b>	<b>33,091</b>	<b>30,935</b>	<b>194</b>	<b>31,129</b>	<b>1,956</b>	<b>29,197</b>
Total Resource		30,791	200	30,991	29,292	194	29,486	1,499	27,121
Total Capital		2,100	-	2,100	1,643	-	1,643	457	2,076
<b>Total</b>		<b>32,891</b>	<b>200</b>	<b>33,091</b>	<b>30,935</b>	<b>194</b>	<b>31,129</b>	<b>1,956</b>	<b>29,197</b>

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

The underspend against the 2020-21 Resource Departmental Expenditure Limit (RDEL) of £961k (3%) is mainly as a result of depreciation costs being £529k lower than the estimate. RDEL excluding depreciation was 1.5% under budget partially due to the impact on spending plans from the COVID-19 crisis.

The non-voted resource expenditure limit was £200k, and funds the cost of the Ombudsman's salary and social security and on costs. There was a small underspend of £6k.

The Annually Managed Expenditure (AME) limit covers the creation and use of provisions. In 2020-21 legal and dilapidation provisions were lower than anticipated.

Capital expenditure was £457k (22%) less than estimated due to the impact of COVID-19 on planned capital projects.

There were no contingent assets or liabilities as at 31 March 2021 (nil 31 March 2020).

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

## Net Cash Requirement 2020-21

		2020-21			2019-20
	SoPS Note	Estimate £000	Outturn £000	Outturn compared to Estimate: saving/ (excess) £000	Outturn £000
Net Cash Requirement	2	32,563	29,205	3,358	28,404

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

The above Statement of Parliamentary Supply demonstrates that in 2020-21 PHSO is within all of HM Treasury's control totals (i.e. Department Expenditure Limit – Resource/Capital, Annually Managed Expenditure – Resource and Net Cash Requirement).

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

### SoPS 1 Net outturn

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

	2020-21				2019-20	
	Outturn		Net	Estimate	Net Total compared with Estimate	Outturn total
	Gross £000	Income £000				
<b>Spending in Departmental Expenditure Limits (DEL)</b>						
<b>Voted expenditure</b>	<b>29,163</b>	<b>(33)</b>	<b>29,130</b>	<b>30,091</b>	<b>961</b>	<b>27,097</b>
<i>Of which</i>						
A Administration	29,163	(33)	29,130	30,091	961	27,097
<b>Non Voted expenditure</b>	<b>194</b>	<b>-</b>	<b>194</b>	<b>200</b>	<b>6</b>	<b>188</b>
<i>Of which</i>						
B Ombudsman's salary and social security	194	-	194	200	6	188
<b>Total</b>	<b>29,357</b>	<b>(33)</b>	<b>29,324</b>	<b>30,291</b>	<b>967</b>	<b>27,285</b>
<b>Spending in Annually Managed Expenditure (AME)</b>						
<b>Voted expenditure</b>	<b>162</b>	<b>-</b>	<b>162</b>	<b>700</b>	<b>538</b>	<b>(164)</b>
<i>Of which</i>						
C Use of Provisions	162	-	162	700	538	(164)
<b>Total</b>	<b>29,519</b>	<b>(33)</b>	<b>29,486</b>	<b>30,991</b>	<b>1,505</b>	<b>27,121</b>

Although not a separate voted limit, any breach of the Administration Budget will also result in an excess vote.

The total Estimate and Outturn columns do not include any virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements are provided in the Supply Estimates Manual, available on [www.gov.uk](http://www.gov.uk).

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

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

	2020-21				2019-20	
	Outturn		Estimate	Net Total compared with Estimate	Outturn Total	£000
	Gross £000	Income £000	Net £000			
<b>Spending in Departmental Expenditure Limit (CDEL)</b>						
<b>Voted expenditure</b>	<b>1,643</b>	-	<b>1,643</b>	<b>2,100</b>	<b>457</b>	<b>2,076</b>
<i>Of which</i>						
Administration	1,643	-	1,643	2,100	457	2,076
<b>Total</b>	<b>1,643</b>	-	<b>1,643</b>	<b>2,100</b>	<b>457</b>	<b>2,076</b>

## SoPS 2. Reconciliation of Net Resource Outturn to Net operating expenditure

The Resource Outturn in the Statement of Parliamentary Supply is the same as the net operating expenditure in the Statement of Changes in Net Expenditure.

## SoPS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: savings/ (excess) £000
<b>Resource Outturn</b>	SoPS1.1	30,991	29,486	1,505
<b>Capital Outturn</b>	SoPS1.2	2,100	1,643	457
<b>Accruals to cash adjustments:</b>				
<i>Adjustment to remove non-cash items:</i>				
Depreciation, Amortisation & Impairments	5,6	(1,628)	(1,099)	(529)
Loss on Disposal of Fixed Assets		-	(7)	7
New provisions and adjustments to previous provisions	10	(700)	(185)	(515)
<i>Adjustments to reflect movements in working balances</i>				
Increase/(decrease) in receivables	8	-	2	(2)
(Increase)/decrease in payables	9	2,000	(464)	2,464
Use of provisions	10	0	23	(23)
		<b>32,763</b>	<b>29,399</b>	<b>3,364</b>
<b>Removal of non-voted budget items:</b>				
Consolidated Fund	SoPS1.1	(200)	(194)	(6)
<b>Net Cash Requirement</b>		<b>32,563</b>	<b>29,205</b>	<b>3,358</b>

As noted in the introduction to the SOPS above, Outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

## Parliamentary Accountability Disclosures (audited)

### Regularity

There were no irregularities during 2020-21 (nil 2019-20).

### Losses and special payments

	2020-21		2019-20	
	No. of cases	£000	No. of cases	£000
Fruitless Payments	-	-	-	-
Administrative write offs	5	3	4	86
Special Payments	23	89	27	42
<b>Total</b>	<b>28</b>	<b>92</b>	<b>31</b>	<b>128</b>

Special payments relate to compensation payments, one data breach incurred during the year and a special severance payment. Administrative write offs relate mainly to disposals of IT assets (at nil value as fully depreciated) that could not be used for any other purpose and were not cost effective to resell, as well as one legal debt written off as uncollectable.

Details of special severance payments have not been disclosed due to obligations arising as a result of the Data Protection Act 2018.

## **Fees and Charges**

PHSO has not received any income related to fees and charges in 2020-21 (nil 2019-20).

## **Remote Contingent Liabilities**

There are no remote contingent liabilities as at 31 March 2021 (nil 31 March 2020).

**Rob Behrens, CBE**  
**Accounting Officer,**  
**Ombudsman and Chair**  
**09 July 2021**

# The Audit Report Of The Comptroller And Auditor General To The Houses Of Parliament

## Opinion on financial statements

I have audited the financial statements of the Parliamentary and Health Service Ombudsman for the year ended 31 March 2021 which 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Parliamentary and Health Service Ombudsman's affairs as at 31 March 2021 and its net operating cost for the year then ended; and
- have been properly prepared in accordance with International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

## Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2021 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Parliamentary and Health Service Ombudsman in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Parliamentary Health Service Ombudsman's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Parliamentary Health Service Ombudsman's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Parliamentary Health Service Ombudsman is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

## 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 certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual.
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the Parliamentary Health Service Ombudsman and its environment obtained in the course of the audit, I have not identified material misstatements in the performance and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Report Manual are not made; 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.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Parliamentary Health Services Ombudsman ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Parliamentary Health Services Ombudsman will not continue to be provided in the future.

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

My responsibility is to audit, certify and report on the financial statements.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Parliamentary Health Service Ombudsman's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Parliamentary Health Service Ombudsman's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Parliamentary Health Service Ombudsman controls relating to the Parliamentary Commissions Act 1967, the Health Services Commissioners Act 1993, the Supply and Appropriation (Main Estimates) Act 2020, and Managing Public Money.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud

in relation to revenue recognition, posting of unusual journals, and potential bias in accounting estimates;

- obtaining an understanding of the Parliamentary Health Service Ombudsman's framework of authority as well as other legal and regulatory frameworks that the Parliamentary Health Service Ombudsman operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Parliamentary Health Service Ombudsman. The key laws and regulations I considered in this context included the Parliamentary Commissioners Act 1967, the Health Services Commissioners Act 1993, the Supply and Appropriation (Main Estimates) Act 2020, Managing Public Money, Employment Law, and tax Legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management's in-house legal team concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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

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.

## Report

I have no observations to make on these financial statements.

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

**Date** 13 July 2021

# Financial Statements



## Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

		2020-21	2019-20
	Note	£000	£000
<b>Operating income</b>	<b>4</b>	<b>33</b>	<b>130</b>
<b>Operating expenditure</b>			
Staff costs	3	23,668	20,911
Purchase of goods and services	3	4,560	5,344
Depreciation, impairment charges and adjustments	3	1,106	953
Provision expense	10	185	43
<b>Total operating expenditure</b>		<b>29,519</b>	<b>27,251</b>
<b>Net operating expenditure</b>		<b>29,486</b>	<b>27,121</b>
<b>Other comprehensive expenditure</b>		<b>-</b>	<b>-</b>
<b>Comprehensive net expenditure for the year ended 31 March 2021</b>		<b>29,486</b>	<b>27,121</b>

## Statement of Financial Position as at 31 March 2021

		31 March 2021	31 March 2020
	Note	£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	5	2,374	2,000
Intangible assets	6	2,202	2,039
<b>Total non-current assets</b>		<b>4,576</b>	<b>4,039</b>
<b>Current assets</b>			
Trade and other receivables	8	785	783
Cash at bank	7	263	284
<b>Total current assets</b>		<b>1,048</b>	<b>1,067</b>
<b>Total assets</b>		<b>5,624</b>	<b>5,106</b>
<b>Current liabilities</b>			
Trade and other payables	9	(2,413)	(1,925)
Provisions	10	(210)	(81)
Other liabilities	9	(351)	(372)
<b>Total current liabilities</b>		<b>(2,974)</b>	<b>(2,378)</b>
<b>Total assets less current liabilities</b>		<b>2,650</b>	<b>2,728</b>
<b>Non-current liabilities</b>			
Provisions	10	(569)	(536)
Other liabilities	9	(505)	(592)
<b>Total non-current liabilities</b>		<b>(1,074)</b>	<b>(1,128)</b>
<b>Total assets less total liabilities</b>		<b>1,576</b>	<b>1,600</b>
<b>Taxpayers' equity and other reserves</b>			
General Fund		1,576	1,600
<b>Total equity</b>		<b>1,576</b>	<b>1,600</b>

Rob Behrens, CBE  
Accounting Officer,  
Ombudsman and Chair  
09 July 2021

## Statement of Cash Flows for the year ended 31 March 2021

		2020-21	2019-20
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Net operating expenditure	2	(29,486)	(27,121)
Adjustments for non-cash transactions	3,5	1,354	1,097
(Increase)/decrease in trade and other receivables	8	(2)	(123)
Increase/(decrease) in trade payables	9	380	(91)
Movements in payables/receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	9	21	(33)
Use of provisions	10	(23)	(207)
<b>Net cash outflow from operating activities</b>		<b>(27,756)</b>	<b>(26,478)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(888)	(712)
Purchase of intangible assets	6	(755)	(1,402)
<b>Net cash outflow from investing activities</b>		<b>(1,643)</b>	<b>(2,114)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply): current year		29,184	28,437
From the Consolidated Fund (Non-Supply)	3	194	188
<b>Net financing</b>		<b>29,378</b>	<b>28,625</b>
<b>Net increase/(decrease) in cash in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>(21)</b>	<b>33</b>
Payments of amounts due to the Consolidated Fund		-	-
<b>Net increase/(decrease) in cash in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(21)</b>	<b>33</b>
Cash at the beginning of the period	7	284	251
<b>Cash at the end of the period</b>	<b>7</b>	<b>263</b>	<b>284</b>

## Statement of Changes in Taxpayers' Equity for the Year ended 31 March 2021

	Note	Taxpayers' Equity £000
<b>Balance at 31 March 2019</b>		<b>66</b>
Net Parliamentary Funding – drawn down		28,437
Net Parliamentary Funding – deemed		251
Consolidated Fund Standing Services	3	188
Supply Payable Adjustment	9	(284)
Comprehensive net expenditure for the year	2	(27,121)
Auditor's remuneration	3	63
<b>Balance at 31 March 2020</b>		<b>1,600</b>
Net Parliamentary Funding - drawn down		29,184
Net Parliamentary Funding - deemed		284
Consolidated Fund Standing Services	3	194
Supply Payable Adjustment	9	(263)
Comprehensive net expenditure for the year	2	(29,486)
Auditor's remuneration	3	63
<b>Balance at 31 March 2021</b>		<b>1,576</b>

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

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

# Notes to the Resource Accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards as adapted and interpreted by the Government Financial Reporting Manual 2020-21 issued by HM Treasury, for use within Central Government. Where the Government Financial Reporting Manual 2020-21 permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to our particular circumstances for the purpose of giving a true and fair view has been selected. The particular policies adopted by PHSO are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.1 Financing

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

### 1.2 Income

#### Revenue Recognition

Revenue has been measured at the fair value of the consideration received or receivable. PHSO recognises income when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivable is reasonably assured.

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

### 1.3 Property, plant and equipment

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

On initial recognition, assets are measured at cost including any costs, such as installation costs, directly attributable to bringing them into working condition. No revaluation has been carried out as the difference would be immaterial. All property, plant and equipment is reviewed annually for impairment and is carried at cost for a proxy for fair value.

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

### 1.4 Intangible assets

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

In 2020-21, PHSO capitalised the labour costs for staff and contractors who were working on capital projects on an ongoing basis for more than 10% of their time.

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

## 1.5 Depreciation

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

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

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

## 1.6 Trade Payables

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

## 1.7 Value added tax

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

## 1.8 Prepayments

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

## 1.9 Leases

All PHSO's leases are classified as operating leases under IAS 17. Building lease payments are recognised as an expense in the SoCNE and together with any rent free periods are accounted for on a straight line basis over the lease term.

## 1.10 Accounting estimates

Significant accounting estimates have been made in relation to provisions. Dilapidations have been reviewed and provision made based on estimated costs provided by external professional property advisors in 2020/21 and uplifted for inflation in line with CPIH. Provisions in respect of Legal Costs have been included and are the best estimates of the potential liabilities. No other significant accounting estimates or judgments have been made in preparing these accounts.

## 1.11 Going concern

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

The funding estimate for 2021-22 for the Parliamentary and Health Services Ombudsman has been approved by Parliament.

On 5 December 2016 the Government published a draft bill to create a single public service ombudsman, integrating the existing jurisdictions of the Local Government and Social Care Ombudsman and the Parliamentary and Health Service Ombudsman. We received written confirmation on 25 March 2021 that no decision on this matter will be made before 2024/25.

We are satisfied that these matters do not give rise to a material uncertainty around the going concern status of PHSO. The accounts have therefore been prepared on a going concern basis.

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

**IFRS 16 Leases:** This standard replaces IAS 17 and is expected to have a significant impact on PHSO which we have assessed and quantified. Rather than applying a distinction between operating leases and finance leases, Lessees will be required to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for most lease contracts. This will be adopted by the UK Public Sector in 2022/23.

On transition, a number of the current operating leases will be brought onto the Statement of Financial Position as Right of Use assets, with an estimated impact of £9.748m as at 1 April 2022. The FReM mandates adoption of a practical expedient in IFRS 16 and the transition impact will be processed through the Statement of Changes in Taxpayers Equity, prior year comparatives will not be restated. Within the 2022-23 SoCNE, it is expected that operating lease rental expenditure (currently £916k) would be replaced by depreciation of £855k plus interest costs of £87k.

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

No new accounting standards or revisions to existing standards have been adopted early by PHSO in 2020-21.

## 2. Statement of Operating Costs by Operating Segment

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

The three main areas of activity at PHSO are:

**Operations:** responsible for the delivery of casework and customer service.

**Legal, Clinical & Quality:** responsible for the delivery of quality standards and clinical advice to Operations and Legal Services.

**Corporate Services:** responsible for the support services which support delivery of our casework.

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

	Operations £000	Legal, Clinical and Quality £000	Corporate Services £000	Total £000
	<b>2020-21</b>			
Staff costs	13,024	3,244	7,420	23,688
Other employee expenditure	6	8	3	17
External casework costs	-	416	-	416
Other professional advice	-	44	204	248
Research, media and publications	-	3	154	157
Accommodation costs	-	-	2,132	2,132
IT and Telecommunications	-	1	2,020	2,021
Recruitment	-	-	133	133
External learning and staff development	-	-	234	234
Other central overheads	-	-	303	303
Provisions	-	-	161	161
Early Departure costs	-	-	9	9
Income	-	(33)	-	(33)
<b>Total</b>	<b>13,030</b>	<b>3,683</b>	<b>12,773</b>	<b>29,486</b>

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

	Operations £000	Legal, Clinical and Quality £000	Corporate Services £000	Total £000
	2019-20			
Staff costs	11,478	3,050	6,383	20,911
Other employee expenditure	39	22	292	353
External casework costs	17	342	-	359
Other professional advice	-	63	281	344
Research, media and publications	-	7	196	203
Accommodation costs	-	-	2,108	2,108
IT and Telecommunications	-	-	2,208	2,208
Recruitment	-	-	81	81
External learning and staff development	-	-	252	252
Other central overheads	-	-	389	389
Provisions	-	-	43	43
Early Departure costs	-	-	-	-
Income	-	(52)	(78)	(130)
<b>Total</b>	<b>11,534</b>	<b>3,432</b>	<b>12,155</b>	<b>27,121</b>

During 2020/21 PHSO restructured its operating model. We have restated the 2019/20 costs in this format for comparison.

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

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

### 3. Operating expenditure

		2020-21	2019-20
	Note	£000	£000
<b>Cash items</b>			
Wages and salaries		18,119	16,217
Less: capitalised staff costs		(689)	(958)
Social security costs		1,749	1,584
Other pension costs		4,295	3,880
Ombudsman's salary and social security		194	188
Staff costs		23,668	20,911
Early departure costs		9	0
Information and communications technology		1,190	1,652
Goods and services		1,375	1,731
Accommodation costs		947	930
Accommodation operating leases		976	968
Purchases of goods and services		4,497	5,281
<b>Total cash items</b>		<b>28,165</b>	<b>26,192</b>
<b>Non-cash items</b>			
Auditor's remuneration		63	63
Purchases of goods and services		63	63
Depreciation and amortisation of fixed assets:			
Property, plant and equipment	5	507	378
Intangible assets	6	592	489
Loss on disposal	5	7	86
Depreciation impairment charges and adjustments		1,106	953
Provisions:			
Provided in year	10	242	58
Provisions not required written back	10	(57)	(15)
Provision expense		185	43
<b>Total non-cash items</b>		<b>1,354</b>	<b>1,059</b>
<b>Total</b>		<b>29,519</b>	<b>27,251</b>

Auditors have received no remuneration for non-audit work.

## Staff related costs

	2020-21			2019-20	
	Permanently employed staff £000	Fixed term contracts £000	Agency staff £000	Total £000	Total £000
Wages and salaries	16,293	381	1,445	<b>18,119</b>	16,218
Social security costs*	1,709	40	-	<b>1,749</b>	1,583
Other pension costs*	4,232	63	-	<b>4,295</b>	3,880
Less: capitalised salary costs	(260)	-	(429)	<b>(689)</b>	(958)
<b>Sub total</b>	<b>21,974</b>	<b>484</b>	<b>1,016</b>	<b>23,474</b>	<b>20,723</b>
Ombudsman's salary and social security costs	194	-	-	<b>194</b>	188
<b>Total gross costs</b>	<b>22,168</b>	<b>484</b>	<b>1,016</b>	<b>23,668</b>	<b>20,911</b>

\* Employer costs only

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha” – are unfunded multi-employer defined benefit schemes but PHSO is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2016.

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

For 2020-21, contributions of £5,137k were payable to the PCSPS including both employee (£842k) and employers' (£4,295k) contributions at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. (2019-20 Total contributions of £4,671k comprising £3,880k employers contributions and £791k for employee contributions).

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees that do not enter the Civil Service Pension Scheme can opt to open a partnership pension account or a stakeholder pension with an employer contribution. Employers' contributions of £34,852 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings and 0.5% of pensionable pay to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £3,671.

## 4. Income

	2020-21	2019-20
Note	£000	£000
Recoveries in respect of Legal Fees.	33	130
<b>Total</b>	<b>33</b>	<b>130</b>

Operating income relates directly to the operating activities which are within the PHSO Ambit.

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

## 5. Property, plant and equipment

2020-21	Furniture and fittings £000	Information technology £000	Office machinery £000	Buildings £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2020	581	1,161	180	984	8	<b>2,914</b>
Additions	149	658	15	25	41	<b>888</b>
Disposals	-	(66)	-	-	(7)	<b>(73)</b>
Transfers	-	1	-	-	(1)	-
<b>At 31 March 2021</b>	<b>730</b>	<b>1,754</b>	<b>195</b>	<b>1,009</b>	<b>41</b>	<b>3,729</b>
<b>Depreciation</b>						
At 1 April 2020	271	326	138	179	-	<b>914</b>
Charged in year	100	297	11	99	-	<b>507</b>
Disposals	-	(66)	-	-	-	<b>(66)</b>
Transfers	-	-	-	-	-	-
<b>At 31 March 2021</b>	<b>371</b>	<b>557</b>	<b>149</b>	<b>278</b>	<b>-</b>	<b>1,355</b>
<b>Carrying amount as at 31 March 2021</b>	<b>359</b>	<b>1,197</b>	<b>46</b>	<b>731</b>	<b>41</b>	<b>2,374</b>
Carrying amount as at 31 March 2020	310	835	42	805	8	<b>2,000</b>

All property, plant and equipment held at 31 March 2021 is owned. There are no leased assets or assets held as non-current assets under PFI contracts. PHSO holds no third-party assets.

Additions and disposals relate mainly to IT infrastructure.

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

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

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

## 6. Intangible assets

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

2020-21	Software £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2020	3,342	-	3,342
Additions	318	437	755
Disposals	-	-	-
Transfers	-	-	-
<b>At 31 March 2021</b>	<b>3,660</b>	<b>437</b>	<b>4,097</b>
<b>Amortisation</b>			
At 1 April 2020	1,303	-	1,303
Charged in year	592	-	592
Disposals	-	-	-
Transfers	-	-	-
<b>At 31 March 2021</b>	<b>1,895</b>	<b>-</b>	<b>1,895</b>
Net book value:			
<b>Carrying amount as at 31 March 2021</b>	<b>1,765</b>	<b>437</b>	<b>2,202</b>
Carrying amount as at 31 March 2020	2,039	-	2,039

All intangible assets held at 31 March 2021 are owned rather than leased or held as non-current assets through PFI contracts. PHSO holds no third-party assets.

## 6. Intangible assets (continued)

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

## 7. Cash

	31 March 2021	31 March 2020
	£000	£000
Balance at 1 April	284	251
Net change in cash balances	(21)	33
<b>Total cash balances at 31 March</b>	<b>263</b>	<b>284</b>

The following cash balances at 31 March were held:

Cash at bank-Government Banking Service	263	284
Cash in hand	-	-
<b>Total cash balances at 31 March</b>	<b>263</b>	<b>284</b>

## 8. Trade and other receivables

	31 March 2021	31 March 2020
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade receivables within one year	82	54
Deposits and advances	1	37
Prepayments and accrued income	702	692
<b>Total</b>	<b>785</b>	<b>783</b>

## 9. Trade payables and other current liabilities

	31 March 2021	31 March 2020
<b>Amounts falling due within one year</b>	<b>£000</b>	<b>£000</b>
Trade payables	167	18
Taxation and social security	505	434
Other payables	441	402
Accruals and deferred income	1,300	1,071
<b>Trade and other payables</b>	<b>2,413</b>	<b>1,925</b>
Rent-free period accrual	88	88
Amounts issued from the Consolidated Fund for supply but not spent at year end	263	284
<b>Other liabilities</b>	<b>351</b>	<b>372</b>
<b>Sub total</b>	<b>2,764</b>	<b>2,297</b>
<b>Amounts falling due after more than one year</b>		
Rent-free period accrual	505	592
<b>Total</b>	<b>3,269</b>	<b>2,889</b>

## 10. Provisions for liabilities and charges

	2019-20			
	Legal claims £000	Dilapidations £000	Total £000	Total £000
Balance at 1 April	81	536	617	781
Provided in the year*	102	140	242	58
Provisions not required written back*	(57)	-	(57)	(15)
Provisions utilised in the year	(23)	-	(23)	(207)
<b>Balance at 31 March</b>	<b>103</b>	<b>676</b>	<b>779</b>	<b>617</b>

\* The amount shown in the SoCNE comprises the movement in year of £185k being made up of the sums marked with an asterisk above.

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

## 10.1 Analysis of expected timing of liabilities and charges

	2020-21		2019-20	
	Legal claims £000	Dilapidations £000	Total £000	Total £000
Not later than one year	103	107	210	81
Later than one year and not later than five years	-	-	-	121
Later than five years	-	569	569	415
<b>Balance at 31 March</b>	<b>103</b>	<b>676</b>	<b>779</b>	<b>617</b>

### Legal Claims

PHSO has received no legal claims which are expected to be heard in 2021-22.

### Dilapidations

PHSO occupy leased office accommodation in London and Manchester. The leases contain provisions which require the reinstatement of the accommodation to its original condition upon departure. In the event that the properties are not restored, dilapidation payments become payable to the Landlord. The dilapidation provisions are based on estimates provided by surveyors.

## 11. Commitments under leases

### 11.1 Operating leases

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

In London, PHSO leases part of the 21st floor at Millbank Tower. The lease period is from 26 December 2018 for the period to 24 March 2022, with the option to break at any time on or after 28 September 2020 (subject to a notice period of six months).

In Manchester, PHSO leases 4 floors of the Citygate building. The lease period is from 1 October 2017 to 30 September 2032. The Citygate lease is for 15 years with break clauses at 5 and 10 years.

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

	31 March 2021	31 March 2020
	£000	£000
<b>Buildings</b>		
Not later than one year	1,032	1,035
Later than one year and not later than five years	3,193	3,321
Later than five years	5,872	6,776
<b>Total</b>	<b>10,097</b>	<b>11,132</b>
<b>Other</b>		
Not later than one year	17	10
Later than one year and not later than five years	12	13
Later than five years	-	-
<b>Total</b>	<b>29</b>	<b>23</b>

## 12. Capital and other commitments

There were no contractual capital commitments as at 31 March 2021 (nil 31 March 2020) which were not otherwise included in these financial statements.

## 13. Other financial commitments

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

	31 March 2021	31 March 2020
	£000	£000
Not later than one year	1,591	1,051
Later than one year and not later than five years	439	880
Later than five years	170	316
<b>Total</b>	<b>2,200</b>	<b>2,247</b>

## 14. Related-party transactions

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

## 15. Events after the reporting period date

In accordance with IAS10, the Ombudsman is required to consider the impact of events since the closing date of the Statement of Financial Position and up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. In the Ombudsman's opinion there have been no events since 31 March 2021 that would affect the financial statements.

PHSO have reviewed costs incurred after year end and these amounts are deemed not material.





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